



Euglena Co., Ltd.

Financial Results of FY2025

February 19, 2026

Presentation

Nishida: Thank you for taking time out of your busy schedule today to attend the financial results of FY2025 for Euglena Co., Ltd. My name is Nishida of Euglena, and I will serve as the moderator today. Thank you.

Wakahara, Director, Executive Officer, Co-CEO, and CFiO, will spend 40 minutes presenting the financial results of FY2025 and our roadmap toward 2030 using the presentation materials disclosed on February 13, and then Uemura, Director, Executive Officer, Co-CEO, and COO, will explain the healthcare business. The remaining 20 minutes are reserved for a Q&A session.

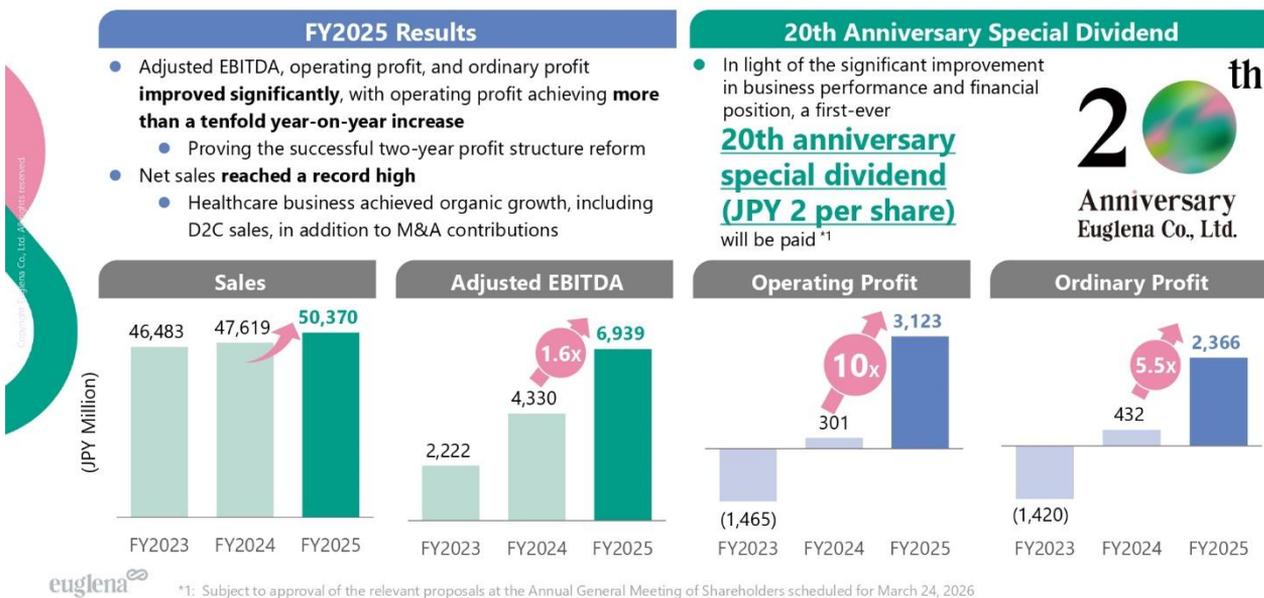
Before our presentation, we would like to remind you of two points regarding the operation of today's Zoom webinar.

First, please be assured that your video and audio will not be shared with management or other participants.

Second, the Q&A session is scheduled to start at around 10:40 AM. You may ask questions via text or verbally. When asking a question, please state your company name and your name first. We will remind you how to ask your questions later.

Now, our presentation starts. Thank you.

Executive Summary - FY2025



Wakahara: Good morning. Let me walk you through FY2025 financial results.

First, here is the executive summary. I will explain the details later, so I would like to touch on the main points of the FY2025 financial results.

Net sales reached a record high. We achieved an operating profit of more than a tenfold YoY increase. The results were very positive. In light of our strong performance, we have announced a first-ever anniversary special dividend.

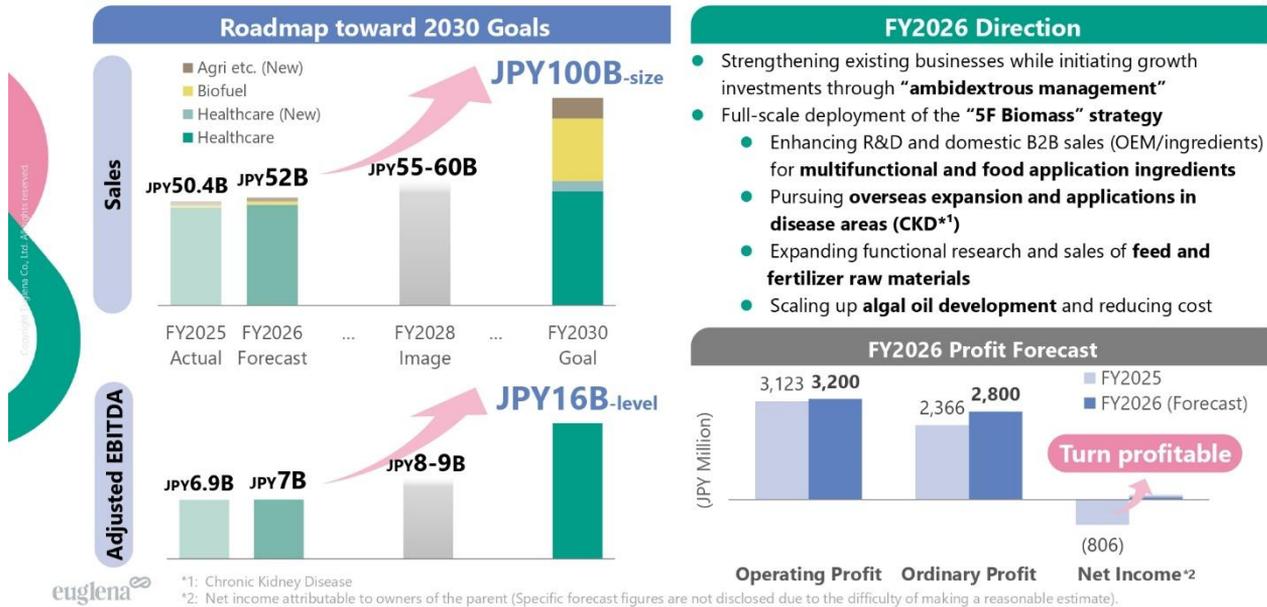
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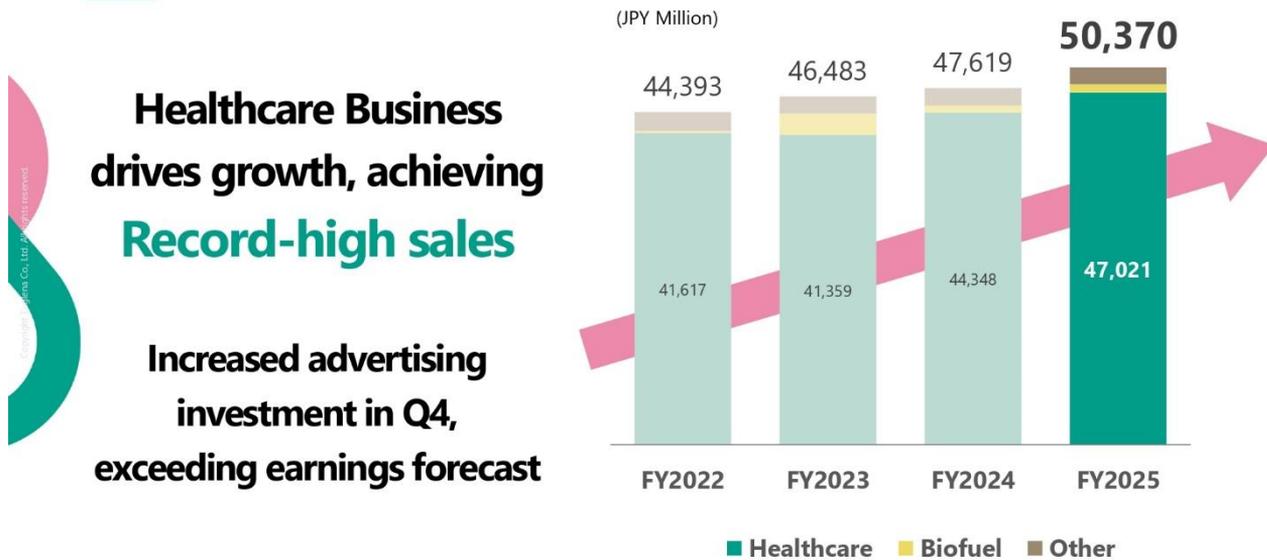


Executive Summary - FY2026 and Mid-term Business Outlook



Later, I will explain our roadmap to 2030 and beyond. When we celebrated our 20th anniversary in August last year, we talked a little about the next 10 years. Today, I would like to explain what we will do toward 2030.

Sales



Let me show you our business performance.

First, in terms of sales, the healthcare business drove growth, achieving record-high sales. We slightly increased advertising investment in Q4, and net sales were JPY50.4 billion, slightly exceeding our earnings forecast of JPY50 billion.

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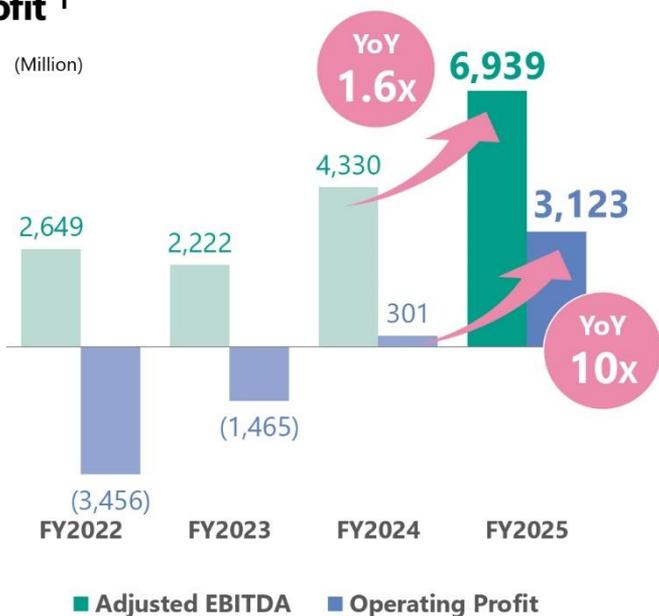
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Adjusted EBITDA / Operating Profit*1

Achieved
1.6x growth
of Adj. EBITDA and
10x growth
of operating profit YoY

Increased advertising investment and higher bonuses reflecting strong performance results fell slightly short of the forecast



*1: PPA (allocation of goodwill to customer-related assets and backlog of orders) related to Saticine Medical group consolidation were retroactively applied to FY2024 Q2 6

Also, with regard to adjusted EBITDA and operating profit, adjusted EBITDA was JPY6.94 billion and operating profit was JPY3.12 billion, resulting in 1.6-fold growth in adjusted EBITDA and a tenfold YoY increase in operating profit, which is a very large expansion. The results fell slightly short of the forecast of JPY7 billion in EBITDA and JPY3.2 billion in operating profit.

For the next fiscal year, we slightly increased advertising investment in Q4 considering the latest business progress. Also, bonuses were slightly higher than expected, reflecting strong performance. The results fell slightly short of the forecast but were within our expectations. Rather, we believe that the results will have a positive impact on FY2026 and thereafter.

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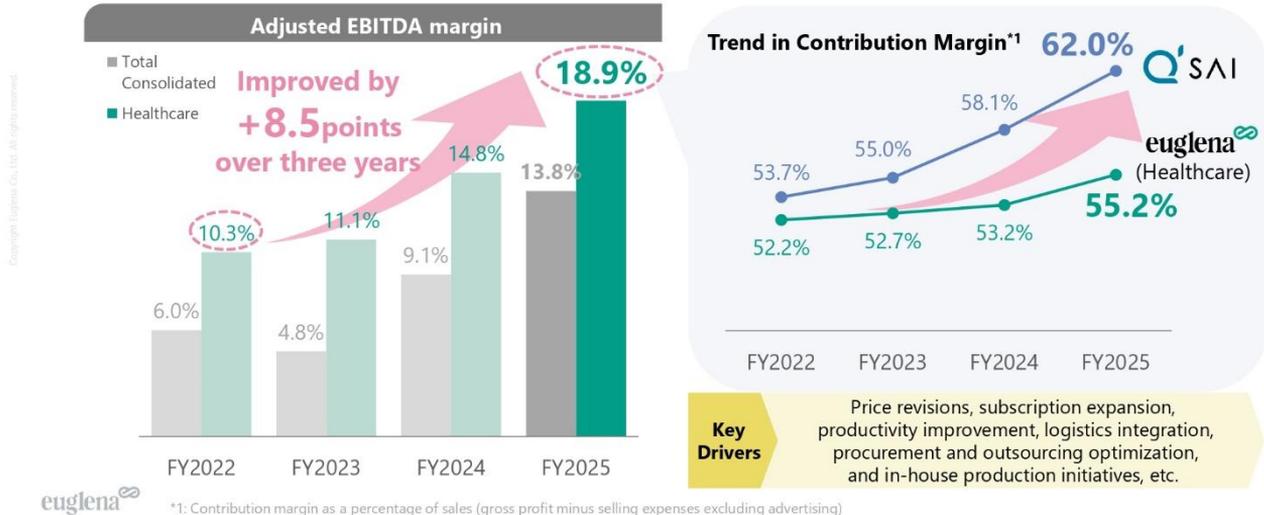
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Dramatic Improvement in Profit Structure

Adjusted EBITDA margin improved dramatically following a two-year profit structure reform

Improvements in contribution margin at Euglena Healthcare and Qsai contributed significantly



Operating profit improved very significantly. One of the pillars that Uemura and I have been working on since 2024, when we became Co-CEOs, became profitable. We believe that this had a big impact.

Compared to the FY2022 adjusted EBITDA margin, the healthcare business saw a significant improvement of 8.5 percentage points over three years. Qsai is a major contributor.

But we believe that the dramatic improvement in profit structure was also driven by EBITDA margin improvement at other group companies and Euglena as a result of the initiatives listed in the lower right-hand corner of this page for Euglena Healthcare.

We would like to maintain profitability and take on the challenge of achieving top-line growth.

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Shareholder Return Policy*¹ - 20th Anniversary Special Dividend

First-ever special dividend following improved performance and financial position

The future shareholder return policy remains undecided and will be reviewed based on business performance, financial condition, and investment plans



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*1: Subject to approval of the relevant proposals at the Annual General Meeting of Shareholders scheduled for March 24, 2026

*2: Figures before elimination of internal transactions with the Qsai Group

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Thus, we enjoyed strong business performance in FY2025. This slide shows two charts: one for Qsai and another for results excluding Qsai. The results excluding Qsai also show a return to profitability. Qsai's EBITDA improved significantly. After the refinancing at the end of last year, the Qsai Group is paying dividends, with dividends funded from capital surplus to us and other partners.

Because of this significant improvement in our financial condition and cash position, we have announced an anniversary special dividend of JPY2 per share, taking into account that FY2025 marked the 20th anniversary of our establishment.

We are not yet ready to announce our future shareholder return policy, but I believe that we have shown that we are not a company that cannot and will not pay dividends at all, by first improving our business performance this time. We will consider shareholder returns, taking into account our business performance, financial condition, and investment plans comprehensively.

As a startup, we believe that further growth is an important factor. I believe that both growth investment and shareholder returns are very important. We will consider the optimal solution for the current fiscal year and beyond while balancing the two.

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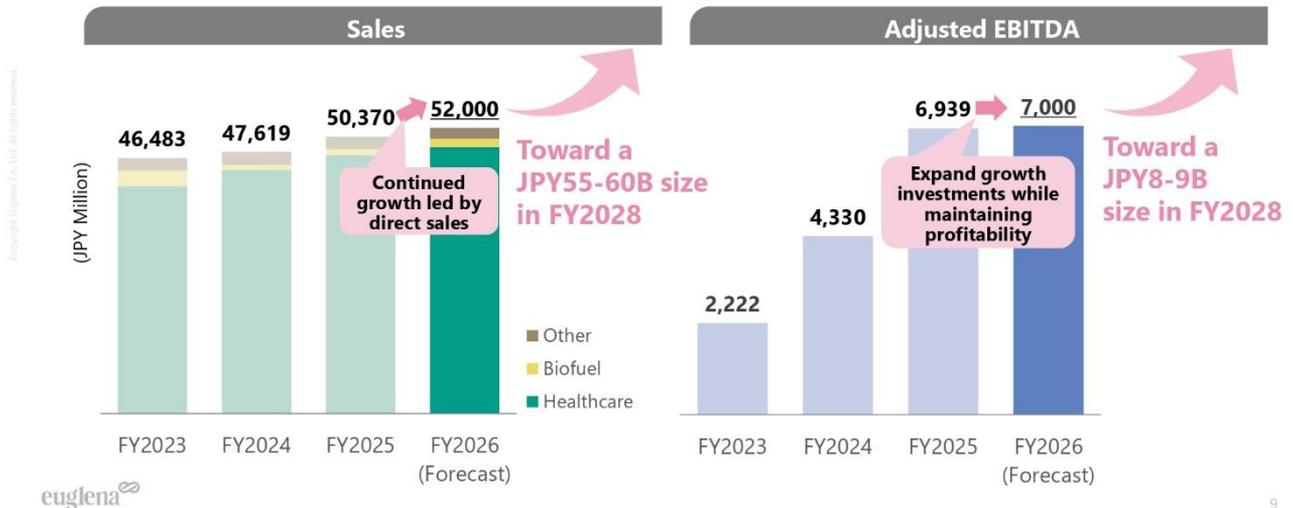
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FY2026 Earnings Forecast

Maintaining profitability while initiating growth investments in FY2026

Accelerating revenue growth in FY2027–2028 through expansion and creation of revenue bases



Lastly, the FY2026 earnings forecast.

We plan to increase net sales to JPY52 billion in FY2026, based on the continued steady growth of the healthcare business. With respect to EBITDA, the forecast is JPY7 billion, which is almost flat compared to the FY2025 results of JPY6.94 billion.

You may find this not enough. However, I am proud to say that we have done everything we can in the past two years to increase profits through cost reductions and to become profitable. In order to further increase profits, it is necessary to increase the top line, net sales, although we will not decrease profits in FY2026. By allocating some profits to investment, we aim to achieve sales growth, which in turn will lead to profit growth.

FY2026 is the midpoint to FY2028. We believe that FY2028 will be a big year for us, with sales increasing to JPY55 billion or JPY60 billion and EBITDA to JPY8 billion or JPY9 billion, by establishing a firm foundation through investment in FY2026.

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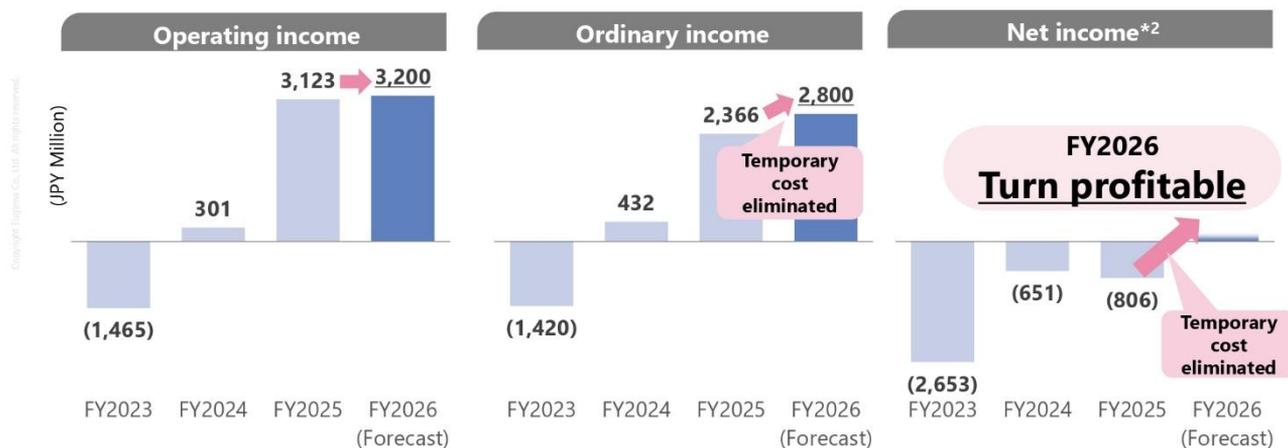
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FY2026 Earnings Forecast

Aiming to achieve positive*¹ net income*² in FY2026 for the first time in nine fiscal periods

Operating profit to remain flat; ordinary profit to increase following the elimination of temporary cost



*1: Due to the potential for one-time special gains or losses arising from portfolio reviews and other factors, coupled with significant variability in corporate taxes and non-controlling interests, it is difficult to make a reasonable estimate. Therefore, we refrain from disclosing specific projected figures

*2: Net income attributable to owners of parent

As for other profits, we expect operating profit to remain flat at JPY3.2 billion, since it is almost entirely linked to adjusted EBITDA. Ordinary profit is expected to increase to JPY2.8 billion due to the elimination of some temporary non-operating expenses that we had in FY2025.

Finally, net income. Although no specific net income forecast is indicated here, we aim to achieve positive net income in FY2026. We believe this is achievable.

The specific and reasonable net income forecast is very sensitive and subject to change due to temporary factors, income taxes, and net income attributable to non-controlling interests. Therefore, we have not disclosed it. We can see the bottom line in the black, and this is the final item in our efforts to make the business profitable.

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Mid-Term Business Direction and 2030 Goals



Next, I would like to present our road map for the next 10 years.

First, you can see our three mid-term business policies set forth when Uemura and I became Co-CEO in 2024. On the right, the 2030 vision has been presented for several years to show our mid-term business growth direction and scale.

We believe that by FY2025 we completed Transition to a Profitable Structure and the foundation for business growth. While we believe that Returning to Our Roots is the compass for business growth, the next major theme we will address from FY2026 is Biomass 5F and Ambidexterity, the business growth strategy.

As for the 2030 vision on the right, I think investors feel uncertain about its realization and how to make it happen.

From this perspective, we have changed the expression from 2030 vision to 2030 target, focusing on Biomass 5F & Ambidexterity, to present how to achieve the 2030 target and how far it will be achieved. We are now working towards FY2035 and would like to present the business growth drivers for the next 10 years.

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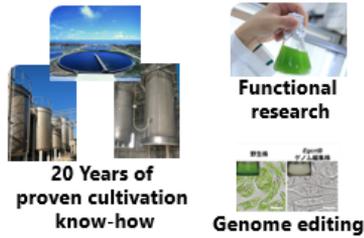
Returning to Our Roots - Leveraging Our Unique Assets

Maximizing the value of assets accumulated over 20 years to create new opportunities

Ingredients



R&D



Stakeholder Foundation



Partnership



Strong alliance with major companies

Group Companies



Strengthened group business foundation through M&A

Track Records



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First, concerning Returning to Our Roots, we regard the optimal use of our unique assets as one of the most important directions. Rather than blindly trying out new things as we go along, we believe that our existing assets, as listed here, are unique and represent our strengths.

The first major compass is to make maximum use of these assets to create differentiating factors, competitiveness, and opportunities, which will lead to the next stage of growth.

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Returning to Our Roots - Biofuel Commercialization and Algal Oil Development

As biofuel commercialization comes into view, our next challenge is the “algal oil development”



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Another compass that we will use as our roots is biofuel. We have been working on biofuel commercialization since we were listed. In 2018, a demonstration biofuel plant was established. We successfully supplied SAF for the first flight and HVO to be used on public roads.

As a step toward the production of biofuels, we have been working on a joint venture project in Malaysia to commercialize the biofuel business. Commercialization is progressing steadily. A 15% stake was successfully confirmed in July last year, and plant construction is underway. We are also making good progress in establishing a supply chain for sales in Japan.

As for the next step, I believe that the North Star, as indicated by the compass, is the feedstock for biofuel production: algal oil, which is extracted from *Euglena*.

After positioning the realization of algal oil as the North Star, what is needed is to scale up and secure a path forward as the scale increases. From this perspective, we will continue the Biomass 5F strategy.

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“Biomass 5F” - Approach to Scale-up

Key to algal oil development is cost reduction; the most feasible approach for scale-up is indoor tank cultivation

Outdoor pool culture



Disadvantages =
**Low density
& 2D facility**

euglena[∞]

Common
issues for
scale-up

Feedstock

Land

Water

Control

Economy of scale

Existing technologies

Indoor tank culture



Advantages =
**High density
& 3D facility**

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An important element of Biomass 5F is scaling up. Cost reduction is important for the development of algal oil. It is produced on a very large scale. Currently, we cultivate *Euglena* for food use in outdoor tanks, which combines both outdoor pool cultivation and indoor tank cultivation.

As for food, we will continue to promote outdoor tank cultivation that balances 59 different nutrients with production efficiency. In order to achieve significant scale-up, we believe that it is more efficient to specialize in either outdoor pool cultivation or indoor tank cultivation.

There are various factors necessary for scaling up or reducing costs, including raw materials, land, water, ease of control, economies of scale, and the utilization of existing technology.

We have decided that indoor tank cultivation is the best approach to scaling up algal oil development, and we aim for future scale-up based on this.

Comparing these two cultivation methods, to put it simply, outdoor pool cultivation is similar to farming, so to speak. Inevitably, the biggest bottleneck is the inability to increase culture density. High culture density prevents sunlight penetration. Then, we need a huge flat land.

Indoor tank cultivation, on the other hand, is a more industrial approach that allows for high-density culture and three-dimensional culture facilities. In other words, land requirements, for example, will change.

Based on these differences, we believe that indoor tank cultivation is the more feasible and viable way to achieve the volume and cost targets required for algal oil. We intend to achieve scaling up in this way.

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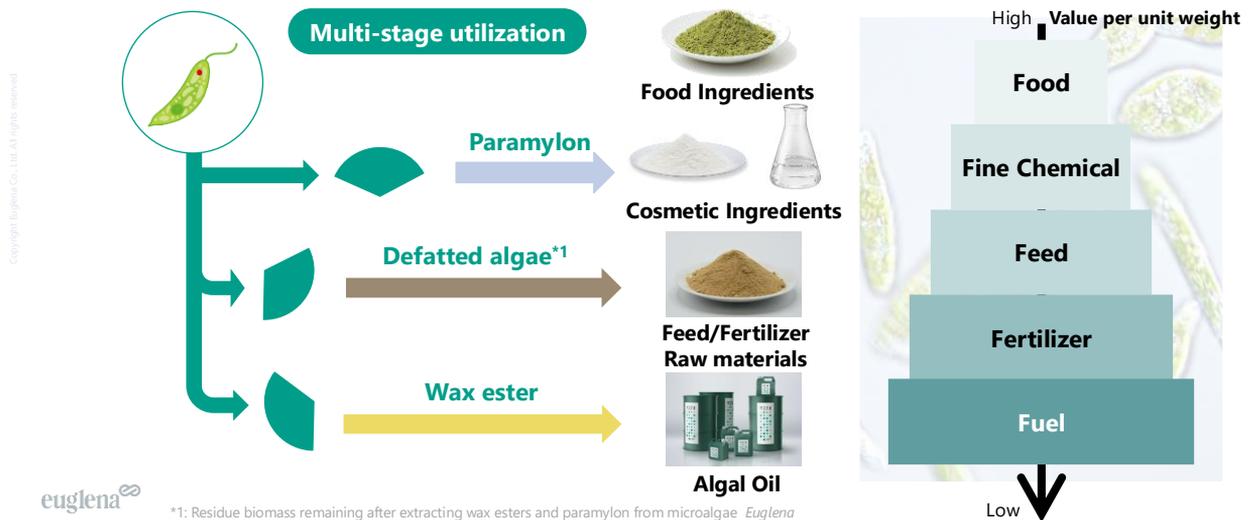
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“Biomass 5F” - Multi-stage utilization

A single *Euglena* can be developed into multiple products

Maximizing the potential of the Biomass 5F Strategy through full and efficient utilization



Another important part of scaling up is the exit, or use. Biomass 5F is an approach to first enter high value-added areas and then move down to commodity areas, which are less value-added, lower in unit price, but larger in market size.

By realizing the Biomass 5F policy, the final product, fuel, will be developed. Naturally, scaling up is necessary to achieve this. The main reason we are trying to do this with *Euglena* is that *Euglena* has very unique properties that can be used in all five Fs.

In addition, concerning multistage utilization indicated here, after extracting wax esters from *Euglena*, the biofuel feedstock, the highly functional ingredient *paramylon* remains, which will be further utilized. The defatted microalgae, after extraction of *paramylon* and wax esters, can then be sold as fertilizer and feed. We believe that the realization of three applications simultaneously from a single tablet is a very important point.

If we produce only algal oil for biofuel feedstock and throw away all the residues in the development, the cost of algal oil will inevitably be higher. We believe that if we can sell algal oil as well as *paramylon* and defatted microalgae produced from the residues, we can lower the total cost and increase the certainty of realizing algal oil.

From this perspective, it is important to first create a *paramylon* market or a feed and fertilizer material market before moving on to the final goal of fuel. Our new strategy and direction for Biomass 5F is to scale up while creating markets and eventually developing algal oil.

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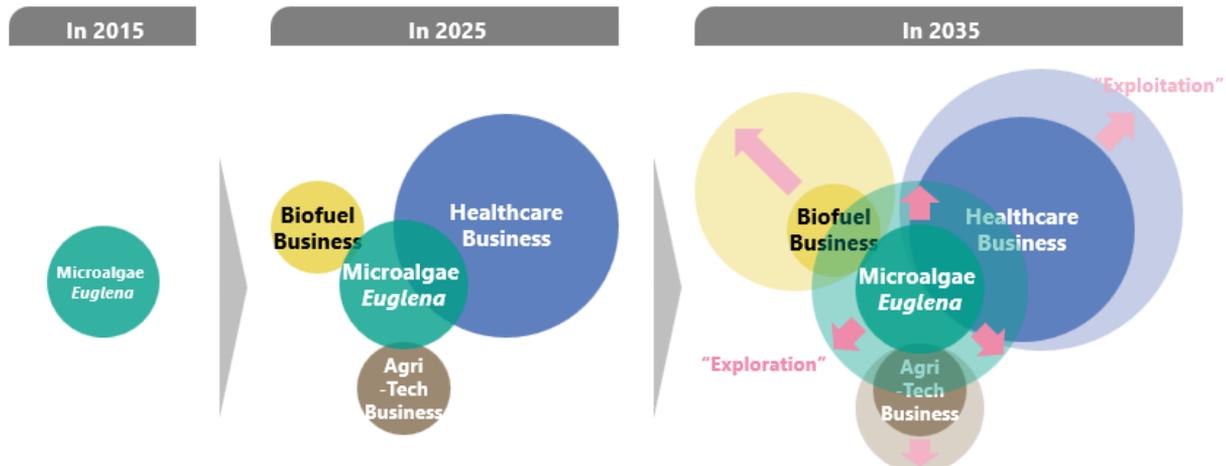
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“Ambidexterity” - Business Portfolio Transformation for the Next Decade

Increasing the overlap between the microalgae business and the three main businesses

Aims for the next decade of growth by “Ambidexterity” through “Exploration” centered on microalgae and “Exploitation” of existing businesses

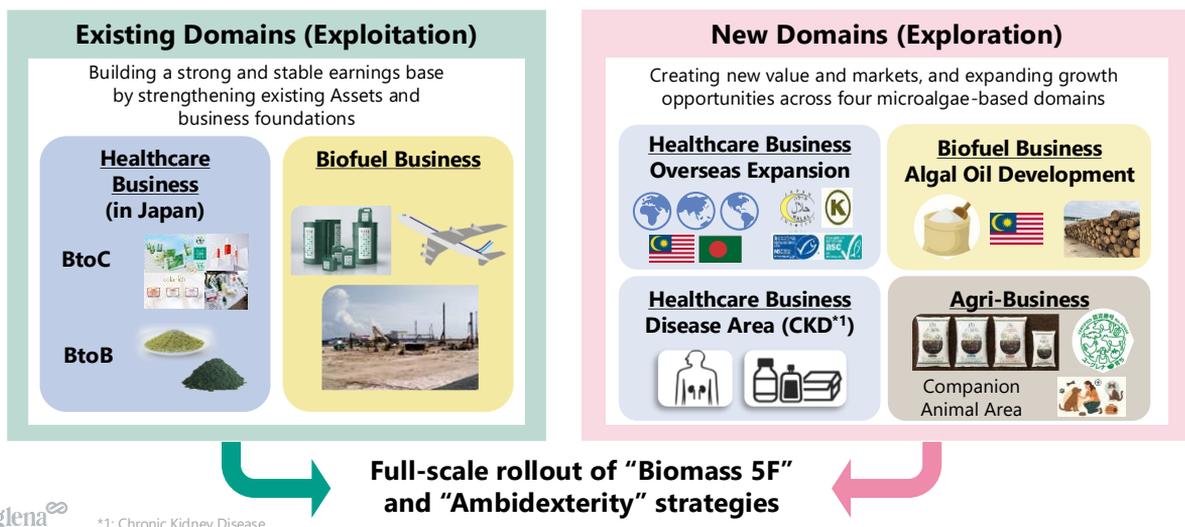


Then, Ambidexterity.

In the announcement of our financial results in August last year, on the occasion of our 20th anniversary, we presented our vision for the next 10 years, in which we will continue exploring new business areas centered on microalgae and Euglena while leveraging our existing business.

“Ambidexterity” - Existing Domains / New Domains

Aims to achieve FY2030 Goals and drive sustainable earnings growth beyond 2030 by deepening Existing Domains and exploring four microalgae-based New Domains



Then, we organized the contents in a more concrete manner. In terms of exploitation, we will continue focusing on the healthcare business. However, we will focus more on microalgae ingredient B2B sales and corporate customers rather than conventional B2C or mail-order channels. We would also like to further strengthen our OEM sales activities.

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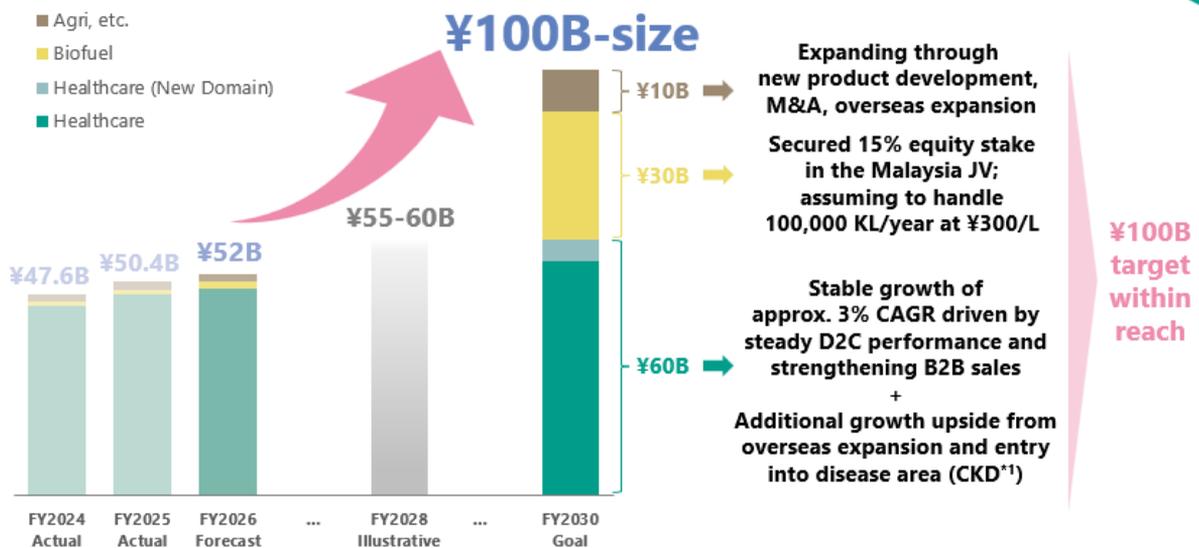
In addition, we are committed to realizing the existing Malaysian project for biofuels, which is now in progress.

And now, for exploration, we have defined four new areas. Overseas development, which has been part of our healthcare business, is positioned as an area of exploration where we will create a new market.

In addition, as a new area of challenge in the healthcare business, we have decided to focus on chronic kidney disease (CKD) among other disease areas. We have identified this area as a new challenge while leveraging past research results.

In addition, we will position fertilizer and feed for agriculture as the next area of exploration, and we will also explore algal oil for biofuel. FY2026 is positioned as the starting year for the full-scale launch of Biomass 5F and Ambidexterity in management.

Roadmap to FY2030 Goals - Sales



euglena[®] *1: Chronic Kidney Disease

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Considering this, we can reorganize the business growth for 2030 that we have presented, as you can see here. Although we presented total sales of JPY100 billion, I think you may doubt whether the sales, which are currently JPY50 billion, will increase to JPY100 billion.

You can see the breakdown here. First, we will increase sales of the healthcare business, which currently stands at about JPY47 billion, JPY48 billion, to JPY60 billion through expanding the existing mail-order and B2B businesses at an annual rate of about 3%. We believe that this is achievable.

By combining this with overseas development and the disease area that we have positioned for exploration, the sales target of JPY60 billion is not pie in the sky, but surely achievable.

In addition, the chance of success of a major element of this big jump, JPY30 billion, as we have previously discussed, because we could secure a 15% stake in the Malaysian project, has increased considerably.

Agriculture sales targets will be achieved through new products and M&A. Thus, I believe that our sales target of JPY100 billion is well within sight.

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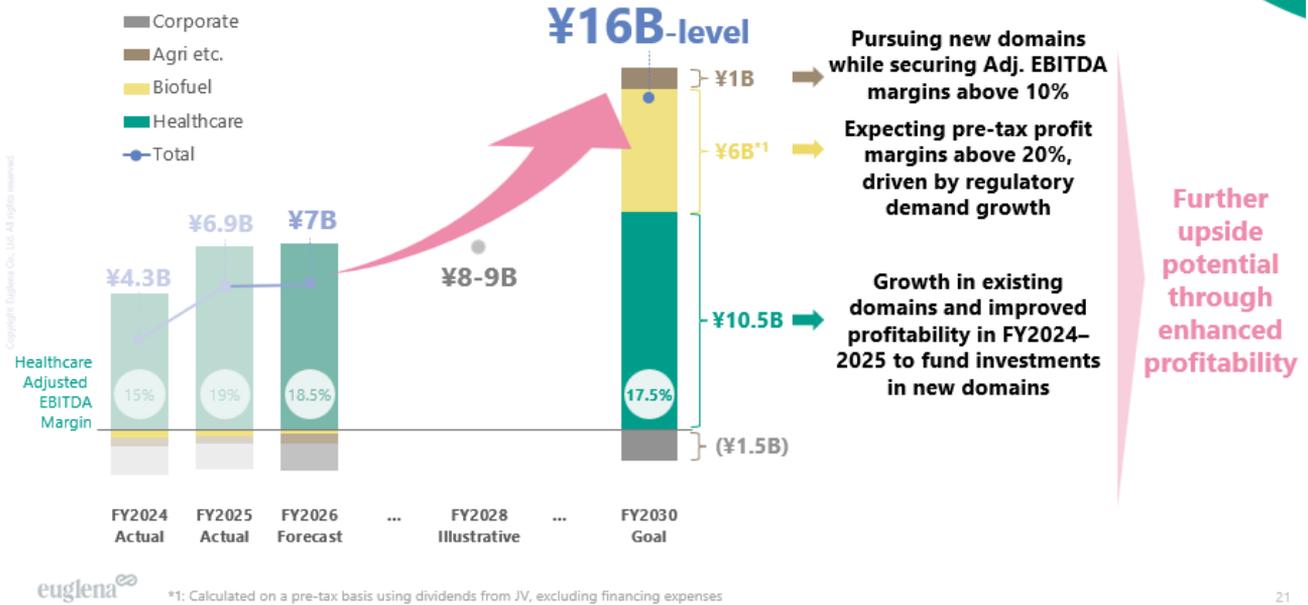
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We will achieve sales of JPY55 billion to JPY60 billion in FY2028 as the intermediate point, before the biofuel plant becomes operational.

Roadmap to FY2030 Goal - Adjusted EBITDA



We aim for EBITDA of JPY16 billion. We used to include corporate and company-wide expenses, but we excluded them this time. Although the previous target for the healthcare business was JPY9 billion, EBITDA for the healthcare business was nearly JPY9 billion in FY2025. So, we increased it to JPY10.5 billion this time. Including company-wide expenses, we believe the target of JPY16 billion is achievable.

The EBITDA margin of the healthcare business already achieved 19% in FY2025. I believe that an EBITDA of JPY10.5 billion and a margin of 17.5% are realistic, considering sales of JPY60 billion and assuming a slight decrease in the margin due to some investment in new exploration.

With JPY6 billion from the biofuel business and JPY1 billion from the agri business, we believe that the EBITDA target of JPY16 billion is achievable in 2030. We will work hard to achieve the target while aiming for higher achievement by improving profitability.

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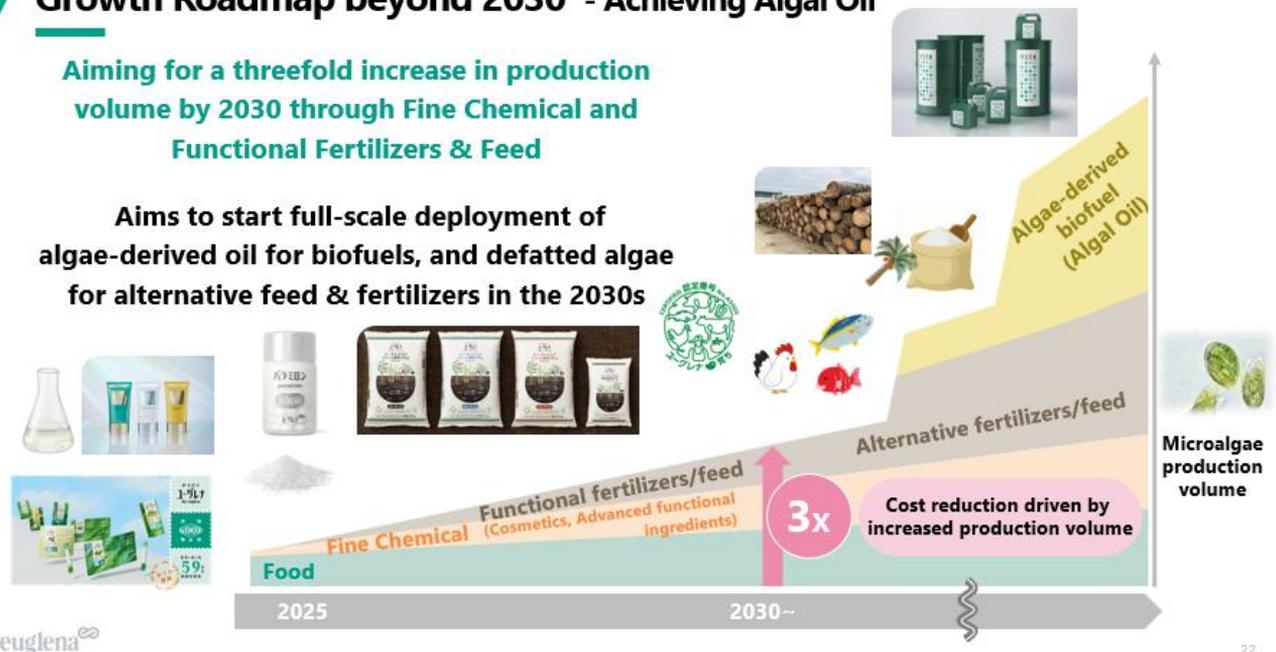
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Growth Roadmap beyond 2030 - Achieving Algal Oil

Aiming for a threefold increase in production volume by 2030 through Fine Chemical and Functional Fertilizers & Feed

Aims to start full-scale deployment of algae-derived oil for biofuels, and defatted algae for alternative feed & fertilizers in the 2030s



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Finally, our vision toward the North Star: algal oil development after 2030.

This image shows the production of microalgae *Euglena*. Although we are not disclosing the specific production volume by 2030, we believe that we will be able to triple it by improving and expanding our current production facilities.

By tripling the production volume, we aim to create demand and markets for fine chemicals, fertilizer, and feed, and to conduct demonstrations for the next scale-up of production and algal oil production. This is our roadmap for the next 10 years.

Now, we would like to move on to our initiatives in each business area. First, Uemura will present them for the healthcare business.

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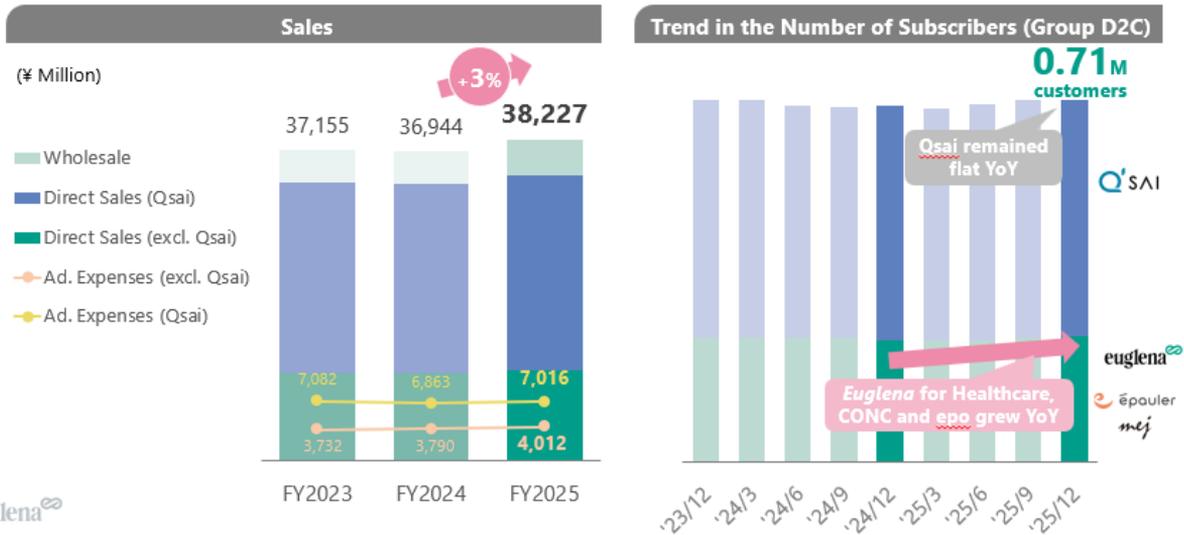
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BtoC - FY205 Progress

Direct sales rose steadily due to increased customer spending and broader e-commerce channels, while Wholesale channel also grew slightly thanks to Qsai's strong brand



Uemura: I would like to talk about existing areas for exploitation and new areas for exploration within the healthcare business.

As for progress in FY2025, sales increased by 3%. As a group, we saw a slight increase in the number of subscribers. Overall, the core products, such as Qsai's Cola-Rich, Euglena's *Euglena* for Healthcare, and CONC, continued to grow steadily. In addition, e-commerce malls, such as Amazon and Rakuten, all increased sales and were significant contributors.

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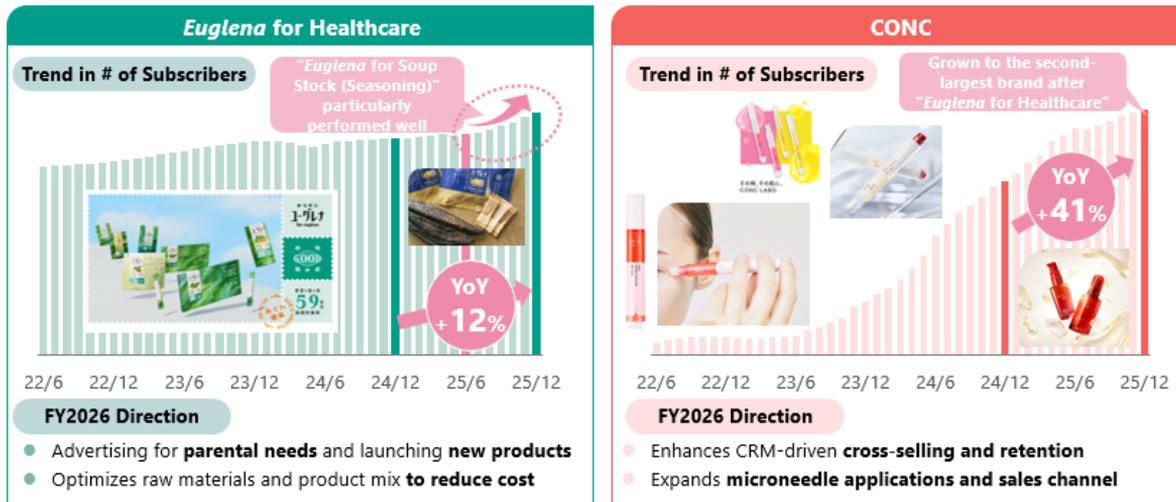
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BtoC - Euglena Healthcare



The core brands “Euglena for Healthcare” and “CONC” maintained steady performance; “Euglena for Soup Stock (seasoning)” for families emerged as a new growth product



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In B2C, two major brands of Euglena's healthcare are growth drivers and will continue to be so. One is *Euglena* for Healthcare, and the other is CONC.

As for *Euglena* for Healthcare, I think the fact that the broth was developed as a solution for working parents in their 30s and 40s, who were not included in our previous target users in their 70s and 80s, is the reason for the strong performance of this brand.

Each family has various problems concerning their children. We tried various forms of advertising to find ways to reach them. The ads were very successful and created a new market for *Euglena* for Healthcare.

As for CONC, after the launch of the injection product, the number of new users and repeat users increased. This is very important to note. We will continue to focus on these brands in 2026, including new products.

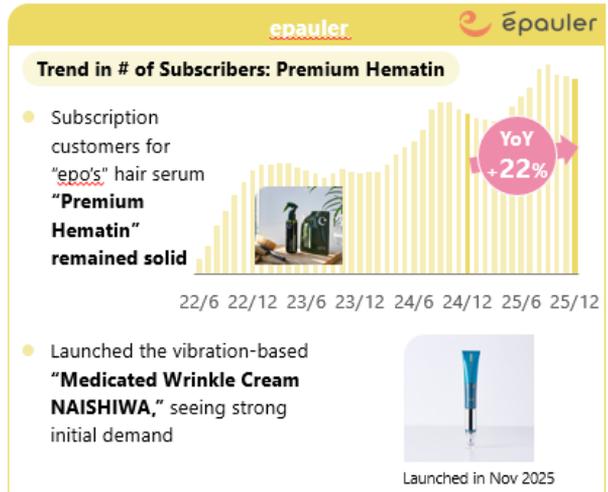
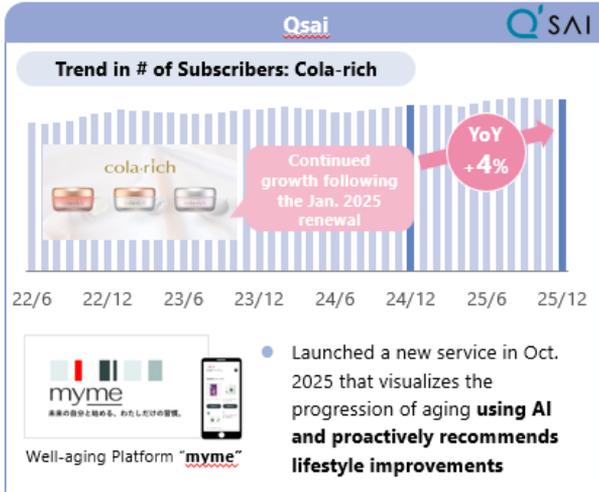
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Both brands steadily expanded their subscription customer base by core product enhancements and new product launches

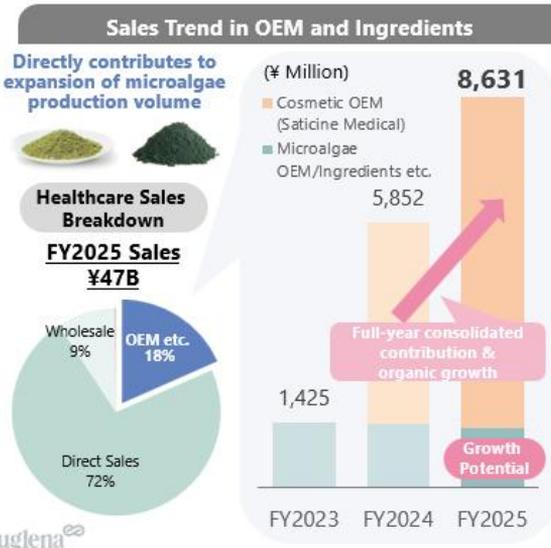


Also, our group companies, Qsai and epauler, have Cola-Rich and Premium Hematin, respectively. We believe that they will maintain their users as usual.

On the other hand, they launched a new product, and it has sold well. We will make allocations among our group companies for investment, including advertisement.

BtoB - FY2025 Progress

Saticine Medical drove sales growth; the next focus is expanding microalgae B2B sales



Saticine Medical

The Strategic IAB Company

- Intra-group manufacturing
- Strengthening sales and SCM optimization
- Joint development of new ingredients and patent applications in progress

ALINAMIN NIGHT RECOVER "KAIMIN EUGLENA"

MO ZYME

藻活

伊那食品工業株式会社 INA FOOD INDUSTRY Co.,Ltd. | コレラ工業株式会社 | SARABIO | heom is weom SUN-CHLOREILA

Sōkan | ニコニコの | ヒストロ | フジック | OIOI | エーブル | Ramla



I would like to talk about B2B. In 2025, Saticine Medical experienced a large overall organic growth, which contributed largely to our sales growth.

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Yesterday, Saticine Medical and Euglena jointly announced the world's first discovery and patent application of naturally derived human ceramide. Naturally derived human ceramide makes this discovery significant. It utilizes three types of microalgae: *Euglena*, *Aurantiochytrium*, and *Chlorella*. We have high expectations for cosmetic ingredients. We would also like to make use of it for B2B growth.

Last year, we also started the so-called "Mokatsu" activity for the Expo. Eleven companies joined us. Now, twelve companies continue Mokatsu. This activity is not for our company but for microalgae promotion. As a major pillar, we would like to continue promoting this. We will also promote it as part of our business.

BtoB - Exploring the Potential of Paramylon as a Multifunctional Ingredient

Leveraging accumulated research on Paramylon to expand functional claims and strengthen competitiveness as a functional ingredient

Potential as a Functional Claim Ingredient



Photo: Professor Shinichi Fukuoka, Aoyama Gakuin University

Identify high-potential functional claims based on research outcomes



Select functional ingredients such as Paramylon suitable for commercialization (applicable to functional claims)



Promote multi-functional claims focusing on ingredients that directly deliver customer value



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Now, we have two pillars to expand B2B in the future. One is the functionality of *paramylon*, which is at the heart of our company and has a lot of potential, so we will make sure to deliver this. The first pillar is to actively acquire functional labeling for the ingredients we use to meet the needs of the current market and customers.

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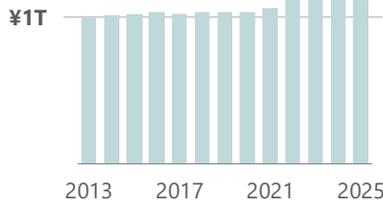
BtoB - Exploring the Potential of Yaeyama *Chlorella* as a Food Additive Ingredient

Advances R&D and marketing for food additives that improve color, texture, and odor

Food Additives Market Growth^{*1}

- A stable market exceeding ¥1T
- Strong focus on quality and functionality

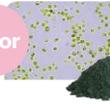
Price pass-through of higher raw material and energy cost



Food additives are B2B ingredients that optimize taste, color, texture, and shelf life to ensure consistent food quality

Chlorella as a Food Additive

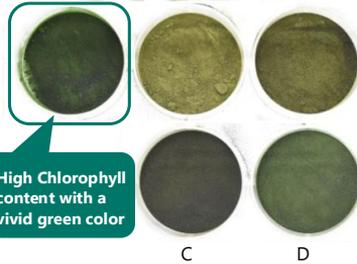
Color



Used as a natural green colorant for noodles and confectionery

Features of Yaeyama *Chlorella*

Yaeyama *Chlorella*



High Chlorophyll content with a vivid green color

Applications of *Chlorella* Extract

Texture

Improves noodle flavor and texture



Ramen at "Shinasobaya" made with Jeffer Extract

Odor

Reduces unpleasant odors in fish and meat



Succession of the Jeffer Liquid Business

- Acquired the business related to products such as "Jeffer Liquid," which uses hot-water extracts of *Chlorella* grown on Ishigaki Island^{*2}



Jeffer Liquid

Proactively proposing to noodle and frozen food manufacturers



*1: Made referring to the "Food Additives & Related Ingredients Marketing Research" published by Shokuhin Kagaku Shimbun
*2: Business acquired from Jeffer Co., Ltd. as of January 5, 2026.

Another thing is that although we have not been communicating much, food additive ingredients have been attracting a great deal of attention in recent years. There are food additives for taste, color, texture, and preservation, but in response to the question of how we can offer naturally derived food additives, we have Yaeyama *Chlorella*, a product of Ishigaki. We would like to review this product and attack this market.

As one of the methods, we succeeded in the Jeffer liquid business in 2025, so we would like to develop products using *Chlorella* extract liquid in various ways, using the advantages of *Chlorella*, such as noodle taste and texture improver and cake softener, etc.

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Overseas Expansion - FY2025 Progress

Accelerating global marketing through product export, OEM and overseas exhibitions, with several certifications (incl. Halal) of our factories



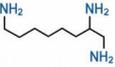
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I would like to talk about new areas for exploration.

First, although progress was made in 2025, we will start full overseas expansion. Until 2025, we visited many countries to explore various possibilities and to find our market value for the future.

Overseas Expansion- Differentiation and Positioning

Increasing global focus on microalgae in the growing functional food / superfood market; leveraging proprietary ingredients to accelerate market expansion in the U.S. and Asia

Yaeyama Chlorella	Ishigaki Island Euglena
<p>Replacing other Chlorella and Spirulina products while creating new demand</p>  <p>Chlorella Powder</p>	<p>Creating new markets with our proprietary ingredients</p>  <p>Euglena Powder</p>
<p>Competitiveness</p> <ul style="list-style-type: none"> Vivid color Rich flavor Rich in Vitamin D Potential as a gluten-free ingredient supporting autophagy Reduces skin allergy symptoms Rich in Spermidine Facilitates Mycotoxin excretion^{*1}  	<p>Competitiveness</p> <ul style="list-style-type: none"> Super food Horizontal expansion of functional benefits Geographical advantage  <p>Malaysia Bangladesh</p> <p>Euglena ingredient advertisement published in the renowned scientific journal Nature^{*2}</p> 

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Among them, the USA and Asia. We found our potential in the USA with its large market and in Asia, where we have strength, especially in Malaysia.

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We will promote Yaeyama *Chlorella* and Ishigaki *Euglena* as two pillars. We have determined that there is new demand for Chlorella as a substitute for Spirulina, which is currently available in a variety of places. Also, the potential of Euglena has been widely recognized overseas, and we have confirmed that there is a great need for *Euglena*, so we would like to proceed with a two-pronged approach.

DiseaseArea - Chronic Kidney Disease (CKD) a growing social issue

Kidney disease imposes a heavy burden on daily life and is one of the major social challenges facing Japan's healthcare system

Solutions are needed to slow the progression of CKD and reduce the burden of dietary therapy



Growing Social Issue

- Japan has **approx. 20 million CKD patients (one in five adults)*1**, with around 330,000 dialysis patients*2 and numbers continuing to rise
- Associated medical costs exceed **¥1.6T** annually*3, representing **over 4%** of total healthcare spending

The kidneys are "Silent Organs":
As kidney disease progresses, it becomes irreversible, highlighting the importance of daily dietary and lifestyle management

*1: CKD Clinical Practice Guidelines 2024

*2: Annual Statistical Survey of the Japanese Society for Dialysis Therapy (as of the end of 2024)

*3: Ministry of Health, Labour and Welfare, 139th Social Security Council (Medical Insurance Subcommittee), Reference Material 2 (2021, https://www.mhlw.go.jp/stf/newpage_15981.html)

Also, we would like to take on challenges in the area of diseases, which we announced for the first time in this earnings announcement.

As you may be aware, chronic kidney disease is currently a major social issue in Japan. The number of patients with chronic kidney disease, CKD, is increasing year by year, and it is said that about 20 million people, or one in five adults, suffer from CKD. This is the number of patients. It is said that there are still some who have not yet been diagnosed, so if we include them, the number will be larger.

When CKD worsens, dialysis is the next step, and there are approximately 330,000 dialysis patients, which has a significant impact on society.

The issue of medical costs is always discussed, and the fact that chronic kidney disease accounts for 4% of total medical costs, or JPY1.6 trillion a year, is a problem for society as a whole. Kidney disease is not easily recognized, but as the disease progresses, it becomes difficult to continue a normal life. First of all, we are keenly aware that there are social issues here.

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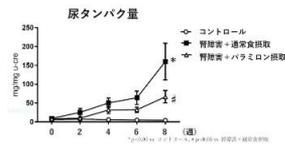
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Disease Area - Addressing Chronic Kidney Disease (CKD)

Research Results

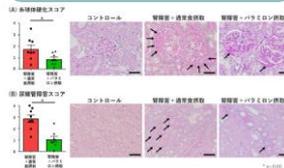
Animal model studies demonstrated results suggesting that **paramylon, a unique component of *Euglena*, may suppress chronic kidney injury and exhibit renoprotective effects***1

Trends in Urinary Protein Levels



Paramylon intake significantly suppressed the increase in urinary protein levels induced by kidney injury

Histological Evaluation



Paramylon intake significantly inhibited glomerular sclerosis and tubular damage induced by kidney injury

Leveraging accumulated research assets to explore solutions for a major social challenge

Conducting further validation studies and building strategic partnerships



*1: Joint Research with Dr. Yoshiyasu Nagayama of Teikyo University Hospital, Mizonokuchi (21 August, 2021, <https://www.euglena.jp/news/20200821-2/>); Nagayama Y, Isoo N, Nakashima A, Suzuki K, Yamano M, Nariyama T, Yagame M, Matsui K. Renoprotective effects of paramylon, a β -1,3-D-Glucan isolated from *Euglena gracilis* Z in a rodent model of chronic kidney disease. PLoS One. 2020 Aug 7;15(8):e0237086.

And we have three reasons to enter this area.

The first reason is the social issues I mentioned earlier, and the second reason is that we have had the results of our research for 10 years. The third reason is that I am the project leader and a family member of a patient. With these three reasons, we have decided to take on challenges for chronic kidney disease.

Disease Area - Addressing Chronic Kidney Disease (CKD)

Aims for practical application as medical food*1 to help slow the progression of CKD

In addition to pharmaceutical treatment, there is significant potential for support through **foods suitable for continuous consumption** to slow the progression of CKD

Aims to develop **medical food** for patients with CKD and establish a viable business model

Roadmap towards Business Growth

Step 1

Validation and product development in collaboration with medical institutions



Step 2

Establish business model as medical food



Step 3

Reaching more customers through increased awareness among healthcare professionals



Targeting a market of over **¥10B** in the early 2030s



*1: In this material, "medical food" is used in a broad, non-regulatory sense. Regulatory classification, including under U.S. FDA frameworks, will be considered separately as development progresses.

As for how to proceed, we have dealt with many customers for a long time, and we believe that we have established a strong presence in the area of food products. The first treatment for chronic kidney disease is how to improve diet and lifestyle, but the reality is that it is very difficult.

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So, I am in discussions with many people, including medical professionals, nurses, and dietitians. From there, we would like to work together to develop products, while also advancing clinical and non-clinical aspects behind the scenes.

As you can see here, we are now working to establish a new medical food business model to gain recognition from many people and to create a market of JPY10 billion by H1 of 2030.

That is all for the healthcare business.

FY2025 Progress- Completion of 15% investment in Malaysia JV

Finalized 15% investment in July 2025, allowing to handle approx. 100 ML p.a. of biofuel

Groundbreaking ceremony held, with full-scale construction underway toward operations by FY2028 2H



- Constructed in PETRONAS's Pengerang Integrated Complex (PIC)
- Construction begun in 2025, targeted to be operational by 2H of FY2028
- Project size: approx. USD1.3B



PENGERANG BIOREFINERY
A Joint Venture of PETRONAS, Enilive and Euglena

(Joint venture of three parties)

With 15% stake finalized, possible to handle approx. 100 ML/year

Groundbreaking Ceremony^{*1}

- **Groundbreaking ceremony** held in the construction site
- Project progressing smoothly; **full-scale construction going forward**



Groundbreaking ceremony (Nov. 2025)



Construction site (Jun. 2025)

Introduced at the Asia Zero Emission Community forum^{*2}

- Introduced as a **key decarbonization initiative** alongside PETRONAS at a ceremony held as a side event of the **AZEC Ministerial Meeting**



*1: Groundbreaking Ceremony of the New Biorefinery by PETRONAS, Enilive and Euglena in Pengerang, Johor, Malaysia.

(<https://www.euglena.jp/news/20251110-1/>)

*2: Euglena Advances Biofuel Collaboration in ASEAN at the 3rd AZEC Ministerial Meeting (<https://www.euglena.jp/news/20251017-2/>)

Wakahara: Next, I will explain the Biofuel Business.

First, the biggest progress in 2025 is the completion of this 15% stake in a commercial plant in Malaysia. We have already told you this several times.

In particular, the groundbreaking ceremony was held in November 2025, and the plant project is progressing smoothly so far. The operation will start in H2 of 2028. We will work to achieve this goal as a member of the project.

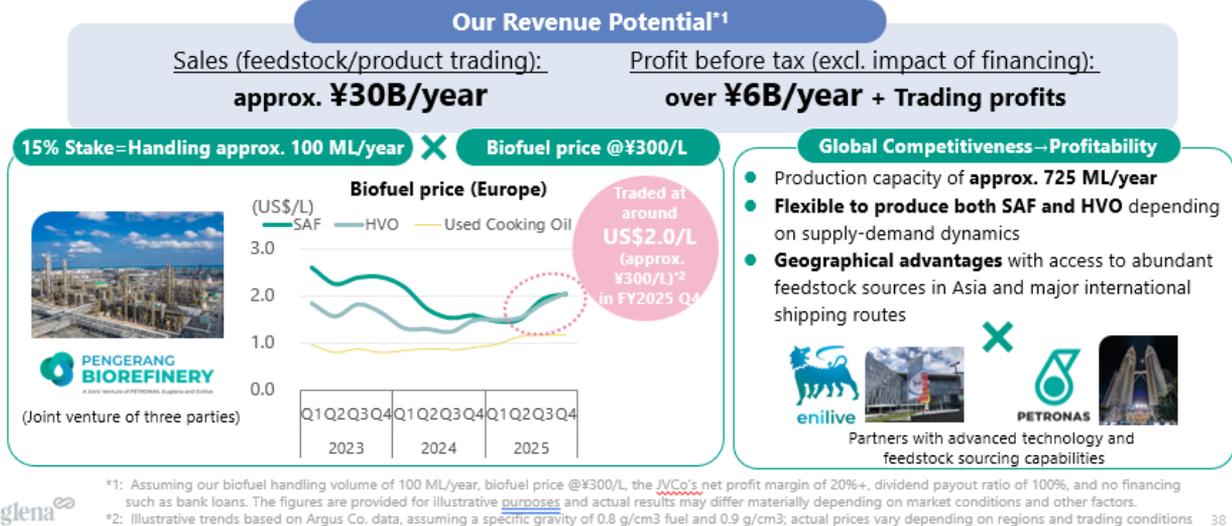
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Commercial Plant (Existing Domain) - Likelihood of Revenue Potential

Our revenue potential of approx. ¥30B in sales and ¥6B+ in PBT is within reach, based on our handling volume, pricing assumptions, and the plant's global competitiveness



Another thing I would like to explain again is our earnings potential that we have set for 2030.

First of all, the sales of JPY30 billion are based on a very simple formula. With a 15% stake of the plant with a production capacity of 725,000 kiloliters, we can calculate trading of roughly 100,000 kiloliters. And if we trade this at JPY300 per liter, sales of JPY30 billion can be calculated.

For the past several years, the biggest uncertainty was whether a 15% share could be secured. Now, it is confirmed, and the 100,000-kiloliter trading is secured. So, the probability has increased.

Of course, market prices fluctuate on a daily basis, so in the end, the price of JPY300 per liter may also fluctuate. Towards H2 of 2025, the obligation of 2% SAF was introduced in the EU, and SAF and HVO prices increased towards H2 of the year.

As the global regulations on the introduction of SAF and HVO will be further tightened before 2030, the price is currently JPY300 per liter, but there is a great possibility that it will rise. From that perspective, I hope you will first understand that sales of JPY30 billion are not unreasonable.

Also, profit before tax of JPY6 billion is based on the profitability of the JV and the pre-tax profit margin of roughly 20%. This is a figure that we consider the standard of other companies in the industry, as well as our own project plans, and we expect to be able to achieve at least this level.

Concerning the competitiveness of this plant, the plant itself is one of the largest in Asia in terms of scale, and it can flexibly produce both SAF and HVO. They also have very strong partners.

Enilive has already operated several biofuel plants in Italy and expanded its operation in other regions. The company has the ability to procure raw materials, and PETRONAS is a Malaysian state-owned energy company that has a very good plant location and various know-how. Therefore, if we can achieve a 20% pre-tax profit margin, we can say that it is competitive and profitable enough.

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From this perspective, I would like you to understand that sales of JPY30 billion and profit before tax of JPY6 billion are highly feasible and are not pie-in-the-sky.

Commercial Plant (Existing Domain) Likelihood of Selling 100ML of Biofuel

Promoting adoption of our branded biofuels, SUSTEO, in Hard-to-Abate sectors

Engaging with partner companies and policymakers to stimulate demand

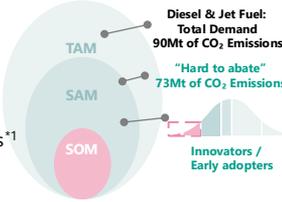
Sales Capacity

Market and Sales Capacity

- Targeting Hard-to-Abate liquid fuel sectors
- Building a supply chain by leveraging partnerships and grants*1

Toward Expanding Sales

- Developed SUSTEO 51 enabling users to comply with the revised Energy Conservation Act
- Growing number of companies using HVO



Our HVO Sales Volume



Challenges and Opportunities

Challenges

- Relatively low policy priority for Biofuel (HVO)
- Limited subsidies and support schemes

Opportunities

- GX-ETS starts in April 2026
- Introduction of Carbon Tax from 2028



Corporate demand exists, but price competitiveness remains a key challenge



Continuing policy engagement with partners, while strengthening collaboration with global companies with strong decarbonization needs

*1: Selected for the Tokyo Metropolitan Gov't "Business Promotion Support Program for Biofuel Utilization" (<https://www.euglena.jp/news/20240830-2/>)

I guess another question would be whether this could be sold for 100,000 kiloliters. Ultimately, global demand for biofuels continues to increase, so we see no problem in selling our biofuels overseas. As a company originating from Japan, we would like to take on the challenge of selling 100,000 kiloliters in Japan, and we have been working on building a supply chain for the past several years.

We have also developed SUSTEO 51 and other products that can be used to comply with the revised Energy Conservation Law. The number of companies that have introduced HVO is increasing. Although it may be a little difficult to see sales, HVO sales volume has been increasing steadily and is expected to double this fiscal year.

In the midst of the spread of decarbonization, there is an area called "hard-to-abate" that cannot be addressed by electricity and electrification, so we would like to work on creating demand and supply chains in this area.

The challenge is that there are still limited systems, incentives, or regulations in Japan. For this challenge, GX-ETS will start in April this year, and a carbon tax is about to be introduced. We would like to create opportunities for collaboration in these areas, including lobbying the government.

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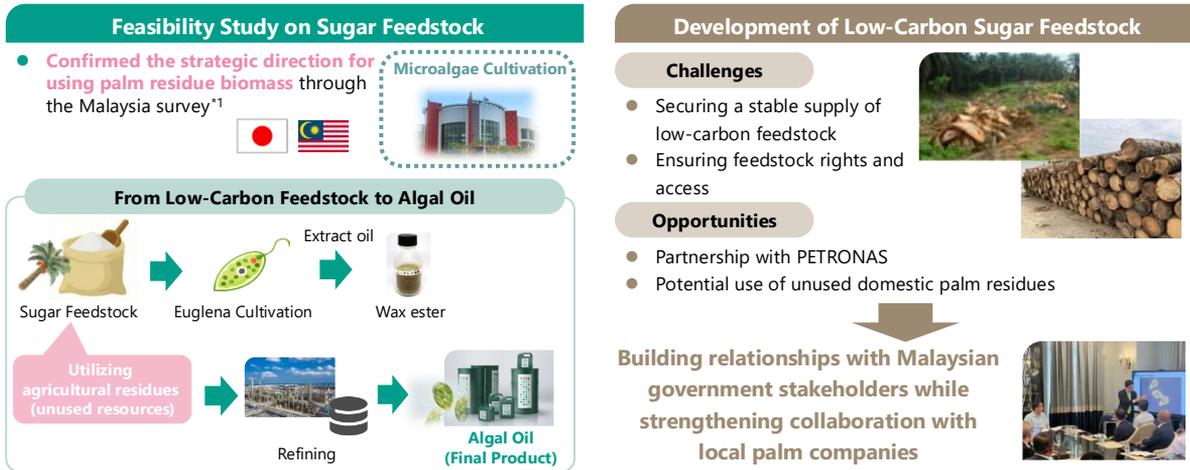
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AlgalOil (New Domain) - Securing LowCarbon Sugar Feedstock

Completed feasibility study in Malaysia, confirming palm residue potential

Strengthening government collaboration in Japan and Malaysia to ensure a stable supply of sugar feedstock



*1: Our project "Feasibility Study on the Utilization of Palm Agricultural Residue Biomass as a Sugar Feedstock for Microalgae Cultivation in Malaysia" (Period: Apr. 2025 to Feb. 2026) has been selected for the same scheme above

And finally, algal oil development as a new area of exploration.

I believe additional explanation is required for outdoor pool cultivation and indoor tank cultivation. The outdoor culture pool uses photosynthesis. The indoor culture tank, naturally, is not exposed to light. Without photosynthesis, it is important how we grow Euglena.

I would like to emphasize that we do not intend to develop algal oil that does not contribute to decarbonization. And we believe that there is a way to develop algal oil that can contribute to decarbonization, even in indoor culture tanks.

In this so-called heterotrophic culture for indoor culture tanks, glucose is used as a carbon source to cultivate Euglena. The key point is whether a carbon source is an unused resource or what can be called a sustainable raw material.

If we use sugar, common food-grade glucose for cultivation, it obviously won't lead to decarbonization. However, if we use agricultural residues as a low-carbon raw material, we can develop algal oil that will bring about decarbonization in total.

Last year, we were looking for such a carbon source. We conducted a feasibility study in Malaysia and other countries with the help of government grants. As a result, we found huge agricultural residues, unused resources in Malaysia.

Since the country has a particularly strong palm-based industry, we know that there is a lot of unused palm waste. By utilizing this low-carbon raw material as a carbon source, we believe we can develop algal oil that can achieve decarbonization in total. To make this happen, we are currently planning to strengthen our collaboration with the government and businesses in Malaysia.

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FY2025 Progress

Launched “*Euglena* for Living Things” products and “Grown with *Euglena*” certified products across fisheries, livestock, and agriculture

Major Research Achievements

Improving soil and plant health with fertilizer

Confirmed that adding microalgae to the soil enhances crop growth



Mizuna

petunia

Mizuna:

Confirmed increase in fresh weight

Petunias:

Confirmed a longer flowering period

Improving livestock health with feed

Microalgae-supplemented feed was shown to improve growth and immune function



Chicken

1.2 times more antibody production (immune function)

1.2 times body weight (growth)



Amberjack

Increased weight-increase rate*1 by **7%** (growth)

Blood lysozyme activity*2 increased by **1.3 times**

*The photo is an image.



*1: Percentage increase in body weight at the start and end of the test
*2: Lysozyme is an enzyme (protein) that degrades the cell wall of bacteria

Launched “*Euglena* for Living Things” products



Jalkyo

大協肥糧株式会社



あすかアニマルヘルス株式会社

“Grown with *Euglena*” certified products launched across fisheries, livestock, and agriculture sectors



“Pikamaru” sold by Matsuendon³



“Yes Yellowtail” sold by UTAKICHI



“Nagomi Tamago” sold by Miyamoto Poultry Farm

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As a final area of exploration, I would like to discuss the agri business.

Last year, we launched our own brand, *Euglena* for the Living Things, and also started a certification program for products that are grown using *Euglena* and microalgae as feed and fertilizer. Various certified products are found, such as Pikamaru, YES Yellowtail, and Nagomi Tamago (egg).

The next major initiative will be to further expand the use of *Euglena* as fertilizer and feed.

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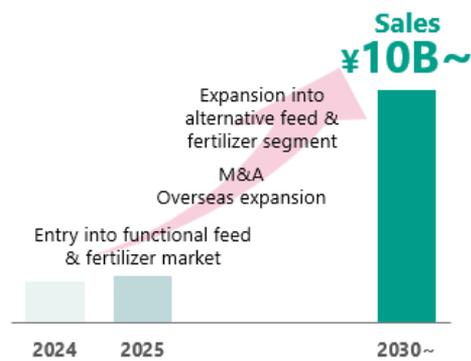
Roadmap toward ¥10 billion in Sales

Driving growth through R&D enhancement, global expansion, and strategic partnerships

Full-scale sales of microalgae-based functional feed and fertilizer commenced in FY2025

Mid-term Growth Outlook

Aims to expand business through new product development, M&A, overseas expansion and synergies with other businesses



euglena

Basic Strategy



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Basically, we need to conduct R&D first, research the functionality of fertilizer or feed, and then expand our partners and establish our own sales network. Since it is difficult for us to actively engage in agriculture and livestock farming, we will further expand our network while expanding our partnerships.

In the medium term, we will also promote overseas development, and our next path is to expand the current sales to JPY10 billion by 2030. In terms of production capacity, since it takes time to build from scratch, we are considering actively utilizing M&A.

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Strategy from FY2026 Onward - Research and Sales

Driving business growth through enhanced research and expanded sales capabilities

Exploring entry into the companion animal sector through partnerships

Research		Sales	
Research on Functional Fertilizers and Feeds <ul style="list-style-type: none"> Fertilizer <ul style="list-style-type: none"> Biosimulants (Heat stress mitigation etc.) Soil Environment Improvement Feed <ul style="list-style-type: none"> Immune and infection control efficacy Aquaculture feed additives Yellowtail, Red Sea Bream, Dogs & Cats etc. 		<ul style="list-style-type: none"> Strengthening sales capabilities nationwide Enhancing producer support functions through the "Grown with Euglena" program 	
Research on Alternative Fertilizers and Feeds <ul style="list-style-type: none"> Fertilizer <ul style="list-style-type: none"> Use of defatted algae Feed <ul style="list-style-type: none"> Use of defatted algae Aurantiochytrium (fish oil alternatives) 		Expanding Market Awareness Sustainable Gastronomy Award "Agri Award"1" Winner 	Companion Animals Leveraging existing research and ingredients + partner collaboration 
 <p>*1: The "Sustainable AgriTech & FoodTech Cluster," comprising a diverse range of players in the food and agri-tech fields, was established (AoVenture Lab, a general incorporated association) https://www.euglena.jp/news/20260210-1/</p>		 	

From 2026, in the area of this research that I mentioned earlier, we will research additives that enhance the functionality of fertilizers, which are called biosimilars. We will also consider how to utilize defatted microalgae when algal oil is produced. In addition, last year's research results on feed also showed that it has the functionality to increase immunity and yield, so we are planning to further strengthen these areas.

One of our plans is to expand our sales through partnerships, while focusing on our own group company, Daikyo Fertilizer. Another area is companion animals, or so-called pets, where we intend to further expand our sales channels by utilizing partnerships.

This concludes our presentation for FY2025 financial results and our future direction. Please move on to the Q&A session.

Nishida: Thank you.

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Question & Answer

Nishida[M]: The Q&A session will end at 11:15 AM.

Since we have already received questions, I will read out the first question that Mr. Fujishima sent us. It is regarding biofuel feedstock.

Fujishima [Q]: Is the feedstock for biofuel waste from oil processing? I believe that it is not derived from microalgae. Please confirm. Also, how can we understand the percentage of algal oil for SAF and HVO for the time being? Can I take it as 0%? When do you expect algal oil to be used?

Nishida [M]: Mr. Wakahara, please answer this question.

Wakahara [A]: First of all, the Malaysian plant will operate mainly with waste oil, so-called waste cooking oil. Until we are able to supply algal oil because no one else can supply algal oil, this plant will operate with feedstock other than algal oil.

From our point of view, our partners also have high expectations for our algal oil. Therefore, if a mass algal oil production system can be established at a cost that is properly comparable to waste cooking oil, there is room for this plant to be used in a positive manner. We are able to take on the challenge of developing algal oil because we have this plant and because we can see the way out.

The plant itself will be operated using waste cooking oil, etc. The idea is to start up a demonstration plant and an algal oil plant after 2030, to establish a production system and then to supply algal oil to produce 100,000 kiloliters at this Malaysian plant.

Nishida [A]: We have received another question. This is a question from Mr. Kunisawa. This is about M&A. Let me read out the question.

Kunisawa [Q]: Among Euglena's 5Fs, which area do you see as having a direct synergy with M&A?

Nishida [M]: Mr. Wakahara, please answer this question.

Wakahara [A]: First of all, as I mentioned earlier, we are considering the fertilizer and feed areas as a clear target for M&A. A certain level of production capacity is necessary to scale up in the commodity markets. In short, we need to establish a factory, so I believe that utilizing M&A is more beneficial from the perspective of buying time than doing it ourselves from scratch.

Also, the development and research of fertilizer and feed, for example, in terms of feed, there are cows, pigs, chickens, and fish, as well as various vegetables and foods for fertilizers, has its limits if conducted one by one on our own. Since it takes time, we believe that companies with R&D functions would be an option for our M&A in the fertilizer and feed areas.

Another theme is the use of M&A in overseas expansion for healthcare, fertilizer, and feed. We have not yet decided which one to choose because the approach may vary depending on the country, but we believe that M&A is one of the major options to accelerate overseas expansion.

Nishida [A]: Now, I would like to read out a question from Mr. Magara.

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Magara [Q]: Please tell us about the FY2026 investment plan to the extent that you can disclose. If you have a plan for capital investment, please let us know.

Nishida [M]: Mr. Wakahara, please answer this question.

Wakahara [A]: As already discussed, we will invest while maintaining EBITDA. As for the scope of investment here, the first and primary consideration is investment in advertising. In order to stably increase direct sales, we would like to invest in this area, as mail-order and direct sales are currently growing steadily.

Also, we will increase the functionality of foods with function claims, as mentioned by Uemura, for example, although it is close to research investment, so to speak. In order to increase the number of so-called healthy claimed foods with function claims, human clinical trials will be necessary. From such a perspective, we see research.

In the area of CKD, chronic kidney disease, which Uemura also explained, we need to collect more evidence. I hope you understand that investment in research in these areas is also included in the scope of our investment from the perspective of doing things a little more firmly.

As for capital investment, we have not disclosed the details, but first of all, we will triple the production volume by 2030. Rather than a very large capital investment, I would like you to think of it more as a step-by-step process to expand facilities on Ishigaki Island, starting this year and continuing through to 2030.

In terms of the future of algal oil, the first step is to create a scale-up model and establish the technology, so we do not expect to see large-scale capital investment in this area before 2030.

Nishida [M]: Thank you. Now, Mr. Onishi, who has raised his hand, please turn on your microphone and ask your question.

Onishi [Q]: This is Onishi from Toyo Keizai. Since time is limited, I will ask only two questions.

First, the FY2026 earnings forecast. Mr. Wakahara said that you would increase advertising investment this fiscal year. Previously, profits increased through cost reductions, but that won't continue. So, the next step is to increase profits through topline sales growth.

You mentioned earlier that the reason for slow profit growth this year is due to investment in advertising, but I believe the main reason is the lack of sales growth. In short, FY2026 sales are not enough. What is the reason?

In the previous fiscal year, Saticine Medical increased its sales not only in Q1 but also considerably in Q2, Q3, and especially Q4. Are you projecting weak sales growth based on the assumption that Saticine Medical will not grow much this fiscal year? Could you please explain this first?

Wakahara [A]: First of all, you are right in pointing out that one of the factors that contributed to the significant increase in sales last year was the full-year contribution from Saticine Medical, and that Saticine Medical itself also experienced growth.

On the other hand, in the current fiscal year, we do not think that the mail-order business is that weak. The mail-order base has been increasing rapidly, and the growth appears to be a little smaller when it is further expanded, structurally speaking.

In the end, we will increase subscribers by acquiring new subscribers if the number of existing subscribers decreases. In this context, I believe that we will be able to achieve stable growth this fiscal year, and even if

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EBITDA does not increase this fiscal year, this will lead to next fiscal year and the year after that. So, we think that this will lead to EBITDA of JPY8 billion or JPY9 billion in 2028.

Also, concerning strengthening B2B, B2B is an area where the unit price is a bit lower than in mail order, so it will take some time to boost sales significantly. Therefore, I think the impact of B2B powder sales growth on our net sales would be limited in 2026.

However, we cannot go on forever without doing this, and this area will gradually build up to make a certain contribution to sales in 2028 or 2030. That is what we are hoping to achieve.

Onishi [Q]: Let me ask one point for confirmation.

You said that Saticine Medical saw strong order intake in 2025, at least through Q4. What is your assumption for FY2026? Perhaps we should ask Mrs. Uemura about this. Could you first tell me your thoughts?

Wakahara [A]: Since this is about our forecast, I would like to answer.

Although we haven't given you much of an individual breakdown, Saticine Medical is a so-called OEM of cosmetics, so sales tend to be heavily influenced by the sales of the cosmetics brands of our clients. We expect Saticine Medical to grow to a certain extent, but it is a business type that is difficult for us to control, or rather, it depends on the customer. So, we do not expect much growth here.

Onishi [Q]: This is your assumption.

Wakahara [A]: Yes.

Onishi [Q]: Second question. This is a question as well as my request.

Regarding final profit, you gave us a qualitative explanation that your company will become profitable. Since you have already disclosed ordinary profit and pre-tax profit, my opinion is that you should disclose your final profit, which investors and shareholders are very concerned about. Presenting scenarios A, B, and C would also be helpful.

I think there are a number of factors and variables, such as how much profit, for example Qsai's profit, etc., will be, which is quite large in many areas, such as taxes, and what the tax rate will be. I personally think that it would be possible to break down each of those variables and disclose some scenarios.

What is the reason why you gave us this qualitative explanation? If possible, I would like to ask Mr. Wakahara about this approach, since you talked about the next fiscal year and beyond.

Wakahara [A]: Thank you very much for your honest opinion. Your point is correct, and I am sure that if the absolute amount were a little larger, we would be able to present such figures.

To be honest, we don't expect net income to exceed JPY1 billion, although it will turn profitable. Therefore, we have not presented the numerical forecast.

If our net income forecast is JPY200 million or JPY150 million, the amount is so small that a small fluctuation will have a big impact on our earnings forecast. This would result in a large fluctuation in the quarterly net income forecast. Therefore, we believe that it is difficult to provide such a scenario.

So, I guess the absolute amount is too small to present and cannot absorb fluctuations. In the end, the impact of fluctuations slides all the way down, such as EBITDA of JPY7 billion and operating profit of JPY3.2 billion. If

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it reaches the bottom and has the same range of fluctuation, it will inevitably exceed the range of the forecast, and this is the reason why the net income forecast has not been disclosed.

Onishi [Q]: I understand well, including the meticulous care when you announce your forecast.

Conversely, would it be correct to say that, as the management, you are quite certain that FY2026 will not produce negative profits? You announced that net income would turn profitable. May I understand that you believe it is possible and that you have confidence, even if it is small?

Wakahara [A]: Yes. Although temporary factors may come into play later, we believe that we can achieve profitability at this point, assuming there are no such temporary factors, and that is why we have made a strong effort this time.

In fact, last year, on a quarterly basis, Q3 net income was in the black, so in that sense, with the current profit structure and the structure resulting from profit improvement, we are fully capable of achieving profitability, and conversely, we will work hard to achieve it.

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

Nishida [M]: Mr. Onishi, thank you.

We received a question concerning the cost environment and prices from Mr. Horiuchi in the Q&A box. Let me read it out.

Horiuchi [Q]: I think the cost environment is on the rise, and I would like to ask your thoughts on price revisions, etc., in the 5F areas.

Nishida [M]: Co-CEOs, please answer this question.

Wakahara [A]: Of course, you are right that the cost of raw materials and other costs are on the rise, as inflation is also being talked about. Under such circumstances, we already raised the prices of our mainstay products, such as Euglena for Healthcare, Qsai's Cola-Rich, and Knee Support Collagen, from H2 of 2024 to 2025.

We will increase our prices. We do not plan to do so immediately, but we will consider adjusting prices at the time of renewals or new product launches.

As an additional point, our sales and profits are now centered on direct sales and mail-order sales. The mail-order business is a model with a gross profit margin of nearly 80%, so while there is naturally some impact from rising raw material prices, the structure absorbs it more easily compared to general earnings.

Nishida [M]: Thank you.

We have a question in the Q&A box from Mr. Fujishima. Let me read it out. This is a question regarding the carbon source of algal oil.

Fujishima [Q]: I know palm residue is high in fiber, but is it not a good carbon source? What is the cost-matching method?

Nishida [M]: Mr. Wakahara, please answer.

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Wakahara [A]: We have some ideas for the future, so I will refrain from explaining the details. Palm residue, as you pointed out, is a very fibrous residue, but I believe there is plenty of room to utilize it as a carbon source. This hypothesis is exactly what we intend to realize through demonstration.

We see the aspect that it is left unused because it looks unusable at first glance. If we can utilize it through research and development and partnerships, we will have a competitive edge that no other company can match. We would like to take on this challenge during this fiscal year.

Nishida [M]: Mr. Fujishima, thank you.

We have another question from Mr. Fujishima. Let me read it out. It is about biofuel.

Fujishima [Q]: The unit price for SAF or HVO is higher than that for fertilizer and feed. How will the costs be matched?

Nishida [M]: Please answer this question.

Wakahara [A]: Multi-level utilization plays an important role here. Algal oil will not be produced from 100% *Euglena*. When the oil content, for example, is about 1 to 1 in the image, the price of SAF and HVO will, of course, fluctuate, and there will be a phase in which the price of SAF and HVO will be higher.

Even if the price increases, this defatted microalgae cannot be used for SAF or HVO after all, so it is necessary to have an exit plan for it. If it can be sold at a certain price, the cost allocated to algal oil and the unit price can be lowered, and it will be profitable.

Conversely, I believe that *paramylon* also has potential as a functional raw material in a variety of ways. Indoor culture tanks are very suitable for the mass production and low-cost production of paramylon. We will pursue the potential of *paramylon* as a functional raw material for food and cosmetics, but if other possibilities also emerge, there is a possibility that we can sell paramylon at a higher price than SAF and HVO.

In short, by breaking down single *Euglena* in multiple stages and selling it, we can increase total sales and lower individual costs in total. This is the multi-level utilization strategy of Biomass 5F.

Nishida [A]: Now, due to time constraints, I will read out the last question. We have received a question from Mr. Tanaka regarding the disease area.

Tanaka [Q]: Why did you choose the disease area as your business theme from among many choices? Are there any regulatory risks involved?

Nishida [M]: Mrs. Uemura, please answer.

Uemura [A]: As I told you earlier, I chose this for three reasons. First of all, CKD is a growing social issue, and the Company has been preparing for this research for the past 10 years.

I think this is a very difficult challenge, so I'm determined to make it happen as a family member of a patient who has faced this social issue and chronic kidney disease for 20 years. The combination of these three factors led to our decision to focus first on chronic kidney disease in the disease area.

We will fight against various regulations, such as pharmaceutical regulations. We are now in the process of discussing with doctors, nurses, and dietitians in the field how we can reach the patients.

That's all from me.

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Nishida [A]: This concludes the Q&A session.

Finally, the co-CEO has a message for investors and the media.

Uemura [M]: Thank you very much for joining us today. I am also very grateful for your expectations and constructive criticisms of Euglena. Thank you.

In 2024 and 2025, I worked with Wakahara as Co-CEOs, and in 2026, I believe we will enter a new offensive phase. I myself am now going out more and more and meeting with customers and many people as we move forward, so I hope that you will look forward to seeing us in 2026 with high expectations. Thank you very much for joining us today.

Nishida [M]: Thank you.

Individual interviews and IR interviews are also available. Please send an email to ir@euglena.jp if you wish to have an interview.

We would also like to respond individually to the questions we received today that we were unable to answer, at a later date.

This concludes today's financial results briefing. Thank you very much for joining us today.

[END]

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