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December 15, 2020

Advantage Partners, Euglena Co., and Tokyo Century agree to jointly acquire Q'sai from Coca-Cola Bottlers Japan Holdings

Advantage Partners Inc.
euglena Co., Ltd.
Tokyo Century Corporation
Coca-Cola Bottlers Japan Holdings Inc.
Q'sai Co., Ltd.

The fund ("AP Fund") served by Advantage Partners Inc. (Head Office: Minato-ku, Tokyo; Representative Director: Shinichiro Kita; "AP"), euglena Co., Ltd. (Head Office: Minato-ku, Tokyo; President and CEO: Mitsuru Izumo; "Euglena Co.") and Tokyo Century Corporation (Head Office: Chiyoda-ku, Tokyo; President & CEO: Makoto Nogami; "Tokyo Century") today agreed with Coca-Cola Bottlers Japan Holdings Inc. (Head Office: Minato-ku, Tokyo, President and Representative Director: Calin Dragan, "CCBJH") to jointly acquire all the shares of Q'sai Co., Ltd. (Head Office: Fukuoka City, Fukuoka Prefecture; President and CEO: Satoshi Kambe; "Q'sai") currently held by CCBJH through a Special Purpose Company ("SPC") *1, established and invested in by AP Fund, Euglena Co. and Tokyo Century. SPC and CCBJH entered into a share-transfer agreement scheduled to be executed on January 29, 2021.

<Agreement details>

- Three entities, AP Fund, Euglena Co. and Tokyo Century jointly acquire all shares of Q'sai
- Euglena Co. plans to consolidate Q'sai within one year from transaction
- Establishes a unique and optimized structure to realize growth of corporate value of Q'sai. Consists of Q'sai, a long-established company in the health and skincare industry, AP, with strengths in fundamental business structure transformation and management support, Euglena Co., a healthcare venture company with strengths in ESG/SDGs and digital expertise, and Tokyo Century, a company with extensive post-merger integration (PMI)^{*2} experience.
- Q'sai will collaborate with the three entities to transform its business from a "Mail-order company for health foods and cosmetics" to a "Company supporting everyone's well-aging" that provides products and services to support consumers as they grow older to "age well".

<Representative Q'sai products>



Kale Aojiru juice using
Japanese grown kale
"The Kale"



All-in-one cosmetics
"Cola-Rich"



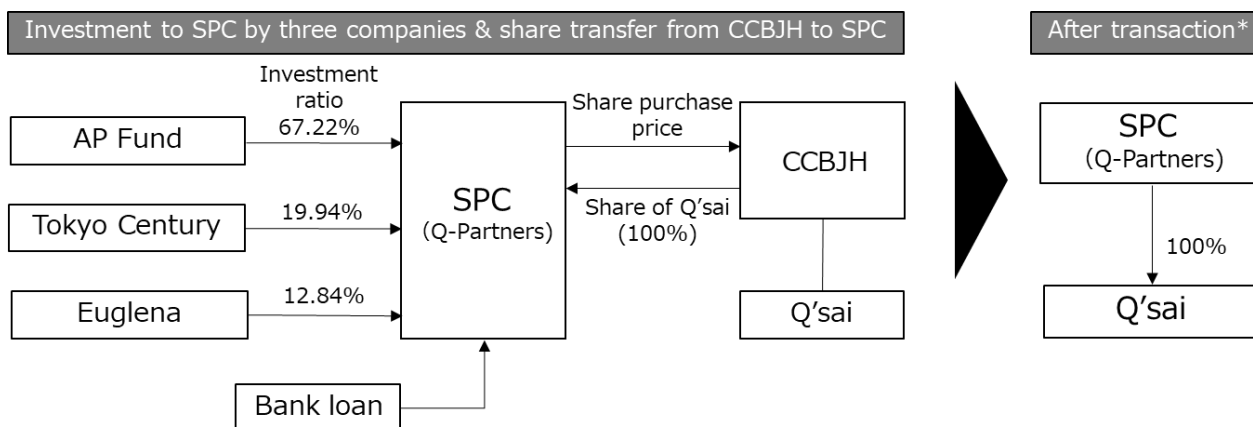
Food with functional claims
"Knee Support Collagen"



For the past 55 years, Q'sai has built a reputation as one of the leading companies in the health food and cosmetics mail order market, with annual sales of approximately ¥25 billion and approximately 370,000 mail order customers. AP Fund, Euglena Co. and Tokyo Century recognize the value of Q'sai's product development capabilities, strong customer base, and mail-order expertise, and believe that Q'sai has the potential for further growth and development, backed by the united support, experience and expertise of the three entities of the acquiring partners.

This transaction represents a unique example in Japan, with an optimized structure that will enhance the corporate value of Q'sai; Q'sai is a long-established company with solid brands; AP has strengths in improving business management and fundamental business structure transformation; Euglena Co. is a venture company with relevant strengths in ESG/SDGs and digital expertise; and Tokyo Century has abundant post-merger integration experience. In this transaction, the SPC will acquire all of the shares of Q'sai held by CCBJH in exchange for cash funded by joint investments from AP Fund, Euglena Co. and Tokyo Century as well as bank lending. AP Fund, Euglena Co., and Tokyo Century will initially own 67.22%, 12.84% and 19.94% shares of SPC, respectively. Euglena Co. plans to increase its ownership of SPC to up to 49% and make Q'sai a consolidated subsidiary within one year of this transaction.

<Transaction Detail>



Note : *Euglena Co. plans to increase its ownership of SPC and make Q'sai a consolidated subsidiary within one year of this transaction

Looking ahead, Q'sai will benefit from the management and integration expertise of AP and Tokyo Century to expand its product lineup and strengthen branding. At the same time, by leveraging Euglena Co.'s digital marketing knowledge, Q'sai will be able to expand its customer base to so-called “pre-senior” customers.

With the government's goal of extending healthy life expectancy and promotion of "Well-Aging," led by the Ministry of Economy, Trade and Industry, Q'sai, AP, Euglena Co., and Tokyo Century believe that "well aging support," which is different from “anti-aging”, is a future growth opportunity in the health industry. By combining each company’s strengths and resources to expand the consumer base from seniors to pre-seniors as well as fine tuning products and service offerings that support healthy living in all stages of life, we aim to evolve and transform Q'sai from a “mail order company for health foods and cosmetics” to a “company supporting everyone’s well-aging” that provides products and services to support consumers as they grow older to “age well”.

CCBJH has completed various initiatives to drive sustainable growth and maximize the corporate value of Q'sai since the acquisition of Q'sai in 2010, including a recent comprehensive update to the Q'sai corporate brand and launch of various products across the health and skincare lineup. At this time, CCBJH has determined that the best way to support



the next era of growth for the health and skincare business is to sell Q'sai to a strong local partner led by AP, Euglena Co. and Tokyo Century.

AP has one of the largest and longest track records as an investment fund in Japan backed by a strong team of professionals to drive change and growth. AP has a successful history of turning around and repositioning its invested companies toward business growth through its private equity investment. The team involved in this transaction has a proven track record of successful business transformation, including the transformation of "Megane Super" from a company just selling eyeglasses to an "Eye-care company" that focuses on supporting eye health for senior-aged customers. In this case, AP will take the lead in establishing a foundation for Q'sai's growth, and continue to support and collaborate on redefining its business domain as well as the development of new business to maximize Q'sai's potential, even after Q'sai becomes a consolidated subsidiary of Euglena Co.

Euglena Co. has an affinity with Q'sai's business as it has been growing its own business centered on mail-order sales of health foods and cosmetics using its unique ingredients of microalgae *Euglena*. Euglena Co. also has assets and expertise complementary to Q'sai that can support Q'sai's future business growth, including expanding its young to middle-aged customer base by leveraging digital marketing, ESG and SDG initiatives such as developing bio fuel and supporting Bangladesh, and proprietary branding with its "Sustainability First" corporate philosophy. By consolidating Q'sai and strengthening the business relationship between the two companies, together with the support of AP and Tokyo Century, Euglena Co. will be able to realize its ambition to become a corporate healthcare group that helps support sustainable health and "well-aging" for all consumers, from young to old.

Tokyo Century has been supporting both Euglena Co. and AP Group from both a business and financial perspective as a shareholder and strategic business partner of each. In addition, as an industry-leading financial services company, Tokyo Century has extensive experience in post-merger integration (PMI) through investments in domestic and overseas companies and the establishment of joint ventures with partner companies. In this transaction, Tokyo Century will also leverage its PMI experience to support the growth of Q'sai with a team that is fully aligned with Euglena Co. and AP.

AP, Euglena Co. and Tokyo Century will work collaboratively to drive Q'sai's growth and evolve into a "Well-Aging Support Company" as a leader in the healthcare industry by leveraging the respective strengths and experience of each of the partners in the SPC.

■ Comment from Toshiya Tsukahara, Partner, Advantage Partners Inc.

"Advantage Partners has a track record of more than 100 investments over 23 years, with investments in a diverse range of companies as a pioneer in the private equity investment market in Japan. We highly evaluate the tangible and intangible assets as well as growth potential of Q'sai, and we are very pleased that we have reached an agreement for this transaction. Also, this is the first joint-investment deal between Tokyo Century and AP and we think this will be a good reference for similar large-scale carve-out M&A deals which require funds and strategic business support. We will do our utmost to support the growth of Q'sai together with Euglena Co., which operates the business in this industry and our strategic partner, Tokyo Century."



■ Comment from Mitsuru Izumo, CEO, Euglena Co., Ltd.

"Euglena Co. is a venture company which has achieved growth driven by the mail-order healthcare business since the listing of its shares on the Mothers section to its current listing on the first section of Tokyo Stock Exchange. For us, Q'sai has long been a respected and admired company in all aspects of its corporate philosophy, product-development capabilities, and foundation of its mail-order business. I am very pleased and honored to participate in this opportunity and I am very encouraged to form a partnership with AP Fund and Tokyo Century, Japan's leading financial group. By learning from Q'sai's mail-order and product-development expertise and combining our own uniqueness and spirit of challenge we have as a venture company, we will realize business growth that can deliver sustainable health to the customers of both companies."

■ Comment from Koichi Nakajima, Deputy President, Executive Officer, Tokyo Century Corporation

"Tokyo Century has been partnering with leading companies in multiple fields as strategic partners, and has developed the business model of "Finance x Service x Business Expertise" through co-creation. In October 2019, we announced a strategic alliance with AP Group, and we have been exploring collaboration opportunities including joint investment. It is our sincere pleasure to have reached an agreement for the great company known as Q'sai as our first joint investment deal, together with AP and our longstanding business partner Euglena Co.. We will fully support the growth of Q'sai after the investment by leveraging our extensive resources."

■ Comment from Calin Dragan, President and Representative Director, Coca-Cola Bottlers Japan Holdings Inc.

"It has been our privilege at CCBJH to be the stewards of the respected Q'sai business, with its long history in Japan, well-known brands, valued customers and dedicated employees. We are pleased to have found such a strong set of local partners in AP, Euglena Co. and Tokyo Century, with deep experience in the Japan market to help usher in the next era of growth for Q'sai, and we have every confidence that the new ownership will enable the company to continue to develop and grow well into the future. In line with our strategic business plan announced in August 2019, CCBJH will continue to focus on setting a solid foundation for growth in our core beverage business as part of our mission to deliver happy moments to everyone, while creating value."

■ Comment from Satoshi Kambe, President and Representative Director, Q'sai Co., Ltd.

"Q'sai was founded in 1965 and began manufacturing and selling kale aojiru juice in 1982. Since then, we have expanded our product and service domains across healthcare, skincare, and food analytics, so that we can contribute to improving the quality of life of everyone. Based on our collaborative experience in the Coca-Cola Bottlers Japan Holdings Group, we will further enhance our product development capabilities, expand our customer base, and leverage our mail-order expertise with the support of AP, Euglena Co., and Tokyo Century in the future to create new value for everyone."

*1: Q-Partners Co., Ltd. (Headquarters: Minato-ku, Tokyo; Representative Director: Toshiya Tsukahara)

A special purpose company (SPC) established for the purpose of acquiring all the outstanding shares of Q'sai Co., Ltd.

*2: "Post-Merger Integration" means an integration process to maximize the originally planned integration impact following an M&A

<Corporate Profile: Advantage Partners Inc.>

AP is a domestic independent service provider that has been a market pioneer since the early days of the Japanese private equity investment market when it began servicing the first dedicated buyout fund in Japan in 1997. AP Fund operates multiple funds, including a buyout fund targeting Japanese mid-sized companies, a buyout fund targeting Asian mid-sized companies, and a private solutions fund that supports the growth of listed companies through minority investments. It has an excellent turnaround track record, with over 100 investments over 23 years of investment activities, and its accumulated know-how and highly-experienced and capable team of professionals are major strengths. AP conducts investment activities based on the philosophy of "We nurture our portfolio companies into firms that remain resolutely competitive even after they have left our funds." and "We support a management process that provides value not only to our funds and the investors that backed them, but also allows other shareholders, employees, business partners and financial institutions to enjoy economic value even after we have completed our investment." For more information, please refer to <https://www.advantagepartners.com/> website.

<Company Profile: Euglena Co., Ltd.>

Euglena Co. is a venture company originating from the University of Tokyo that sells health foods and cosmetics using the microalgae *Euglena*, and was the first company in the world to succeed in the outdoor mass cultivation of *Euglena* for food usage. It also conducts research and development on biofuels and feed. Since listing on the First Section of the Tokyo Stock Exchange in 2014, it has achieved rapid growth centered on the mail-order business for health foods and cosmetics, while also promoting businesses in the sustainability area, such as biofuel R&D and demonstration manufacturing and support for Bangladesh. In August 2020, the 15th anniversary of the Company's founding, it revamped the Corporate Identity (CI) and established "Sustainability First" as the Euglena Philosophy. For more information, see <https://www.euglena.jp/> website.



Euglena food
"Euglena for the body"



Euglena cosmetics
"one"

<Corporate Profile: Tokyo Century Corporation>

Tokyo Century creates unique financial services by promoting collaboration with domestic and overseas partner companies under a management environment free of regulatory constraints. It is engaged in high-value-added businesses in a wide range of business areas that transcend the financial framework. These include Equipment Leasing, which has a broad customer base; Mobility & Fleet Management, which provides auto leases for corporations and individuals as well as car rental services; Specialty Financing, which drives its growth centered on the aviation and real estate businesses; and International Business, which has a network across more than 30 countries and regions worldwide.



Tokyo Century has invested in Euglena Co. since before its listing in 2012, and through support in both business and financial fields, we have built a deep relationship with Euglena Co.. We have also invested in Advantage Partners (H.K.) Limited, the shareholding company of AP Group under a strategic alliance in 2019, and are promoting collaboration as a partner in the principal investment business. For more information, see <https://www.tokyocentury.co.jp/en/> website.

<Company Profile: Coca-Cola Bottlers Japan Holdings Inc.>

CCBJH was established in April 2017 as a result of the consolidation over time of 12 bottlers in various regions of Japan. Among the approximately 250 Coca-Cola Bottlers that manufacture and sell Coca-Cola products worldwide, CCBJH is the largest in Asia and one of the largest Coca-Cola bottlers in the world in terms of revenue. (As of December 2019). CCBJH manufactures and distributes Coca-Cola branded beverages in Tokyo, Osaka, Kyoto and 35 prefectures in Japan as a "Total beverage company" that meets the needs of all consumers in every occasion.

In August 2019, CCBJH announced a mid-term plan toward 2024 as well as a new corporate philosophy under the motto, "Paint it RED! Let's Repaint our Future." Our mission is to deliver happy moments to everyone, while creating value. Our vision is to be the partner of choice for all our stakeholders, including customers, shareholders, local communities, and employees. For more information on our company, including sustainability goals such as our 2030 Package Vision which outlines ambitious plans toward a World Without Waste, please visit our website at <https://en.ccbji.co.jp/>

<Company profile: Q'sai Co., Ltd.>

Q'sai is a long-established company that is a leader in the health food and cosmetics mail order industry in Japan. Since its foundation in 1965, it has built a long history of 55 years by winning the support of customers and bringing valuable products to the world under a strong vision of contributing to the happiness of customers through healthy products, including its flagship kale "Aojiru" juice. Representative products include kale aojiru under the brand The Kale, the Knee Support Collagen series, and the Cola-Rich series of cosmetics. See the Web site (<https://corporate.kyusai.co.jp/>) for more information.

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— Press Contact —

Advantage Partners Inc.

TEL: 03-6721-5095 QPartners_IR@advantagepartners.com

euglena Co., Ltd.

Kitami/ Honma, Corporate Communications Department

TEL: 03-3454-4907 press@euglena.jp

Tokyo Century Corporation

Keisuke Yamashita, Investors Relations Division

TEL: 03-5209-6710 yamashita.k@tokyocentury.co.jp

Coca-Cola Bottlers Japan Holdings Inc.

Michiaki Ishiyama/Mami Kakino, Public Relations Department

TEL: 03-6896-1707 pr@ccbji.co.jp

Q'sai Co., Ltd.

Nishizawa, Public Relations

TEL 092-724-0179 koho@kyusai.co.jp