

Translation

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Summary of Consolidated Financial Results for the Twelve Months Ended September 30, 2021 (Based on Japanese GAAP)

November 12, 2021

Company name: Euglena Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 2931 URL <http://www.euglena.jp/>
 Representative: Representative Director, President Mitsuru Izumo
 Inquiries: Executive Officer, CFiO Tomohiro Wakahara TEL 03(3453)4907
 Scheduled date to file Quarterly Securities Report: November 12, 2021
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the twelve months ended September 30, 2021 (from October 1, 2020 to September 30, 2021)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Twelve months ended September 30, 2021	23,291	–	(3,962)	–	(3,656)	–	(2,431)	–
Year ended September 30, 2020	13,317	(8.0)	(1,807)	–	(1,457)	–	(1,486)	–

Reference: Adjusted EBITDA Twelve months ended September 30, 2021 ¥1,025 million [–%]
 Year ended September 30, 2020 ¥(732) million [–%]

Note 1: Comprehensive income Twelve months ended September 30, 2021 ¥(3,233) million [–%]
 Year ended September 30, 2020 ¥(1,483) million [–%]

Note 2: Because management has shifted its focus to cash flow management, the Company now presents adjusted EBITDA as a key performance indicator to show its capacity for generating free cash flows.

Note 3: On August 26, 2021, the Company amended its Articles of Incorporation to change the fiscal year end from September 30 of each year to December 31 of each year. The fiscal year under review is a transitional period for this change of the fiscal year end, comprising an irregular 15-month period from October 1, 2020 to December 31, 2021. Consequently, year-on-year changes for the first twelve months of the year ending December 31, 2021 are not presented. Note that when comparing net sales of the first twelve months of the year ending December 31, 2021 with the corresponding period of the previous fiscal year, which was the full previous fiscal year (from October 1, 2019 to September 30, 2020), the adjusted percentage change is an increase of 74.9%.

Note 4: The figures shown for the year ended September 30, 2020 are for the full fiscal year.

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Twelve months ended September 30, 2021	(24.12)		–	
Year ended September 30, 2020	(16.00)		–	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of September 30, 2021	64,065		22,186		34.0	
As of September 30, 2020	15,351		9,386		61.0	

Reference: Equity As of September 30, 2021 ¥21,800 million
 As of September 30, 2020 ¥9,363 million

2. Cash dividends

	Annual dividends per share					
	1st quarter-end	2nd quarter-end	3rd quarter-end	4th quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen	Yen
Year ended September 30, 2020	–	0.00	–	–	0.00	0.00
Year ending December 31, 2021	–	0.00	–	–		
Year ending December 31, 2021 (Forecast)					0.00	0.00

Note: Revision to cash dividend forecasts most recently announced: No

3. Forecast of consolidated financial results for the year ending December 31, 2021 (from October 1, 2020 to December 31, 2021)

	Percentages indicate year-on-year changes								
	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	33,000	–	–	–	–	–	–	–	–

Reference: Adjusted EBITDA Year ending December 31, 2021 ¥650 million

Both net sales and adjusted EBITDA are announced in the financial results forecast for the fiscal year ending December 31, 2021. Adjusted EBITDA = EBITDA (Operating profit + Amortization of goodwill and Depreciation) + Subsidy income + Stock-related remuneration + Inventory step-up effect.

In the fiscal year under review, in relation to Q'SAI CO., LTD., which became a consolidated subsidiary of the Company as of the deemed acquisition date of June 30, 2021, unrealized gains of ¥6,707 million were recorded to inventories by inventory step-up (accounting for the revaluation of inventories at the time of said company's consolidation to net realizable value (selling price less estimated additional manufacturing costs and estimated direct selling expenses), and said unrealized gain will be expensed as cost of sales when inventory is paid out due to the sale of products. As the expensing of the unrealized gain recognized by the step-up will not have an effect on the Company's cash flow, this step-up effect is added back in the calculation of adjusted EBITDA, which is a key performance indicator for the Company's cash flow generating capacity.

Note 1: Revision to consolidated financial results forecast most recently announced: Yes

Note 2: As stated above, due to this change of the fiscal year end, the fiscal year ending December 31, 2021 is an irregular 15-month period from October 1, 2020 to December 31, 2021. Consequently, year-on-year changes for the year ending December 31, 2021 are not presented.

4. Notes

- (1) Changes in significant subsidiaries during the twelve months ended September 30, 2021 (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2021	109,782,686 shares	As of September 30, 2020	93,153,322 shares
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Number of treasury shares at the end of the period

As of September 30, 2021	20,431 shares	As of September 30, 2020	56,459 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Twelve months ended September 30, 2021	100,793,646 shares	Year ended September 30, 2020	92,900,464 shares
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* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of financial results forecast, and other special matters