

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended March 31, 2022 (Based on Japanese GAAP)

May 13, 2022

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(3454)4907  
 Scheduled date to file Quarterly Securities Report: May 13, 2022  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended March 31, 2022 (from January 1, 2022 to March 31, 2022)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Adjusted EBITDA*		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2022	10,822	176.8	1,554	–	(727)	–	81	–	40	–
Three months ended December 31, 2020	3,910	21.5	(129)	–	(365)	–	(306)	–	(360)	–

\* 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 1: Comprehensive income Three months ended March 31, 2022 ¥30 million [–%]

Three months ended December 31, 2020 ¥(359) million [–%]

Note 2: Commencing the previous fiscal year, the Company has changed the last day of the accounting period from September 30 to December 31. Accordingly, the first three months of the fiscal year ended December 31, 2021 was the period from October 1, 2020 to December 31, 2020, and the percentage of year on year change indicates a comparison against that period.

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2022	0.36		0.36	
Three months ended December 31, 2020	(3.87)		–	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of March 31, 2022	60,174		20,401		33.2	
As of December 31, 2021	61,007		20,588		33.0	

Reference: Equity As of March 31, 2022 ¥19,969 million  
 As of December 31, 2021 ¥20,155 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 December 31, 2021	–	0.00	–	–	0.00	0.00
Year ending December 31, 2022	–					
Year ending December 31, 2022 (Forecast)		0.00	–	–	0.00	0.00

Note 1: Revision to cash dividend forecasts most recently announced: No

Note 2: As the fiscal year ended December 31, 2021 was a transitional period for the change in fiscal year that consisted of 15 months (from October 1, 2020 to December 31, 2021), the fourth quarter-end is indicated.

## 3. Forecast of consolidated financial results for the year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

Percentages indicate year-on-year changes

	Net sales		Adjusted EBITDA*		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	%	Millions of yen	%	Yen
Full year	48,000	–	2,100	–	–	–	–	–	–	–	–

Note: Revision to consolidated financial results forecast most recently announced: No

Reference: Adjusted EBITDA = EBITDA (Operating profit + Amortization of goodwill and Depreciation) + Subsidy income + Stock-related remuneration + Inventory step-up effect.

## 4. Notes

- (1) Changes in significant subsidiaries during the three months ended March 31, 2022 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (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: Yes
- 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 March 31, 2022	111,207,538 shares	As of December 31, 2021	111,161,886 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	20,431 shares	As of December 31, 2021	20,431 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2022	111,182,035 shares	Three months ended December 31, 2020	93,097,988 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

The forward-looking statements, including the earnings forecasts, shown in this document are based on information currently available to the Company and on certain assumptions deemed to be reasonable.

**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of December 31, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	9,900	10,144
Notes and accounts receivable - trade	3,182	2,880
Securities	285	285
Merchandise and finished goods	4,572	4,095
Work in process	744	747
Raw materials and supplies	1,144	1,143
Other	673	1,100
Allowance for doubtful accounts	(64)	(53)
Total current assets	20,438	20,343
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,314	7,326
Machinery, equipment and vehicles	3,375	3,466
Tools, furniture and fixtures	1,396	1,409
Land	2,499	2,499
Leased assets	109	101
Construction in progress	5	3
Accumulated depreciation	(7,849)	(7,971)
Total property, plant and equipment	6,851	6,835
Intangible assets		
Goodwill	13,034	12,831
Customer related assets	17,011	16,673
Other	1,858	1,785
Total intangible assets	31,903	31,290
Investments and other assets		
Investment securities	397	493
Guarantee deposits	317	321
Deferred tax assets	740	768
Other	395	159
Allowance for doubtful accounts	(37)	(37)
Total investments and other assets	1,813	1,705
Total non-current assets	40,569	39,831
Total assets	61,007	60,174

(Millions of yen)

	As of December 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	1,082	1,271
Short-term borrowings	2,287	2,164
Accounts payable - other	3,715	3,587
Contract liabilities	–	1,681
Lease obligations	8	8
Income taxes payable	486	448
Provision for bonuses	267	124
Provision for point card certificates	1,202	–
Provision for business restructuring	31	–
Other	1,552	1,325
<b>Total current liabilities</b>	<b>10,634</b>	<b>10,612</b>
<b>Non-current liabilities</b>		
Long-term borrowings	22,598	22,436
Lease obligations	14	12
Provision for retirement benefits for directors (and other officers)	52	14
Retirement benefit liability	390	393
Asset retirement obligations	427	429
Deferred tax liabilities	6,297	5,866
Other	4	8
<b>Total non-current liabilities</b>	<b>29,784</b>	<b>29,160</b>
<b>Total liabilities</b>	<b>40,418</b>	<b>39,773</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	13,888	13,905
Capital surplus	11,602	11,618
Retained earnings	(5,273)	(5,479)
Treasury shares	(34)	(34)
<b>Total shareholders' equity</b>	<b>20,183</b>	<b>20,010</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	(2)	(2)
Foreign currency translation adjustment	(20)	(33)
Remeasurements of defined benefit plans	(5)	(5)
<b>Total accumulated other comprehensive income</b>	<b>(27)</b>	<b>(41)</b>
Share acquisition rights	427	427
Non-controlling interests	5	4
<b>Total net assets</b>	<b>20,588</b>	<b>20,401</b>
<b>Total liabilities and net assets</b>	<b>61,007</b>	<b>60,174</b>

## Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

### Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended December 31, 2020	Three months ended March 31, 2022
Net sales	3,910	10,822
Cost of sales	1,055	3,466
Gross profit	2,855	7,356
Selling, general and administrative expenses	3,220	8,083
Operating loss	(365)	(727)
Non-operating income		
Interest income	0	0
Foreign exchange gains	–	27
Subsidy income	48	675
Commission income	0	8
Surrender value of insurance policies	24	202
Share of profit of entities accounted for using equity method	–	18
Other	14	24
Total non-operating income	88	958
Non-operating expenses		
Interest expenses	5	135
Foreign exchange losses	0	–
Share of loss of entities accounted for using equity method	22	–
Other	0	14
Total non-operating expenses	28	150
Ordinary profit (loss)	(306)	81
Extraordinary income		
Gain on reversal of share acquisition rights	0	0
Gain on sale of non-current assets	–	1
Total extraordinary income	0	1
Extraordinary losses		
Loss on sale of non-current assets	0	0
Total extraordinary losses	0	0
Profit (loss) before income taxes	(306)	83
Income taxes - current	41	395
Income taxes - deferred	15	(356)
Total income taxes	56	39
Profit (loss)	(363)	44
Profit (loss) attributable to non-controlling interests	(3)	3
Profit (loss) attributable to owners of parent	(360)	40

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Three months ended December 31, 2020	Three months ended March 31, 2022
Profit (loss)	(363)	44
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	0
Foreign currency translation adjustment	4	(14)
Remeasurements of defined benefit plans, net of tax	–	0
Share of other comprehensive income of entities accounted for using equity method	0	1
Total other comprehensive income	3	(13)
Comprehensive income	(359)	30
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(358)	26
Comprehensive income attributable to non-controlling interests	(1)	4