

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended March 31, 2023 (Based on Japanese GAAP)

May 12, 2023

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 12, 2023  
 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, 2023 (from January 1, 2023 to March 31, 2023)

(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, 2023	10,837	0.1	776	(50.0)	(176)	–	(111)	–	(167)	–
Three months ended March 31, 2022	10,822	176.8	1,554	–	(727)	–	81	–	40	–

\* 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, 2023 ¥(127) million [–%]  
 Three months ended March 31, 2022 ¥30 million [–%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2023	(1.46)		–	
Three months ended March 31, 2022	0.36		0.36	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2023	63,273	22,465	35.5
As of December 31, 2022	57,275	19,353	33.0

Reference: Equity As of March 31, 2023 ¥22,462 million  
 As of December 31, 2022 ¥18,923 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended December 31, 2022	–	0.00	–	0.00	0.00
Year ending December 31, 2023	–	–	–	–	–
Year ending December 31, 2023 (Forecast)	–	0.00	–	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, 2023 (from January 1, 2023 to December 31, 2023)

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	45,000	1.4	1,800	(32.0)	–	–	–	–	–	–	–

Note: Revision to 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, 2023  
(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: 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 March 31, 2023	117,030,804 shares	As of December 31, 2022	113,105,455 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	20,605 shares	As of December 31, 2022	20,571 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, 2023	115,064,319 shares	Three months ended March 31, 2022	111,182,035 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. These statements do not purport that the Company pledges to realize such statements. Actual results may differ substantially due to various factors.

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

(Millions of yen)

	As of December 31, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	9,954	16,818
Notes and accounts receivable - trade	3,842	3,430
Merchandise and finished goods	2,811	2,696
Work in process	470	542
Raw materials and supplies	1,340	1,438
Other	1,337	1,360
Allowance for doubtful accounts	(62)	(61)
Total current assets	19,694	26,225
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,565	6,601
Machinery, equipment and vehicles	3,520	3,424
Tools, furniture and fixtures	898	911
Land	2,068	2,062
Leased assets	101	101
Construction in progress	7	3
Accumulated depreciation	(7,313)	(7,310)
Total property, plant and equipment	5,848	5,794
Intangible assets		
Goodwill	12,485	12,273
Customer related assets	16,173	15,825
Other	1,363	1,389
Total intangible assets	30,022	29,488
Investments and other assets		
Investment securities	679	703
Guarantee deposits	329	362
Deferred tax assets	715	715
Other	108	114
Allowance for doubtful accounts	(123)	(131)
Total investments and other assets	1,710	1,764
Total non-current assets	37,581	37,048
Total assets	57,275	63,273

(Millions of yen)

	As of December 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	1,423	1,251
Short-term borrowings	2,708	2,732
Accounts payable - other	4,062	3,614
Contract liabilities	1,487	1,550
Lease liabilities	9	9
Income taxes payable	994	328
Provision for bonuses	229	95
Other	1,360	1,205
Total current liabilities	12,276	10,787
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	–	4,800
Long-term borrowings	19,496	19,247
Lease liabilities	7	5
Provision for retirement benefits for directors (and other officers)	4	4
Retirement benefit liability	370	368
Asset retirement obligations	429	429
Deferred tax liabilities	5,329	5,159
Other	7	6
Total non-current liabilities	25,645	30,021
Total liabilities	37,921	40,808
<b>Net assets</b>		
Shareholders' equity		
Share capital	13,985	15,818
Capital surplus	13,316	15,149
Retained earnings	(8,309)	(8,477)
Treasury shares	(34)	(34)
Total shareholders' equity	18,957	22,455
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Deferred gains or losses on hedges	–	(1)
Foreign currency translation adjustment	(39)	2
Remeasurements of defined benefit plans	5	4
Total accumulated other comprehensive income	(34)	6
Share acquisition rights	427	1
Non-controlling interests	2	2
Total net assets	19,353	22,465
<b>Total liabilities and net assets</b>	<b>57,275</b>	<b>63,273</b>

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

### Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended March 31, 2022	Three months ended March 31, 2023
Net sales	10,822	10,837
Cost of sales	3,466	2,996
Gross profit	7,356	7,841
Selling, general and administrative expenses	8,083	8,017
Operating loss	(727)	(176)
Non-operating income		
Interest income	0	1
Foreign exchange gains	27	3
Subsidy income	675	188
Commission income	8	10
Surrender value of insurance policies	202	–
Share of profit of entities accounted for using equity method	18	–
Other	24	39
Total non-operating income	958	242
Non-operating expenses		
Interest on bonds	–	0
Interest expenses	135	120
Share issuance costs	–	23
Share of loss of entities accounted for using equity method	–	2
Other	14	30
Total non-operating expenses	150	177
Ordinary profit (loss)	81	(111)
Extraordinary income		
Gain on reversal of share acquisition rights	0	1
Gain on sale of non-current assets	1	28
Total extraordinary income	1	29
Extraordinary losses		
Loss on sale of non-current assets	0	0
Total extraordinary losses	0	0
Profit (loss) before income taxes	83	(81)
Income taxes - current	395	257
Income taxes - deferred	(356)	(170)
Total income taxes	39	87
Profit (loss)	44	(168)
Profit (loss) attributable to non-controlling interests	3	(1)
Profit (loss) attributable to owners of parent	40	(167)

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

(Millions of yen)

	Three months ended March 31, 2022	Three months ended March 31, 2023
Profit (loss)	44	(168)
Other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Deferred gains or losses on hedges	–	(1)
Foreign currency translation adjustment	(14)	41
Remeasurements of defined benefit plans, net of tax	(0)	(0)
Share of other comprehensive income of entities accounted for using equity method	1	0
Total other comprehensive income	(13)	41
Comprehensive income	30	(127)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	26	(126)
Comprehensive income attributable to non-controlling interests	4	(0)