

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2023 (Based on Japanese GAAP)

November 13, 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: November 13, 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 nine months ended September 30, 2023 (from January 1, 2023 to September 30, 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	%
Nine months ended September 30, 2023	34,080	5.4	1,979	(20.4)	(959)	–	(797)	–	(1,263)	–
Nine months ended September 30, 2022	32,336	166.9	2,488	–	(2,297)	–	(1,141)	–	(873)	–

* 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: Comprehensive income
Nine months ended September 30, 2023 ¥(1,248) million [–%]
Nine months ended September 30, 2022 ¥(885) million [–%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended September 30, 2023	(10.86)		–	
Nine months ended September 30, 2022	(7.81)		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	60,454	21,444	35.5
As of December 31, 2022	57,275	19,353	33.0

Reference: Equity
As of September 30, 2023 ¥21,442 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	Yen	Yen	Yen	Yen
Year ended December 31, 2022	–	0.00	–	0.00	0.00
Year ending December 31, 2023	–	0.00	–	–	–
Year ending December 31, 2023 (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, 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 nine months ended September 30, 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 September 30, 2023	117,150,662 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 September 30, 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)

Nine months ended September 30, 2023	116,383,268 shares	Nine months ended September 30, 2022	111,814,462 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 September 30, 2023
Assets		
Current assets		
Cash and deposits	9,954	15,698
Notes and accounts receivable - trade	3,842	3,416
Merchandise and finished goods	2,811	2,304
Work in process	470	474
Raw materials and supplies	1,340	1,369
Other	1,337	1,596
Allowance for doubtful accounts	(62)	(68)
Total current assets	19,694	24,790
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,565	6,592
Machinery, equipment and vehicles	3,520	3,500
Tools, furniture and fixtures	898	906
Land	2,068	2,062
Leased assets	101	101
Construction in progress	7	2
Accumulated depreciation	(7,313)	(7,480)
Total property, plant and equipment	5,848	5,686
Intangible assets		
Goodwill	12,485	11,850
Customer-related assets	16,173	15,139
Other	1,363	1,294
Total intangible assets	30,022	28,284
Investments and other assets		
Investment securities	679	701
Guarantee deposits	329	347
Deferred tax assets	715	666
Other	108	118
Allowance for doubtful accounts	(123)	(142)
Total investments and other assets	1,710	1,692
Total non-current assets	37,581	35,663
Total assets	57,275	60,454

(Millions of yen)

	As of December 31, 2022	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,423	1,291
Short-term borrowings	2,708	2,972
Accounts payable - other	4,062	3,378
Contract liabilities	1,487	1,472
Lease liabilities	9	8
Income taxes payable	994	229
Provision for bonuses	229	205
Other	1,360	780
Total current liabilities	12,276	10,338
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	–	4,800
Long-term borrowings	19,496	18,101
Lease liabilities	7	1
Provision for retirement benefits for directors (and other officers)	4	5
Retirement benefit liability	370	377
Asset retirement obligations	429	425
Deferred tax liabilities	5,329	4,955
Other	7	5
Total non-current liabilities	25,645	28,672
Total liabilities	37,921	39,010
Net assets		
Shareholders' equity		
Share capital	13,985	15,867
Capital surplus	13,316	15,198
Retained earnings	(8,309)	(9,573)
Treasury shares	(34)	(34)
Total shareholders' equity	18,957	21,459
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	4
Deferred gains or losses on hedges	–	(13)
Foreign currency translation adjustment	(39)	(11)
Remeasurements of defined benefit plans	5	3
Total accumulated other comprehensive income	(34)	(17)
Share acquisition rights	427	1
Non-controlling interests	2	0
Total net assets	19,353	21,444
Total liabilities and net assets	57,275	60,454

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Net sales	32,336	34,080
Cost of sales	9,459	10,581
Gross profit	22,877	23,498
Selling, general and administrative expenses	25,174	24,457
Operating loss	(2,297)	(959)
Non-operating income		
Interest income	1	1
Foreign exchange gains	124	88
Subsidy income	771	440
Commission income	27	25
Gain on sale of investment securities	377	–
Share of profit of entities accounted for using equity method	45	–
Surrender value of insurance policies	255	–
Other	70	104
Total non-operating income	1,674	662
Non-operating expenses		
Interest on bonds	–	1
Interest expenses	408	359
Share of loss of entities accounted for using equity method	–	6
Share issuance costs	0	37
Other	108	95
Total non-operating expenses	518	500
Ordinary loss	(1,141)	(797)
Extraordinary income		
Gain on reversal of share acquisition rights	0	1
Gain on sale of non-current assets	150	30
Gain on sale of shares of subsidiaries and associates	336	–
Other	0	–
Total extraordinary income	487	31
Extraordinary losses		
Loss on sale of non-current assets	0	7
Loss on valuation of investment securities	–	6
Total extraordinary losses	0	14
Loss before income taxes	(654)	(780)
Income taxes - current	1,293	808
Income taxes - refund	(102)	–
Income taxes - deferred	(969)	(324)
Total income taxes	221	484
Loss	(876)	(1,264)
Loss attributable to non-controlling interests	(3)	(0)
Loss attributable to owners of parent	(873)	(1,263)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Loss	(876)	(1,264)
Other comprehensive income		
Valuation difference on available-for-sale securities	4	3
Deferred gains or losses on hedges	–	(13)
Foreign currency translation adjustment	(17)	22
Remeasurements of defined benefit plans, net of tax	(1)	(2)
Share of other comprehensive income of entities accounted for using equity method	4	5
Total other comprehensive income	(9)	15
Comprehensive income	(885)	(1,248)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(882)	(1,246)
Comprehensive income attributable to non-controlling interests	(2)	(2)