Translation

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Summary of Consolidated Financial Results for the Three Months Ended March 31, 2024 (Based on Japanese GAAP)

May 13, 2024

Company name: Euglena Co., Ltd.
Stock exchange listing: Tokyo
Stock code: 2931 URL http://www.euglena.jp/
Representative: Representative Director, President Mitsuru Izumo
Inquiries: Director, Co-CEO and CFiO Tomohiro Wakahara TEL 03(3454)4907
Scheduled date to file Quarterly Securities Report: May 13, 2024
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, 2024 (from January 1, 2024 to March 31, 2024)

(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, 2024	11,154	2.9	1,071	37.9	302	–	266	–	191	–
Three months ended March 31, 2023	10,837	0.1	776	(50.0)	(176)	–	(111)	–	(167)	–

* 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, 2024 ¥109 million [–%]
Three months ended March 31, 2023 ¥(127) million [–%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2024	1.49	–
Three months ended March 31, 2023	(1.46)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2024	71,161	30,897	43.4
As of December 31, 2023	59,619	20,214	33.9

Reference: Equity As of March 31, 2024 ¥30,896 million
As of December 31, 2023 ¥20,213 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, 2023	–	0.00	–	0.00	0.00
Year ending December 31, 2024	–				
Year ending December 31, 2024 (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, 2024 (from January 1, 2024 to December 31, 2024)

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	52,500	12.9	3,600	62.0	–	–	–	–	–	–	–

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, 2024 (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, 2024	134,668,787 shares	As of December 31, 2023	117,150,662 shares

Number of treasury shares at the end of the period

As of March 31, 2024	20,605 shares	As of December 31, 2023	20,605 shares

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2024	128,680,469 shares	Three months ended March 31, 2023	115,064,319 shares

* 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, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	15,791	18,855
Notes and accounts receivable - trade	3,817	4,425
Merchandise and finished goods	2,129	2,405
Work in process	430	549
Raw materials and supplies	1,124	1,404
Other	1,217	1,878
Allowance for doubtful accounts	(81)	(81)
Total current assets	24,431	29,437
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,319	7,960
Machinery, equipment and vehicles	3,446	4,032
Tools, furniture and fixtures	836	1,133
Land	2,062	2,229
Leased assets	101	159
Construction in progress	6	154
Accumulated depreciation	(7,266)	(8,699)
Total property, plant and equipment	5,506	6,970
Intangible assets		
Goodwill	11,639	17,978
Customer related assets	14,796	14,007
Other	1,328	1,337
Total intangible assets	27,764	33,324
Investments and other assets		
Investment securities	836	756
Guarantee deposits	350	523
Deferred tax assets	750	150
Other	127	165
Allowance for doubtful accounts	(148)	(166)
Total investments and other assets	1,917	1,429
Total non-current assets	35,187	41,724
Total assets	59,619	71,161

(Millions of yen)

	As of December 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,396	1,799
Short-term borrowings	3,293	4,557
Accounts payable - other	4,009	3,489
Contract liabilities	1,406	1,495
Lease liabilities	6	7
Income taxes payable	724	271
Provision for bonuses	386	101
Asset retirement obligations	195	184
Other	852	1,130
Total current liabilities	12,271	13,037
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	4,800	4,800
Long-term borrowings	16,971	18,090
Lease liabilities	1	8
Provision for retirement benefits for directors (and other officers)	4	4
Retirement benefit liability	412	417
Asset retirement obligations	74	218
Deferred tax liabilities	4,857	3,674
Other	10	10
Total non-current liabilities	27,133	27,226
Total liabilities	39,404	40,263
Net assets		
Shareholders' equity		
Share capital	15,867	15,867
Capital surplus	15,198	16,418
Retained earnings	(10,961)	(1,426)
Treasury shares	(34)	(34)
Total shareholders' equity	20,070	30,825
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	138	76
Deferred gains or losses on hedges	1	(0)
Foreign currency translation adjustment	1	(6)
Remeasurements of defined benefit plans	1	1
Total accumulated other comprehensive income	142	70
Share acquisition rights	1	1
Total net assets	20,214	30,897
Total liabilities and net assets	59,619	71,161

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, 2023	Three months ended March 31, 2024
Net sales	10,837	11,154
Cost of sales	2,996	3,130
Gross profit	7,841	8,024
Selling, general and administrative expenses	8,017	7,721
Operating profit (loss)	(176)	302
Non-operating income		
Interest income	1	2
Foreign exchange gains	3	52
Subsidy income	188	23
Commission income	10	0
Share of profit of entities accounted for using equity method	–	9
Other	39	21
Total non-operating income	242	110
Non-operating expenses		
Interest expenses on bonds	0	0
Interest expenses	120	109
Share issuance costs	23	2
Share of loss of entities accounted for using equity method	2	–
Other	30	33
Total non-operating expenses	177	146
Ordinary profit (loss)	(111)	266
Extraordinary income		
Gain on reversal of share acquisition rights	1	0
Gain on sale of non-current assets	28	–
Gain on sale of investment securities	–	326
Total extraordinary income	29	326
Extraordinary losses		
Loss on sale of non-current assets	0	–
Impairment losses	–	809
Total extraordinary losses	0	809
Loss before income taxes	(81)	(216)
Income taxes - current	257	198
Income taxes - deferred	(170)	(606)
Total income taxes	87	(407)
Profit (loss)	(168)	191
Profit (loss) attributable to non-controlling interests	(1)	0
Profit (loss) attributable to owners of parent	(167)	191

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024
Profit (loss)	(168)	191
Other comprehensive income		
Valuation difference on available-for-sale securities	0	(71)
Deferred gains or losses on hedges	(1)	(2)
Foreign currency translation adjustment	41	(10)
Remeasurements of defined benefit plans, net of tax	(0)	(0)
Share of other comprehensive income of entities accounted for using equity method	0	2
Total other comprehensive income	41	(82)
Comprehensive income	(127)	109
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(126)	109
Comprehensive income attributable to non-controlling interests	(0)	–