

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2024 (Based on Japanese GAAP)

November 11, 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 commence dividend payments: –
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended September 30, 2024 (from January 1, 2024 to September 30, 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	%
Nine months ended September 30, 2024	35,273	3.5	3,247	64.0	160	–	(31)	–	(1,048)	–
Nine months ended September 30, 2023	34,080	5.4	1,979	(20.4)	(959)	–	(797)	–	(1,263)	–

* 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, 2024 ¥(908) million [–%]

Nine months ended September 30, 2023 ¥(1,248) million [–%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended September 30, 2024	(7.85)	–
Nine months ended September 30, 2023	(10.86)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	71,587	30,753	42.6
As of December 31, 2023	59,619	20,214	33.9

Reference: Equity As of September 30, 2024 ¥30,490 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	–	0.00	–		
Year ending December 31, 2024 (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, 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
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	48,000	3.3	3,800	71.0	—	—	—	—	—	—	—

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) Significant changes in the scope of consolidation during the nine months ended September 30, 2024: 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, 2024	136,311,451 shares	As of December 31, 2023	117,150,662 shares
--------------------------	--------------------	-------------------------	--------------------

Number of treasury shares at the end of the period

As of September 30, 2024	20,682 shares	As of December 31, 2023	20,605 shares
--------------------------	---------------	-------------------------	---------------

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

Nine months ended September 30, 2024	133,640,034 shares	Nine months ended September 30, 2023	116,383,268 shares
--------------------------------------	--------------------	--------------------------------------	--------------------

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: Yes (voluntary)

* 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 September 30, 2024
Assets		
Current assets		
Cash and deposits	15,791	19,806
Notes and accounts receivable - trade	3,817	3,854
Merchandise and finished goods	2,129	2,224
Work in process	430	364
Raw materials and supplies	1,124	1,443
Other	1,217	1,805
Allowance for doubtful accounts	(81)	(90)
Total current assets	24,431	29,408
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,319	7,144
Machinery, equipment and vehicles	3,446	3,982
Tools, furniture and fixtures	836	1,093
Land	2,062	1,912
Leased assets	101	44
Construction in progress	6	457
Accumulated depreciation	(7,266)	(8,448)
Total property, plant and equipment	5,506	6,184
Intangible assets		
Goodwill	11,639	12,475
Customer-related intangible assets	14,796	20,396
Other	1,328	1,371
Total intangible assets	27,764	34,242
Investments and other assets		
Investment securities	836	722
Guarantee deposits	350	481
Deferred tax assets	750	151
Other	127	479
Allowance for doubtful accounts	(148)	(81)
Total investments and other assets	1,917	1,751
Total non-current assets	35,187	42,179
Total assets	59,619	71,587

(Millions of yen)

	As of December 31, 2023	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,396	1,316
Short-term borrowings	3,293	4,360
Accounts payable - other	4,009	2,994
Contract liabilities	1,406	1,524
Lease liabilities	6	3
Income taxes payable	724	609
Provision for bonuses	386	254
Asset retirement obligations	195	104
Other	852	983
Total current liabilities	12,271	12,151
Non-current liabilities		
Bonds payable	—	1,000
Convertible-bond-type bonds with share acquisition rights	4,800	4,800
Long-term borrowings	16,971	16,032
Lease liabilities	1	7
Provision for retirement benefits for directors (and other officers)	4	5
Retirement benefit liability	412	416
Asset retirement obligations	74	181
Deferred tax liabilities	4,857	6,230
Other	10	9
Total non-current liabilities	27,133	28,683
Total liabilities	39,404	40,834
Net assets		
Shareholders' equity		
Share capital	15,867	16,305
Capital surplus	15,198	16,856
Retained earnings	(10,961)	(2,658)
Treasury shares	(34)	(34)
Total shareholders' equity	20,070	30,469
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	138	86
Deferred gains or losses on hedges	1	(81)
Foreign currency translation adjustment	1	15
Remeasurements of defined benefit plans	1	0
Total accumulated other comprehensive income	142	21
Share acquisition rights	1	1
Non-controlling interests	—	261
Total net assets	20,214	30,753
Total liabilities and net assets	59,619	71,587

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, 2023	Nine months ended September 30, 2024
Net sales	34,080	35,273
Cost of sales	10,581	10,616
Gross profit	23,498	24,657
Selling, general and administrative expenses	24,457	24,497
Operating profit (loss)	(959)	160
Non-operating income		
Interest income	1	4
Foreign exchange gains	88	6
Subsidy income	440	98
Commission income	25	1
Share of profit of entities accounted for using equity method	—	36
Surrender value of insurance policies	—	18
Other	104	88
Total non-operating income	662	253
Non-operating expenses		
Interest expenses on bonds	1	6
Interest expenses	359	341
Share of loss of entities accounted for using equity method	6	—
Share issuance costs	37	2
Other	95	95
Total non-operating expenses	500	445
Ordinary loss	(797)	(31)
Extraordinary income		
Gain on reversal of share acquisition rights	1	0
Gain on sale of non-current assets	30	91
Gain on sale of investment securities	—	339
Gain on valuation of investment securities	—	15
Total extraordinary income	31	447
Extraordinary losses		
Loss on sale of non-current assets	7	0
Loss on valuation of investment securities	6	—
Loss on sale of shares of subsidiaries and associates	—	88
Impairment losses	—	1,094
Total extraordinary losses	14	1,184
Loss before income taxes	(780)	(768)
Income taxes - current	808	626
Income taxes - deferred	(324)	(606)
Total income taxes	484	20
Loss	(1,264)	(788)
Profit (loss) attributable to non-controlling interests	(0)	260
Loss attributable to owners of parent	(1,263)	(1,048)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Loss	(1,264)	(788)
Other comprehensive income		
Valuation difference on available-for-sale securities	3	(56)
Deferred gains or losses on hedges	(13)	(83)
Foreign currency translation adjustment	22	19
Remeasurements of defined benefit plans, net of tax	(2)	(2)
Share of other comprehensive income of entities accounted for using equity method	5	1
Total other comprehensive income	15	(120)
Comprehensive income	(1,248)	(908)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,246)	(1,170)
Comprehensive income attributable to non-controlling interests	(2)	261