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:

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		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	st 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 sale	s	Adjusted EB	ITDA	Operating p	orofit	Ordinary p	rofit	Profit attribut owners of p		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 No (changes in specified subsidiaries resulting in the change in scope of consolidation):

(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: 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)

Total named of issaed shares at the end of		to portion (mioramaning trous	and similar		
As of September 30, 2023	i	117,150,662 shares	As of December 31, 2022	113,105,455	shares
Number of treasury shares at the end of the	ie p	eriod			
As of September 30, 2023	i	20,605 shares	As of December 31, 2022	20,571	shares
Average number of shares during the peri	od (cumulative from the beg	ginning of the fiscal year)		
Nine months ended September 30, 2023	3	116,383,268 shares	Nine months ended September 30, 2022	111,814,462	shares

^{*} Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

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.

^{*} Proper use of financial results forecast, and other special matters

Quarterly consolidated financial statements Consolidated balance sheets

(Millions of yen)

		(Willions of yell)
	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
1041 40000	51,213	00,737

Current liabilities		As of December 31, 2022	As of September 30, 2023
Notes and accounts payable - trade 1,423 1,991 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 7 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 4955 Other 7 5 Total non-current liabilities 37,921 39,01 Net asset 3 3,921 39,01 Net asset 4	Liabilities	<u> </u>	<u> </u>
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 - 4,800 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) 37 1 Provision for retirement benefits for directors (and other officers) 370 377 Asset retirement benefit liability 370 377 Asset retirement benefit liabilities 5,329 4,955 Other 7 5 Total non-current liabilities 37,921 39,010 Net assets Sharcholders' equity 13,316 15,867 Capital surplus 13,316	Current liabilities		
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 - 4,800 Non-current liabilities 7 1 Convertible-bond-type bonds with share acquisition rights - 4,800 Lease liabilities 7 1 Provision for retirement benefits for directors (and other officers) 7 1 Retirement benefit liability 370 377 Asset retirement benefit liabilities 5,329 4,955 Other 7 5 Total non-current liabilities 37,921 39,010 Net assets 37,921 39,010 Net assets 31,316 15,867 Total isbilities 13,385 15,867 Capital surplus 13,316 15,98 Retained earnings (8,309)	Notes and accounts payable - trade	1,423	1,291
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 - 4,800 Conyertible-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 4,800 Asset retirement obligations 429 425 425 425 Deferred tax liabilities 5,329 4,955 4,955 4,955 4,955 Other 7 5 5 2,645 28,672 2,645 28,672 Total liabilities 37,921 39,010 8 4 2,645 2,645 28,672 2,645	Short-term borrowings	2,708	2,972
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 - 4,800 Convertible-bond-type bonds with share acquisition rights - 4,800 Lease liabilities 7 1 Provision for retirement benefits for directors (and other officers) 4 5 Retirement benefit liability 370 377 Asset retirement benefit liabilities 5,329 4,955 Deferred tax liabilities 5,329 4,955 Other 7 5 Total non-current liabilities 37,921 39,010 Net assets 37,921 39,010 Net assets 11,386 15,867 Capital liabilities 13,316 15,867 Share capital 13,316 15,98 Retained earmings (8,309) (9,573) Total shareholders' equity <	Accounts payable - other	4,062	3,378
Income taxes payable 994 229 Provision for bonuses 229 205 Other 1,360 780 Total current liabilities 12,276 10,338 Non-current liabilities - 4,800 Convertible-bond-type bonds with share acquisition rights - 4,800 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 Other 7 5 Total non-current liabilities 5,329 4955 Other 7 5 Total liabilities 25,645 28,672 Total liabilities 37,921 39,010 Net assets Share capital 13,985 15,867 Capital surplus 13,316 15,198 Retained earnings (3,309) (9,573) Treasury shares (34) (34) Total shareholders' equity	Contract liabilities	1,487	1,472
Provision for bonuses 229 205 Other 1,360 780 Total current liabilities 12,276 10,338 Non-current liabilities - 4,800 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 37,921 39,010 Net assets 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 0 4 </td <td>Lease liabilities</td> <td>9</td> <td>8</td>	Lease liabilities	9	8
Other 1,360 780 Total current liabilities 12,276 10,338 Non-current liabilities - 4,800 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 37,921 39,010 Net assets 13,385 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 taxes payable	994	229
Total current liabilities 12,276 10,338 Non-current liabilities - 4,800 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 3 15,867 Capital surplus 13,316 15,198 15,867 Capital surplus 13,316 15,198 15,867 Capital surplus 13,316 15,198 15,867 Capital surplus 13,985 15,867 21,459 Accumulated other comprehensive income (34) (34) </td <td>Provision for bonuses</td> <td>229</td> <td>205</td>	Provision for bonuses	229	205
Non-current liabilities — 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 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 0 4 Valuation difference on available-for-sale securities 0 4 Deferred gains or losses on hedges - (13) Foreign currency translation adjustment (39)	Other	1,360	780
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 37,921 39,010 Net assets Shareholders' equity 33,921 39,010 Net assets 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 0 4 Valuation difference on available-for-sale securities 0 4 Deferred gains or losses on hedges - (13)	Total current liabilities	12,276	10,338
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 Share capital 13,985 15,867 Capital surplus 13,316 15,198 Retained earnings (8,309) (9,573) Treasury shares (34) (34) Accumulated other comprehensive income 4 4 Valuation difference on available-for-sale securities 0 4 Deferred gains or losses on hedges - (13) Foreign currency translation adjustment (39) (111) Remeasurements of defined benefit plans 5 3 Total accumulated other comprehensive income	Non-current liabilities		
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 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 4 4 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 <td>Convertible-bond-type bonds with share acquisition rights</td> <td>_</td> <td>4,800</td>	Convertible-bond-type bonds with share acquisition rights	_	4,800
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 8 15,867 Share capital 13,985 15,867 Capital surplus 13,316 15,198 Retained carnings (8,309) (9,573) Treasury shares (34) (34) Total shareholders' equity 18,957 21,459 Accumulated other comprehensive income 0 4 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)	Long-term borrowings	19,496	18,101
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 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 0 4 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	Lease liabilities	7	1
officers) 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 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-controll	Provision for retirement benefits for directors (and other	4	5
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 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 0 4 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 <td>officers)</td> <td>4</td> <td>3</td>	officers)	4	3
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 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 0 4 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	Retirement benefit liability	370	377
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 0 4 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	Asset retirement obligations	429	425
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	Deferred tax liabilities	5,329	4,955
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 0 4 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	Other	7	5
Net assets Shareholders' equity 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 0 4 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 non-current liabilities	25,645	28,672
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 0 4 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	37,921	39,010
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 0 4 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	Net assets		
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 0 4 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	Shareholders' equity		
Retained earnings (8,309) (9,573) Treasury shares (34) (34) Total shareholders' equity 18,957 21,459 Accumulated other comprehensive income 0 4 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	Share capital	13,985	15,867
Treasury shares (34) (34) Total shareholders' equity 18,957 21,459 Accumulated other comprehensive income 0 4 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	Capital surplus	13,316	15,198
Total shareholders' equity Accumulated other comprehensive income Valuation difference on available-for-sale securities Deferred gains or losses on hedges Foreign currency translation adjustment Remeasurements of defined benefit plans Total accumulated other comprehensive income (34) Share acquisition rights Total net assets 19,353 21,444	Retained earnings	(8,309)	(9,573)
Accumulated other comprehensive income Valuation difference on available-for-sale securities Deferred gains or losses on hedges Foreign currency translation adjustment Remeasurements of defined benefit plans Total accumulated other comprehensive income (34) (17) Share acquisition rights Accumulated other comprehensive income (34) (17) Share acquisition rights Accumulated other comprehensive income (34) Total net assets 19,353 21,444	Treasury shares	(34)	(34)
Valuation difference on available-for-sale securities04Deferred gains or losses on hedges-(13)Foreign currency translation adjustment(39)(11)Remeasurements of defined benefit plans53Total accumulated other comprehensive income(34)(17)Share acquisition rights4271Non-controlling interests20Total net assets19,35321,444	Total shareholders' equity	18,957	21,459
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	Accumulated other comprehensive income		
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	Valuation difference on available-for-sale securities	0	4
Remeasurements of defined benefit plans53Total accumulated other comprehensive income(34)(17)Share acquisition rights4271Non-controlling interests20Total net assets19,35321,444	Deferred gains or losses on hedges	_	(13)
Total accumulated other comprehensive income(34)(17)Share acquisition rights4271Non-controlling interests20Total net assets19,35321,444	Foreign currency translation adjustment	(39)	(11)
Share acquisition rights 427 1 Non-controlling interests 2 0 Total net assets 19,353 21,444	Remeasurements of defined benefit plans	5	3
Share acquisition rights4271Non-controlling interests20Total net assets19,35321,444	Total accumulated other comprehensive income	(34)	(17)
Non-controlling interests 2 0 Total net assets 19,353 21,444	Share acquisition rights	427	
Total net assets 19,353 21,444		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)

	Nine months ended	(Millions of yen) Nine months ended
	September 30, 2022	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	(=,=, 1)	(,,,)
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	7**	
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	(-,- :-)	(151)
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)	000
Income taxes - deferred	(969)	(324)
Total income taxes —	221	484
Loss	(876)	
-		(1,264)
Loss attributable to non-controlling interests	(3)	(1) 262)
Loss attributable to owners of parent	(873)	(1,263)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

		() /
	Nine months ended	Nine months ended
	September 30, 2022	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)