

# Financial Results

(Fiscal Year Ended March 31, 2024)

May 15, 2024

Securities code: 4977

# Fiscal 2024 Consolidated Statements of Income

- Net sales rose. Operating income decreased mainly due to worsening productivity at Nitta Gelatin USA, Inc. but ordinary income increased due to foreign exchange gains of ¥537 million recorded under non-operating income.
- An extraordinary loss of ¥2,435 million was recorded due to the decision to close Nitta Gelatin USA, Inc. and the temporary suspension of operations at Bamni Proteins Ltd. Net loss attributable to owners of the parent was ¥1,850 million

(Millions of yen)	Fiscal 2023	Fiscal 2024	Change	Vs.
Net sales	39,186	40,420	+1,234	+3.1%
Gross profit on sales	8,900	8,289	(611)	(6.9)%
Operating income	2,259	1,836	(422)	(18.7)%
Operating margin	5.8%	4.5%	(1.2)pts	—
Ordinary income	2,248	2,382	+133	+5.9%
Net income (loss) attributable to owners of the parent	1,558	(1,850)	(3,409)	—

Forecast announced Feb. 13, 2024	Vs.
40,000	+1.1%
1,700	+8.1%
4.3%	—
1,700	+40.1%
(2,400)	—

(Reference: Foreign exchange rates)

(Yen)	Fiscal 2023	Fiscal 2024	Change
US dollars	134.96	144.40	+9.44
Canadian dollars	102.14	106.99	+4.85
Indian rupee	1.68	1.75	+0.07

# Fiscal 2024 Sales Summary

- By Sales Category: Food Solutions benefited from increased demand for gelatin for gummy candies in Japan, as well as progress in price revisions. In Health Support, sales of gelatin for capsules grew both in Japan and overseas. Specialties sales of by-products overseas declined due to lower market prices.
- By Region: Sales in North America declined due to inflation and tougher price competition, while sales in Japan and India grew significantly.

Net sales by sales category

(Millions of yen)	Fiscal 2023	Fiscal 2024	Change	Vs.
Total	39,186	40,420	+1,234	+3.1%
Food Solutions	15,370	16,253	+883	+5.7%
Health Support	18,802	19,652	+850	+4.5%
Specialties	5,013	4,514	(499)	(10.0)%

Net sales by region

(Millions of yen)	Fiscal 2023	Fiscal 2024	Change	Vs.
Total	39,186	40,420	+1,234	+3.1%
Japan	17,697	19,498	+1,800	+10.2%
India	5,221	5,552	+331	+6.3%
Asia	3,185	3,270	+85	+2.7%
U.S.	9,393	8,701	(691)	(7.4)%
Canada	3,031	2,959	(71)	(2.4)%
Other	658	438	(220)	(33.5)%

# Fiscal 2024 Consolidated Balance Sheets

- Assets: Cash and deposits increased due to higher sales and improved capital efficiency. Inventories, while still at a high level, decreased compared to the end of the previous fiscal year. Property, plant and equipment decreased mainly due to impairment losses at Nitta Gelatin USA, Inc. and Bamni Proteins Ltd.
- Liabilities and Net Assets: Total liabilities decreased due to decreases in short-term and long-term loans payable, etc. Net assets increased slightly due to an increase in non-controlling interests and other factors, despite a decrease in retained earnings due to the net loss attributable to owners of the parent

(Millions of yen)	March 31, 2023	March 31, 2024	Change
<b>Current assets</b>	<b>25,376</b>	<b>25,196</b>	(180)
Cash and deposits	2,856	4,080	+1,223
Notes and accounts receivable–trade	8,741	8,374	(367)
Inventories	12,983	12,304	(678)
Other current assets	794	437	(357)
<b>Noncurrent assets</b>	<b>16,238</b>	<b>14,766</b>	<b>(1,472)</b>
Property, plant and equipment	11,119	9,029	(2,089)
Intangible assets	504	463	(40)
Investment securities	4,614	5,272	+658
<b>Total assets</b>	<b>41,614</b>	<b>39,962</b>	<b>(1,652)</b>

(Millions of yen)	March 31, 2023	March 31, 2024	Change
<b>Current liabilities</b>	<b>12,711</b>	<b>11,072</b>	<b>(1,638)</b>
Notes and accounts payable–trade	2,818	2,695	(123)
Short-term loans payable	6,236	5,369	(866)
Other current liabilities	3,656	3,007	(648)
<b>Noncurrent liabilities</b>	<b>6,646</b>	<b>6,619</b>	<b>(27)</b>
Long-term loans payable	4,557	4,428	(128)
Other noncurrent liabilities	2,089	2,191	+101
<b>Total liabilities</b>	<b>19,358</b>	<b>17,692</b>	<b>(1,665)</b>
<b>Total net assets</b>	<b>22,256</b>	<b>22,269</b>	<b>+12</b>
<b>Total liabilities and net assets</b>	<b>41,614</b>	<b>39,962</b>	<b>(1,652)</b>

# Fiscal 2024 Consolidated Statements of Cash Flows

- Operating cash flows: Increased due to impairment losses, depreciation and amortization, and decrease in inventories, etc.
- Investing cash flows: Outflows increased due to the acquisition of property, plant and equipment for the maintenance and upgrading of production facilities.
- Financial cash flows: Negative due to decrease in short-term loans payable, etc.

(Millions of yen)	Fiscal 2023	Fiscal 2024	Change
Cash flows from operating activities	(540)	4,911	+5,451
Cash flows from investing activities	(1,498)	(3,022)	(1,523)
Cash flows from financing activities	1,824	(1,610)	(3,434)
Net increase (decrease) in cash and cash equivalents	(184)	450	+635
Cash and cash equivalents at end of the fiscal year	2,846	3,297	+450

# Impacts of Production Stoppage of Consolidated Subsidiaries

## ■ Nitta Gelatin USA, Inc.

- Nitta Gelatin USA, Inc. has been manufacturing and selling porcine gelatin, porcine collagen peptide, and other products in North America. However, it discontinued production as of January 2024, as it will be difficult to secure stable profits in the future due to worsening productivity and other factors.
- Nitta Gelatin USA, Inc.'s non-consolidated operating loss for fiscal 2024 was ¥1,591 million. In addition, as extraordinary losses on a consolidated basis, Nitta Gelatin Inc. posted an impairment loss of ¥1,783 million on noncurrent assets and a loss on business liquidation of ¥118 million, including special retirement payments and removal costs of manufacturing facilities.
- The sale of facilities after the closure, etc., is still under consideration.
- Regarding future sales in North America, Nitta Gelatin USA, Inc. production will decrease, but bovine bone gelatin and other products supplied from Japan and India will continue. In addition, the profitability of the Group as a whole is expected to improve significantly.

## ■ Bamni Proteins Ltd.

- Bamni Proteins Ltd. manufactures bovine ossein (raw material for gelatin) in India, but has temporarily suspended operations since mid-March 2024 at the order of the local pollution control board.
- In fiscal 2024, Nitta Gelatin Inc. recorded an impairment loss of ¥427 million and a loss associated with suspension of production of ¥59 million as extraordinary losses on a consolidated basis.
- The timing of the resumption of production is not known at this time, and it is assumed that costs associated with sourcing alternative production will increase during the period until production resumes. The impact on consolidated performance has already been factored into the fiscal 2025 forecast.

# Fiscal 2025 Earnings Forecast

- Although overall net sales are expected to decline due to lower sales following the discontinuation of production at Nitta Gelatin USA, Inc., sales in Japan and India are expected to grow on the back of strong demand for gelatin for gummy candies and for capsules.
- In terms of profit, despite concerns about the rising and elevated cost of raw materials, personnel, and various other expenses, operating income is expected to reach a record high of ¥3,000 million as a result of the significant improvement in profitability due to the discontinuation of production at Nitta Gelatin USA, Inc.

(Millions of yen)	Fiscal 2024 Results	Fiscal 2025 Forecast	Change	Vs.
Net sales	40,420	39,000	(1,420)	(3.5)%
Gross profit on sales	8,289	9,600	+1,310	+15.8%
Operating income	1,836	3,000	+1,163	+63.3%
Operating margin	4.5%	7.7%	+3.1pts	—
Ordinary income	2,382	3,000	+617	+25.9%
Net income (loss) attributable to owners of the parent	(1,850)	1,600	+3,450	—

(Reference: Foreign exchange rates)

(Yen)	Fiscal 2024 Results	Fiscal 2025 Forecast	Change
US dollars	144.40	140.00	(4.40)
Canadian dollars	106.99	104.00	(2.99)
Indian rupee	1.75	1.70	(0.05)

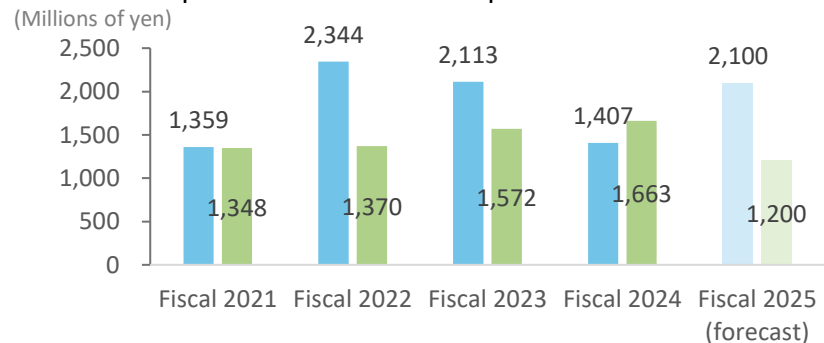
# Situation of Capital Investment and Dividends

- For fiscal 2025, we plan to make strategic investments, such as increasing collagen peptide production capacity at Indian bases and introducing ERP, as well as investments in upgrading existing facilities for the purpose of stable production, efficiency improvement, etc. Depreciation and amortization is expected to decrease due to the discontinuation of production at Nitta Gelatin USA, Inc (impairment of noncurrent assets).
- For fiscal 2025, we plan to pay a dividend of ¥18 per share (sum of interim and year-end dividends), an increase of ¥2 from the previous year.

	Fiscal 2023 Results	Fiscal 2024 Results	Fiscal 2025 Forecast
Capital investment (millions of yen)	2,113	1,407	2,100
Depreciation and amortization (millions of yen)	1,572	1,663	1,200

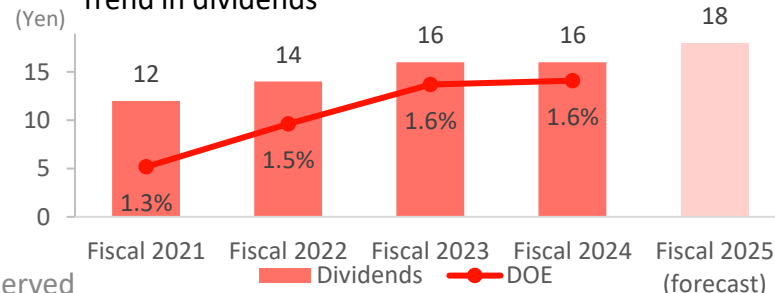
Dividend per share (yen) *Interim + year-end	16.0	16.0	18.0
Dividend on equity (DOE)	1.6%	1.6%	—

Trend in capital investment and depreciation and amortization



■ Total capital investment ■ Depreciation and amortization

Trend in dividends

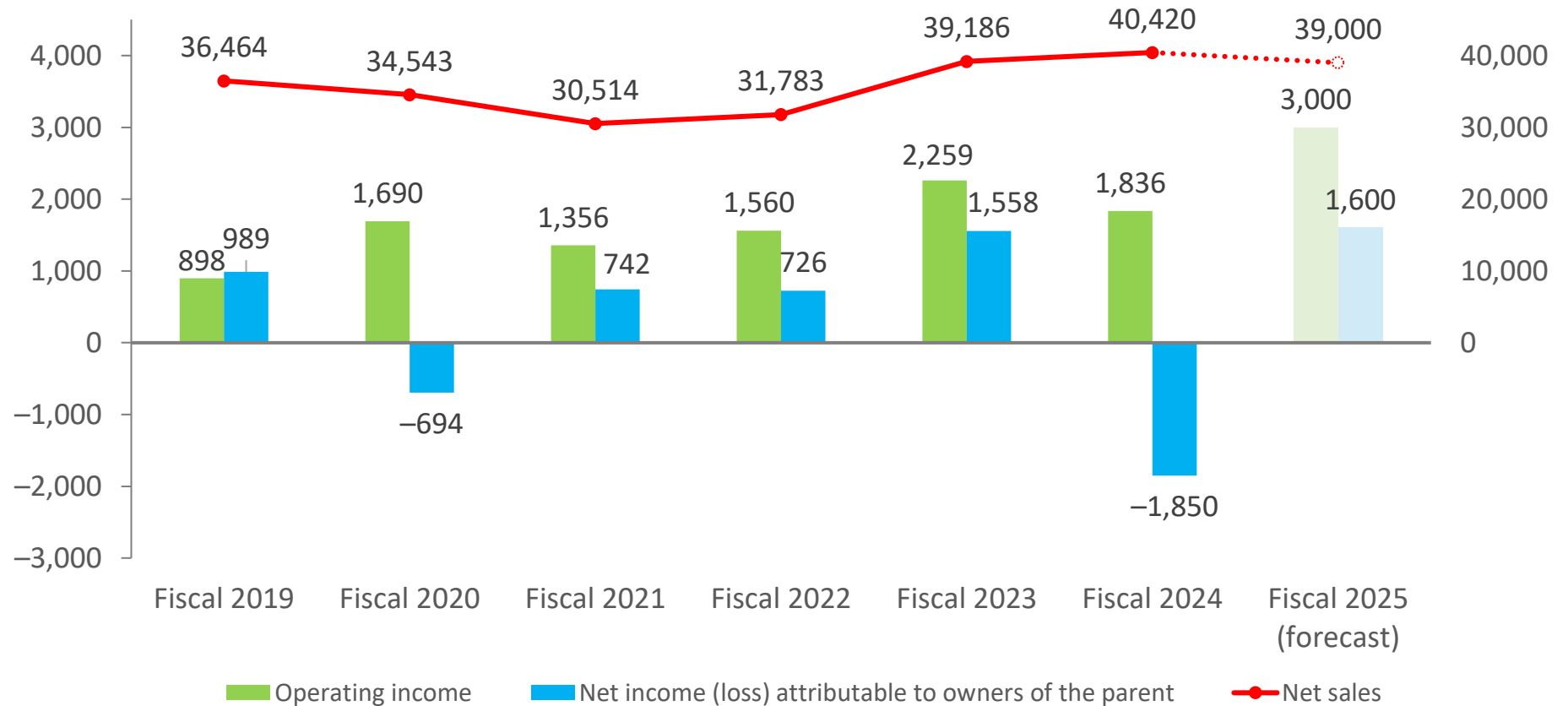




# (Reference materials) Trend in Consolidated Performance

Operating income and net income  
(Millions of yen)

Net sales  
(Millions of yen)



## Notice

The opinions, outlooks, and forecasts contained in this material are based on the judgment of the Company at the time of the preparation of this document. The Company does not guarantee the accuracy of the information. Due to various factors such as market environment, etc., future results may vary from those in this document. Thank you for your understanding.

Nitta Gelatin Inc.

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