



May 12, 2023

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2023

(Japanese Accounting Standards)

Name of the Listed Company: **Nitta Gelatin Inc.**  
 Listing: Prime Market of Tokyo Stock Exchange  
 Stock code: 4977  
 URL: <http://www.nitta-gelatin.co.jp>  
 Representative: Koichi Ogata, Representative Director and President  
 Contact Person: Norifumi Nagaoka, Director and Executive Officer;  
 General Manager of General Management Division  
 Tel: +81-72-949-5381

Scheduled date of General Shareholders' Meeting: June 29, 2023  
 Scheduled date to file Securities Report: June 29, 2023  
 Scheduled date to commence dividend payments: June 30, 2023  
 Supplementary explanatory materials prepared: Yes  
 Explanatory meeting: No

(Millions of yen with fractional amounts discarded, unless otherwise noted.)

### 1. Consolidated financial results for the fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

#### (1) Consolidated operating results

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	39,186	23.3	2,259	44.8	2,248	29.7	1,558	114.4
March 31, 2022	31,783	4.2	1,560	15.0	1,734	27.1	726	(2.1)

Note: Comprehensive income

For the fiscal year ended March 31, 2023 ¥1,979 million (1.9%)

For the fiscal year ended March 31, 2022 ¥1,942 million (4.8%)

Fiscal year ended	Earnings per share	Diluted earnings per share	Return on equity (ROE)	Ordinary income / Total assets	Operating income / Net sales
	Yen	Yen	%	%	%
March 31, 2023	85.98	—	8.4	5.7	5.8
March 31, 2022	40.16	—	4.2	4.8	4.9

Reference: Equity in earnings of affiliates

For the fiscal year ended March 31, 2023 ¥-83 million

For the fiscal year ended March 31, 2022 ¥-121 million

Note: Diluted earnings per share is not disclosed due to the absence of latent shares with dilution effect.

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	41,614	22,256	45.9	1,053.16
March 31, 2022	37,410	20,562	48.3	998.76

Reference: Equity

As of March 31, 2023: ¥19,097 million

As of March 31, 2022: ¥18,082 million

## (3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash used in investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of year
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	(540)	(1,498)	1,824	2,846
March 31, 2022	1,044	(1,325)	(762)	3,030

## 2. Cash dividends

	Cash dividends per share					Total amount of dividends	Payout ratio (consolidated)	Dividends on net assets (consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2022	—	7.00	—	7.00	14.00	253	34.9	1.5
Fiscal year ended March 31, 2023	—	7.00	—	9.00	16.00	290	18.6	1.6
Fiscal year ending March 31, 2024 (Forecasts)	—	8.00	—	8.00	16.00		24.2	

## 3. Forecast of consolidated financial results for the fiscal year ending March 31, 2024

(April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023	20,000	4.3	1,000	(26.5)	1,000	(38.5)	600	(34.2)	33.09
Fiscal year ending March 31, 2024	40,000	2.1	2,100	(7.1)	2,100	(6.6)	1,200	(23.0)	66.18

### Notes:

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation): None

New: None

Excluded: None

- (2) Changes in accounting policies, changes in accounting estimates, and restatement of revisions
- Changes in accounting policies due to revisions to accounting standards and other guidelines: Yes
  - Changes in accounting policies due to reasons other than a. above: None
  - Changes in accounting estimates: None
  - Restatement of revisions: None

Note: For details, please see “3. Consolidated Financial Statements and Key Notes, (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” on page 16 of the Attachment to this report.

- (3) Number of common shares issued
- Total number of issued shares at the end of the period (including treasury stock)
    - As of March 31, 2023: 18,373,974 shares
    - As of March 31, 2022: 18,373,974 shares
  - Number of shares of treasury stock at the end of the period
    - As of March 31, 2023: 240,939 shares
    - As of March 31, 2022: 268,739 shares
  - Average number of shares
    - For the fiscal year ended March 31, 2023: 18,122,343 shares
    - For the fiscal year ended March 31, 2022: 18,095,797 shares

(Reference) Summary of non-consolidated operating results

**1. Non-consolidated financial results for the fiscal year ended March 31, 2023  
(April 1, 2022 to March 31, 2023)**

**(1) Non-consolidated operating results**

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	22,676	12.8	300	83.3	843	15.6	761	67.9
March 31, 2022	20,105	(3.2)	163	(34.3)	730	14.8	453	19.5

Fiscal year ended	Earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	42.02	—
March 31, 2022	25.06	—

Note: Diluted earnings per share is not disclosed due to the absence of latent shares with dilution effect.

**(2) Non-consolidated financial position**

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	28,608	13,758	48.1	758.73
March 31, 2022	26,037	13,671	52.5	755.11

Reference: Equity

As of March 31, 2023: ¥13,758 million

As of March 31, 2022: ¥13,671 million

\* This financial report is not subject to audits by Certified Public Accountants or the independent auditor.

\* Proper use of earnings forecasts, and other special matters

(Note concerning forward-looking statements)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not guarantee that the Company will achieve its earnings forecasts. In addition, actual business and other results may differ substantially due to various factors. For details on the conditions assumed and the cautionary notes and items in the financial forecasts, please refer to “(4) Outlook” under “1. Overview of Business Results” on page 5 of the Attachment to this report.

(Method for obtaining supplementary financial results explanatory materials)

Financial results explanatory materials are scheduled to be made available on the Company’s website on June 14, 2023.

## Contents

<b>1. Overview of Business Results</b>	2
(1) Operating Results for the fiscal year ended March 31, 2023	2
(2) Financial Position	3
(3) Cash Flows	4
(4) Outlook	5
<b>2. Basic Approach to Selection of Accounting Standard</b>	7
<b>3. Consolidated Financial Statements and Key Notes</b>	8
(1) Consolidated Balance Sheets	8
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	10
Consolidated Statements of Income	10
Consolidated Statements of Comprehensive Income	11
(3) Consolidated Statements of Changes in Net Assets	12
(4) Consolidated Statements of Cash Flows	14
(5) Notes to Consolidated Financial Statements	16
(Note Concerning Going Concern Assumption)	16
(Note Concerning Significant Changes in Shareholders' Equity)	16
(Changes in Accounting Policies)	16
(Revenue Recognition)	16
(Segment Information)	17
(Per Share Information)	19
(Subsequent Events)	19

## **1. Overview of Business Results**

### **(1) Operating Results for the fiscal year ended March 31, 2023**

During the fiscal year under review (April 1, 2022 to March 31, 2023), the world economy saw signs of a moderate recovery because the COVID-19 situation in each country eased. However, the situation surrounding the Nitta Gelatin Group remained challenging due to surging raw materials and energy prices caused by the situation in Ukraine, worldwide inflation, and fluctuations in foreign exchange rates.

In June 2022, the Group announced a business strategy containing the 10-year vision of “Helping to improve people’s quality of life with collagen” and declared as specific measures a “Shift away from general-purpose gelatin products to high-value-added collagen peptides, concentrating resources on markets with high growth potential to improve profitability.”

Under this business strategy, the Group worked to provide a stable supply of products in order to meet rampant demand from customers in the Food Solutions, Health Support, and Specialties domains, and took steps to revise product prices as appropriate. In the health support category, the Group worked to increase sales by rebranding and using mass media to strengthen marketing of collagen health foods for general consumers. In addition, in December 2022, the Company completed construction of Mirai-can, a new research, development and manufacturing building for creating new products and technologies that will serve as growth drivers for the entire company and for consolidating research, development and manufacturing functions for biomedical products as well as research and development functions of all departments. In February 2023, the Company kicked off the Frail-FREE Project, which proposes ways of living to stay healthy both physically and mentally for longer, and worked to raise awareness.

As a result of the above, net sales increased 23.3% year on year to ¥39,186 million driven by sales growth in each business. Operating income rose 44.8% year on year to ¥2,259 million underpinned by sales growth overseas, ordinary income increased 29.7% to ¥2,248 million, and net income attributable to owners of the parent increased 114.4% to ¥1,558 million as a result of recognizing ¥616 million in gain on sale of investment securities as extraordinary income.

The Nitta Gelatin Group's collagen business is the Company's only reporting segment. An overview of the performance of each sales category is as follows:

#### **Food Solutions**

In the food solutions category, sales remained strong in Japan and North America, leading to an increase in net sales overall.

In Japan, customers’ sales of gummy candies remained positive, leading to increased net sales. Net sales also rose thanks to increased sales of gelatin for soups and seasonings and small-portion products for professional-use, following the recovery of demand in the food service industry owing to the easing of COVID-19 restrictions. Additionally, net sales for convenience store delicatessen items increased.

Overseas, net sales increased on robust demand for food applications in North America.

As a result, overall sales in the food solutions category increased 22.9% year on year to ¥15,370 million.

### **Health Support**

In the health support category, overall net sales rose amid the increase in sales of gelatin for capsules and collagen peptide.

In Japan, net sales of gelatin for capsules continued to rise, while net sales of collagen peptide for beauty use increased amid expectations of a recovery in in-bound tourism demand. Also, in the direct sales business, which sells collagen health foods to general consumers using direct marketing, net sales increased, with aggressive advertising via mass media also contributing.

Overseas, sales of collagen peptide were strong in North America, but sales of collagen peptide for health and beauty applications declined in Asia due to economic weakness and a dampening in consumer sentiment amid rising inflation.

However, net sales of gelatin for capsules used in supplements and pharmaceuticals rose in North America and India.

As a result, overall sales in the health support category increased 21.5% year on year to ¥18,802 million.

### **Specialties**

In the specialties category, overall net sales increased by 31.9% year on year to ¥5,013 million owing to the increased demand and rising market prices of gelatin for photographic use as well as calcium phosphate used in feed and fertilizer applications.

## **(2) Financial Position**

### **(Assets)**

Total assets amounted to ¥41,614 million at March 31, 2023, ¥4,203 million higher than at March 31, 2022. This was mainly attributable to a decrease in investment securities of ¥633 million, compared to increases in inventories of ¥2,525 million, trade notes and accounts receivable of ¥1,352 million, and property, plant and equipment of ¥703 million.

### **(Liabilities)**

Total liabilities amounted to ¥19,358 million at March 31, 2023, ¥2,509 million higher than at March 31, 2022. This was mainly attributable to increases of ¥1,633 million in short-term loans payable and ¥718 million in long-term loans payable (including current portion).

### **(Net assets)**

Net assets amounted to ¥22,256 million at March 31, 2023, ¥1,694 million higher than at March 31,

2022. This was mainly attributable to decreases of ¥388 million in valuation difference on other available-for-sale securities and ¥169 million in remeasurements of defined benefit plans, compared to increases of ¥1,304 million in retained earnings, ¥680 million in non-controlling interests, and ¥301 million in foreign currency translation adjustment.

As a result, the equity ratio stood at 45.9% at March 31, 2023 compared with 48.3% at March 31, 2022.

### **(3) Cash Flows**

Cash and cash equivalents (“cash”) as of March 31, 2023 was ¥2,846 million, down ¥184 million from March 31, 2022.

Cash flows for each activity and reasons are as follows.

#### **(Cash flows from operating activities)**

Operating activities used net cash of ¥540 million. The main components were income before provision for income taxes of ¥2,801 million, depreciation and amortization of ¥1,572 million, increase in inventories of ¥2,269 million, increase in trade receivables of ¥1,190 million, gain on sale of investment securities of ¥616 million, and Income taxes paid of ¥581 million.

#### **(Cash flows from investing activities)**

Investing activities used net cash of ¥1,498 million. The main components were ¥2,077 million in purchase of property, plant and equipment and proceeds from the sale of investment securities of ¥663 million.

#### **(Cash flows from financing activities)**

Financing activities provided net cash of ¥1,824 million. The main components were proceeds from long-term loans payable of ¥2,819 million, repayment of long-term loans payable of ¥2,118 million, net increase in short-term loans payable of ¥1,531 million.



Trends in the Group's cash flow indicators are presented below.

**(Reference)**

Trends in cash flow indicators:

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Equity ratio (%)	42.0	46.7	48.1	48.3	45.9
Market value equity ratio (%)	33.4	32.4	34.7	32.3	37.6
Interest-bearing debt to cash flow ratio (Years)	4.3	4.1	2.4	8.0	—
Interest coverage ratio (Times)	9.2	10.4	31.7	10.7	—

Equity ratio: equity / total assets

Market value equity ratio: market capitalization / total assets

Interest-bearing debt to cash flow ratio: interest-bearing debt / cash flow

Interest coverage ratio: cash flow / paid interest

Notes: 1. All indicators are calculated using consolidated financial figures.

2. Market capitalization is calculated based on the number of issued shares, excluding treasury stock, as of the end of the fiscal year.

3. The figure used for cash flow is “net cash provided by operating activities” on the consolidated statements of cash flows.

4. Interest-bearing debt includes all liabilities recorded on the consolidated balance sheets on which interest was paid. In addition, for interest payments, the interest payment amount in the consolidated statements of cash flows is used.

5. The interest-bearing debt to cash flow ratio and interest coverage ratio for the fiscal year ended March 31, 2023 are not presented because operating cash flows were negative.

**(4) Outlook**

**(Outlook for Business Performance in the Fiscal Year Ending March 31, 2024)**

The fiscal year ending March 31, 2024 corresponds to the third year of the current medium-term management plan (fiscal 2022 to fiscal 2024). The entire company will continue working toward strengthening its earnings capability, steady growth, increasing company recognition through PR and IR activities, and further promotion of sustainability activities, aimed at enhancement of corporate value.

The world economy is forecast to see a moderate recovery, but Russia's invasion of Ukraine has become protracted, causing energy and raw materials prices to surge and inflation around the world. As a result, uncertainty is expected to continue.

Amid this severe environment, in the food solution category, the Company will focus on increasing sales of protein supplement, where the market is growing, and professional-use products for food service industry, in addition to applications for gummy candies, which have seen strong sales.

In the health support category, in Japan, the Company will endeavor to grow sales of collagen products for general consumers using aggressive PR activities, in addition to expanding sales for beauty applications and in the sports nutrition market. Overseas, in North America, the Company will

continue working to increase sales of collagen peptide, and in Asia, strengthen collaboration with sales agents in countries where growth is anticipated to tap into new markets.

As for biomedical products, at Mirai-can, which was completed in December 2022, the Company aims to increase sales of medical-use collagen and gelatin, which requires high levels of safety, and create technologies and products to serve as growth drivers for the entire company.

The Group will continue pursuing the possibilities of the unique material of collagen in order to extend healthy life expectancy and resolve social issues.

Regarding capital investments, in Japan, the Company will introduce facilities to transform and streamline production as well as lower environmental impacts, while overseas, the Company will take steps to ensure stable production and introduce facilities to lower environmental impacts.

The forecast for consolidated financial results for the next fiscal year calls for net sales of ¥40,000 million, operating income of ¥2,100 million, ordinary income of ¥2,100 million, and net income attributable to owners of parent of ¥1,200 million.

## **2. Basic Approach to Selection of Accounting Standard**

The Nitta Gelatin Group plans to prepare its consolidated financial statements based on Japanese accounting standards in the near future. This is in consideration of the need to ensure that the consolidated financial statements can be readily compared between different periods and different companies.

Looking ahead, considering its management policies and various conditions in Japan and abroad, Nitta Gelatin plans to examine the adoption of International Financial Reporting Standards (IFRS). In doing so, the Group will take into account trends such as the adoption of IFRS by its peer companies.

### 3. Consolidated Financial Statements and Key Notes

#### (1) Consolidated Balance Sheets

	(Millions of yen)	
	Fiscal 2022 (As of March 31, 2022)	Fiscal 2023 (As of March 31, 2023)
Assets		
Current assets		
Cash and deposits	3,046	2,856
Notes and accounts receivable–trade	7,389	8,741
Merchandise and finished goods	5,955	6,910
Work in process	1,396	1,487
Raw materials and supplies	3,104	4,584
Other	588	801
Allowance for doubtful accounts	(16)	(6)
Total current assets	21,465	25,376
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	9,743	11,654
Accumulated depreciation	(6,334)	(6,842)
Buildings and structures, net	3,409	4,812
Machinery, equipment and vehicles	15,209	16,467
Accumulated depreciation	(12,735)	(13,726)
Machinery, equipment and vehicles, net	2,474	2,740
Land	2,151	2,155
Lease assets	977	1,188
Accumulated depreciation	(463)	(559)
Lease assets, net	514	629
Construction in process	1,600	361
Other	1,546	1,780
Accumulated depreciation	(1,280)	(1,360)
Other, net	265	419
Total property, plant and equipment	10,416	11,119
Intangible assets		
Goodwill	232	196
Other	275	308
Total intangible assets	507	504
Investments and other assets		
Investment securities	3,363	2,730
Long-term loans receivable	2	2
Deferred tax assets	179	532
Net defined benefit asset	1,024	904
Other	569	571
Allowance for doubtful accounts	(117)	(127)
Total investments and other assets	5,021	4,614
Total noncurrent assets	15,945	16,238
Total assets	37,410	41,614

(Millions of yen)

	Fiscal 2022 (As of March 31, 2022)	Fiscal 2023 (As of March 31, 2023)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable–trade	2,745	2,818
Short-term loans payable	2,271	3,905
Current portion of long-term loans payable	1,909	2,084
Lease obligations	191	246
Accounts payable-other	2,648	2,536
Income taxes payable	171	241
Provision for bonuses	224	256
Other	559	621
Total current liabilities	10,721	12,711
Noncurrent liabilities		
Long-term loans payable	3,573	4,118
Lease obligations	379	439
Deferred tax liabilities	595	486
Net defined benefit liability	1,560	1,586
Other	17	17
Total noncurrent liabilities	6,126	6,646
Total liabilities	16,848	19,358
<b>Net Assets</b>		
Shareholders' equity		
Capital stock	3,144	3,144
Capital surplus	2,965	2,964
Retained earnings	10,181	11,486
Treasury stock	(179)	(160)
Total shareholders' equity	16,112	17,434
Accumulated other comprehensive income		
Valuation difference on other available-for-sale	1,231	842
Deferred gains on hedges	46	(3)
Foreign currency translation adjustments	540	841
Remeasurements of defined benefit plans	151	(17)
Total accumulated other comprehensive income	1,969	1,662
Non-controlling interests	2,479	3,159
Total net assets	20,562	22,256
Total liabilities and net assets	37,410	41,614

## (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Consolidated Statements of Income)

	(Millions of yen)	
	Fiscal 2022 (From April 1, 2021 to March 31, 2022)	Fiscal 2023 (From April 1, 2022 to March 31, 2023)
Net sales	31,783	39,186
Cost of sales	24,779	30,286
Gross profit on sales	7,003	8,900
Selling, general and administrative expenses	5,443	6,640
Operating income	1,560	2,259
Non-operating income		
Interest income	2	7
Dividend income	46	59
Rental income	57	58
Outsourcing service income	26	25
Foreign exchange gains	215	96
Other	53	33
Total non-operating income	402	281
Non-operating expenses		
Interest expenses	97	171
Equity in losses of affiliates	121	83
Commission paid	9	29
Other	1	6
Total non-operating expenses	228	292
Ordinary income	1,734	2,248
Extraordinary gains		
Gain on sales of noncurrent assets	0	0
Gain on sale of investment securities	—	616
Subsidy income	—	6
Compensation for expropriation	—	49
Total extraordinary gains	0	673
Extraordinary losses		
Loss on sale of noncurrent assets	0	14
Loss on retirement of noncurrent assets	70	7
Loss on tax purpose reduction entry of non-current assets	—	6
Expenses related to relocation	—	61
Impairment loss	—	31
Total extraordinary losses	71	121
Income before provision for income taxes	1,663	2,801
Income taxes	362	730
Income taxes-deferred	267	(187)
Total income taxes	630	542
Net income	1,033	2,259
Net income attributable to non-controlling interests	306	701
Net income attributable to owners of the parent	726	1,558

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal 2022 (From April 1, 2021 to March 31, 2022)	Fiscal 2023 (From April 1, 2022 to March 31, 2023)
Net income	1,033	2,259
Other comprehensive income		
Valuation difference on other available-for-sale securities	106	(388)
Deferred gains on hedges	33	(51)
Foreign currency translation adjustments	659	277
Pension liability adjustment	(7)	(168)
Share of other comprehensive losses of associates accounted for using equity method	116	50
Total other comprehensive income	908	(280)
Comprehensive income	1,942	1,979
Comprehensive income attributable to:		
Owners of the parent	1,503	1,250
Non-controlling interests	438	728

### (3) Consolidated Statements of Changes in Net Assets

Fiscal 2022 (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of fiscal year	3,144	2,966	9,690	(200)	15,601
Changes during the fiscal year					
Dividends from surplus			(235)		(235)
Net income attributable to owners of the parent			726		726
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		(0)		20	19
Net changes of items other than shareholders' equity					—
Total changes during fiscal year	—	(0)	491	20	511
Balance at the end of fiscal year	3,144	2,965	10,181	(179)	16,112

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on other available-for-sale securities	Deferred gains on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of fiscal year	1,125	3	(82)	145	1,192	2,079	18,873
Changes during the fiscal year							
Dividends from surplus					—		(235)
Net income attributable to owners of the parent					—		726
Purchase of treasury stock					—		(0)
Disposal of treasury stock					—		19
Net changes of items other than shareholders' equity	105	43	622	6	777	399	1,177
Total changes during fiscal year	105	43	622	6	777	399	1,688
Balance at the end of fiscal year	1,231	46	540	151	1,969	2,479	20,562



Fiscal 2023 (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of fiscal year	3,144	2,965	10,181	(179)	16,112
Changes during the fiscal year					
Dividends from surplus			(253)		(253)
Net income attributable to owners of the parent			1,558		1,558
Disposal of treasury stock		(1)		18	17
Net changes of items other than shareholders' equity					—
Total changes during fiscal year	—	(1)	1,304	18	1,321
Balance at the end of fiscal year	3,144	2,964	11,486	(160)	17,434

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on other available-for-sale securities	Deferred gains on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of fiscal year	1,231	46	540	151	1,969	2,479	20,562
Changes during the fiscal year							
Dividends from surplus					—		(253)
Net income attributable to owners of the parent					—		1,558
Disposal of treasury stock					—		17
Net changes of items other than shareholders' equity	(388)	(50)	301	(169)	(307)	680	372
Total changes during fiscal year	(388)	(50)	301	(169)	(307)	680	1,694
Balance at the end of fiscal year	842	(3)	841	(17)	1,662	3,159	22,256

#### (4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal 2022 (From April 1, 2021 to March 31, 2022)	Fiscal 2023 (From April 1, 2022 to March 31, 2023)
<b>(Cash flows from operating activities)</b>		
Income before provision for income taxes	1,663	2,801
Depreciation and amortization	1,370	1,572
Amortization of goodwill	48	58
Increase (decrease) in allowance for doubtful accounts	(0)	(11)
Increase (decrease) in provision for bonuses	5	26
Increase (decrease) in net defined benefit liability	(103)	(96)
Interest and dividends income	(49)	(66)
Interest expenses	97	171
Foreign exchange losses (gains)	(75)	(21)
Equity in losses of affiliates	121	83
Loss (gain) on sales of property, plant and equipment	(0)	13
Loss on retirement of noncurrent assets	70	7
Compensation for expropriation	—	(49)
Expenses related to relocation	—	61
Impairment loss	—	31
Loss (gain) on sales of investment securities	—	(616)
Loss on tax purpose reduction entry of non-current assets	—	6
Subsidy income	—	(6)
Decrease (increase) in notes and accounts receivable-trade	(90)	(1,190)
Decrease (increase) in inventories	(1,199)	(2,269)
Increase (decrease) in notes and accounts payable-trade	(490)	(206)
Increase (decrease) in accrued consumption taxes	(31)	(283)
Other	59	129
Subtotal	1,395	145
Interest and dividends income received	49	66
Interest paid	(97)	(158)
Proceeds from compensation for expropriation	—	50
Expenses related to relocation paid	—	(61)
Income taxes paid	(302)	(581)
Net cash provided by (used in) operating activities	1,044	(540)
<b>Cash flows from investing activities</b>		
Payments into time deposits	(14)	(10)
Proceeds from withdrawal of time deposits	26	15
Proceeds from the sale of property, plant and equipment	2	0
Purchase of property, plant and equipment	(1,218)	(2,077)
Purchase of intangible assets	(64)	(82)
Payments for retirement of property, plant and equipment	(47)	—
Proceeds from the sale of investment securities	—	663
Purchase of investment securities	(8)	(8)
Other	(1)	(0)
Net cash used in investing activities	(1,325)	(1,498)

(Millions of yen)

	Fiscal 2022 (From April 1, 2021 to March 31, 2022)	Fiscal 2023 (From April 1, 2022 to March 31, 2023)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	114	1,531
Proceeds from long-term loans payable	1,651	2,819
Repayment of long-term loans payable	(2,198)	(2,118)
Proceeds from sale-and-leaseback transactions	150	143
Repayments of lease obligations	(206)	(250)
Cash dividends paid	(235)	(253)
Purchase of treasury stock	(0)	—
Cash dividends paid to non-controlling interests	(38)	(48)
Net cash provided by (used in) financing activities	(762)	1,824
Effect of exchange rate change on cash and cash equivalents	75	30
Net increase (decrease) in cash and cash equivalents	(967)	(184)
Cash and cash equivalents at beginning of period	3,998	3,030
Cash and cash equivalents at end of the fiscal year	3,030	2,846

## **(5) Notes to Consolidated Financial Statements**

### **(Note Concerning Going Concern Assumption)**

None

### **(Note Concerning Significant Changes in Shareholders' Equity)**

The Company disposed of 27,800 shares of treasury stock effective August 5, 2022 as restricted share-based remuneration based on a resolution at the Board of Directors meeting held on July 21, 2022. As a result, treasury stock decreased by ¥18 million and capital surplus decreased by ¥1 million in the fiscal year ended March 31, 2023. Capital surplus totaled ¥2,964 million and treasury stock ¥160 million as of March 31, 2023.

### **(Changes in Accounting Policies)**

#### **(Application of Accounting Standards Codification [ASC] 842 Lease Accounting of the Financial Accounting Standards Board)**

The Company's overseas subsidiaries and associates that use Generally Accepted Accounting Principles (US GAAP) have applied ASC 842 Lease Accounting from the fiscal year under review.

As a result, in principle, all leases of lessees are recorded as assets and liabilities on the balance sheet.

Following the application of this accounting standard, as of March 31, 2023, "leased assets, net" of property, plant and equipment increased by ¥152 million, "lease obligations" of current liabilities increased by ¥47 million, and "lease obligations" of noncurrent liabilities increased by ¥107 million yen.

Furthermore, the impact on the consolidated statements of income for the fiscal year under review will be minimal.

### **(Revenue Recognition)**

Information that breaks down revenue generated from customer contracts

Net sales broken down by sales category are as follows.

(Millions of yen)

	Fiscal 2022	Fiscal 2023
Food Solutions	12,502	15,370
Health Support	15,480	18,802
Specialties	3,800	5,013
Total	31,783	39,186

## (Segment Information)

### Segment Information

#### Fiscal 2022 (From April 1, 2021 to March 31, 2022)

The Nitta Gelatin Group's collagen business has become the Company's only reporting segment, so information is omitted.

#### Fiscal 2023 (From April 1, 2022 to March 31, 2023)

The Nitta Gelatin Group's collagen business has become the Company's only reporting segment, so information is omitted.

### Related information

#### Fiscal 2022 (From April 1, 2021 to March 31, 2022)

##### 1. Information by products and services

The Nitta Gelatin Group's collagen business has become the Company's only reporting segment, so information is omitted.

##### 2. Information by countries and regions

###### (1) Net sales

(Millions of yen)

Japan	India	Asia	U.S.	Canada	Other	Total
15,597	3,779	3,108	7,099	1,851	346	31,783

Note: Sales are classified into countries or regions based on customers' locations.

###### (2) Property, plant and equipment

(Millions of yen)

Japan	India	Asia	U.S.	Canada	Total
4,785	3,098	33	1,823	674	10,416

##### 3. Information by main customer

The Company has omitted disclosure because no sales to any external customer exceeded 10% of the total net sales on the consolidated statements of income.

**Fiscal 2023 (From April 1, 2022 to March 31, 2023)**

## 1. Information by products and services

The Nitta Gelatin Group's collagen business has become the Company's only reporting segment, so information is omitted.

## 2. Information by countries and regions

## (1) Net sales

(Millions of yen)

Japan	India	Asia	U.S.	Canada	Other	Total
17,697	5,221	3,185	9,393	3,031	658	39,186

Note: Sales are classified into countries or regions based on customers' locations.

## (2) Property, plant and equipment

(Millions of yen)

Japan	India	Asia	U.S.	Canada	Total
5,239	3,195	33	1,999	651	11,119

## 3. Information by main customer

The Company has omitted disclosure because no sales to any external customer exceeded 10% of the total net sales on the consolidated statements of income.

**Information on impairment loss on noncurrent assets by reporting segments****Fiscal 2022 (From April 1, 2021 to March 31, 2022)**

None

**Fiscal 2023 (From April 1, 2022 to March 31, 2023)**

The Nitta Gelatin Group's collagen business has become the Company's only reporting segment, so information is omitted.

**Information on amortization of goodwill and unamortized amounts by reporting segments****Fiscal 2022 (From April 1, 2021 to March 31, 2022)**

The Nitta Gelatin Group's collagen business has become the Company's only reporting segment, so information is omitted.

**Fiscal 2023 (From April 1, 2022 to March 31, 2023)**

The Nitta Gelatin Group's collagen business has become the Company's only reporting segment, so information is omitted.

### Information on gain on negative goodwill by reporting segments

#### Fiscal 2022 (From April 1, 2021 to March 31, 2022)

None

#### Fiscal 2023 (From April 1, 2022 to March 31, 2023)

None

#### (Per Share Information)

	Fiscal 2022 (From April 1, 2021 to March 31, 2022)	Fiscal 2023 (From April 1, 2022 to March 31, 2023)
Net assets per share	¥998.76	¥1,053.16
Earnings per share	¥40.16	¥85.98

Notes: 1. Diluted earnings per share is not disclosed due to the absence of latent shares with dilution effect.

2. Basis for calculating earnings per share data is shown below.

	Fiscal 2022 (From April 1, 2021 to March 31, 2022)	Fiscal 2023 (From April 1, 2022 to March 31, 2023)
Earnings per share		
Net income attributable to owners of the parent (Millions of yen)	726	1,558
Amounts not attributable to common shareholders (Millions of yen)	—	—
Net income attributable to owners of the parent related to common stock (Millions of yen)	726	1,558
Average number of common shares during the period (shares)	18,095,797	18,122,343

#### (Subsequent Events)

None