



May 13, 2021

Consolidated Financial Results for the Fiscal Year Ended March 31, 2021

(Japanese Accounting Standards)

Name of the Listed Company: **Nitta Gelatin Inc.**
 Listing: First Section 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, 2021
 Scheduled date to file Securities Report: June 29, 2021
 Scheduled date to commence dividend payments: June 30, 2021
 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, 2021

(April 1, 2020 to March 31, 2021)

(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, 2021	30,550	(11.6)	1,356	(19.8)	1,364	(24.1)	742	—
March 31, 2020	34,543	(5.3)	1,690	88.2	1,798	117.1	(694)	—

Note: Comprehensive income

For the fiscal year ended March 31, 2021 ¥1,853 million (—)%

For the fiscal year ended March 31, 2020 ¥60 million (−87.7%)

Fiscal year ended	Earnings (loss) per share	Diluted earnings per share	Return on equity (ROE)	Ordinary income / Total assets	Operating income / Net sales
	Yen	Yen	%	%	%
March 31, 2021	40.99	—	4.6	4.0	4.4
March 31, 2020	(37.79)	—	(4.4)	5.0	4.9

Reference: Equity in earnings of affiliates

For the fiscal year ended March 31, 2021: ¥9 million

For the fiscal year ended March 31, 2020: ¥155 million

(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, 2021	34,915	18,873	48.1	929.18
March 31, 2020	33,551	17,461	46.7	852.71

Reference: Equity

As of March 31, 2021: ¥16,794 million

As of March 31, 2020: ¥15,667 million

(3) Consolidated cash flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash 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, 2021	3,509	(897)	(31)	3,998
March 31, 2020	1,969	(889)	(1,739)	1,381

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, 2020	—	6.00	—	6.00	12.00	220	(31.8)	1.4
Fiscal year ended March 31, 2021	—	6.00	—	6.00	12.00	216	29.3	1.3
Fiscal year ending March 31, 2022 (Forecasts)	—	7.00	—	7.00	14.00		28.1	

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2022

(April 1, 2021 to March 31, 2022)

(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, 2021	14,200	(6.6)	600	(7.3)	600	(7.5)	300	(14.8)	16.60
Fiscal year ending March 31, 2022	29,500	(3.4)	1,350	(0.5)	1,350	(1.0)	900	21.3	49.79

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: None
 - Changes in accounting policies due to reasons other than a. above: None
 - Changes in accounting estimates: None
 - Restatement of revisions: None
- (3) Number of common shares issued
- Total number of issued shares at the end of the period (including treasury stock)
 - As of March 31, 2021: 18,373,974 shares
 - As of March 31, 2020: 18,373,974 shares
 - Number of shares of treasury stock at the end of the period
 - As of March 31, 2021: 299,467 shares
 - As of March 31, 2020: 167 shares
 - Average number of shares
 - For the fiscal year ended March 31, 2021: 18,107,546 shares
 - For the fiscal year ended March 31, 2020: 18,373,810 shares

(Reference) Summary of non-consolidated operating results

1. Non-consolidated financial results for the fiscal year ended March 31, 2021
(April 1, 2020 to March 31, 2021)

(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, 2021	20,795	(6.5)	249	(70.7)	636	(45.6)	379	506.5
March 31, 2020	22,240	(0.3)	851	169.1	1,168	17.1	62	(93.8)

Fiscal year ended	Net income per share	Diluted net income per share
	Yen	Yen
March 31, 2021	20.96	—
March 31, 2020	3.41	—

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2021	24,981	13,278	53.2	734.63
March 31, 2020	24,847	13,098	52.7	712.87

Reference: Equity

As of March 31, 2021: ¥13,278 million

As of March 31, 2020: ¥13,098 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 2, 2021.

Contents

- 1. Overview of Business Results**2
 - (1) Operating Results for the fiscal year ended March 31, 20212
 - (2) Financial Position3
 - (3) Cash Flows4
 - (4) Outlook5
- 2. Basic Approach to Selection of Accounting Standard**6
- 3. Consolidated Financial Statements and Key Notes**7
 - (1) Consolidated Balance Sheets7
 - (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income9
 - Consolidated Statements of Income9
 - Consolidated Statements of Comprehensive Income 10
 - (3) Consolidated Statements of Changes in Net Assets 11
 - (4) Consolidated Statements of Cash Flows 13
 - (5) Notes to Consolidated Financial Statements 15
 - (Note Concerning Going Concern Assumption) 15
 - (Accounting Standards, etc., Yet to Be Applied) 15
 - (Business Combinations) 16
 - (Segment Information) 18
 - (Per Share Information) 20
 - (Subsequent Events) 20

1. Overview of Business Results

(1) Operating Results for the fiscal year ended March 31, 2021

In the fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021), although the rollout of COVID-19 vaccines began, some time is still required for their widespread use. As a result, the global economy continued to face the worldwide COVID-19 pandemic with no end in sight. The Japanese economy continued to face uncertainty toward the future as it experienced restrictions in economic activities due to two declarations of states of emergency, and significant changes in social behavioral patterns.

In this environment, the food and health food industries, the Group's main business partners, were impacted substantially due to the entrenchment of telework and the loss of in-bound tourism demand. In the food-service industry, we saw signs of a recovery thanks to the national government's measures that stimulate demand for tourism and food services, however, demand declined once again due to the second state of emergency declared in January 2021.

The Group believes that preventing the spread of infection to business partners and employees is a top priority. Accordingly, the Group worked hard to maintain and enhance various business activities such as production, sales and distribution while proactively adopting telework, flexible work arrangements and web conferences in order to avoid the so-called three Cs: closed spaces, crowded places, and close-contact settings. Moreover, based on a policy of selection and concentration, in February 2021 the Company completed the transfer of its adhesives business (manufacturing) to Bostik-Nitta Co., Ltd., an equity-method affiliate.

Net sales decreased 11.6% year on year to ¥30,550 million due to the impact of its withdrawal from the collagen casing business in the previous fiscal year and the decline in net sales in Japan. Due to the decline in net sales, operating income fell 19.8% to ¥1,356 million and ordinary income dropped 24.1% to ¥1,364 million, owing to the decrease in equity in earnings of affiliates, while net income attributable to owners of parent totaled ¥742 million, compared to a net loss attributable to owners of parent in the previous fiscal year of ¥694 million.

The Nitta Gelatin Group's collagen business has become the Company's only reporting segment, but an overview of the performance of each sales category is as follows:

Food solutions

In the food solutions category, net sales declined due the impacts of lower product sales in Japan and the withdrawal from the collagen casing business.

In Japan, product sales of gelatin for use at home in confectioneries and cooking increased amid rising demand for making sweets at home due to stay-at-home demand caused by the COVID-19 pandemic. However, sales declined for gelatin for gummy candy eaten by people when out or on the go due to the entrenchment of working from home and the stay-at-home trend. Sales of products for use in delicatessen

items declined due to weaker demand for lunch at convenience stores in urban areas. In addition, sales for seasonings and for soups for the food-service industry (hotels, restaurants and cafes [HORECA]) declined due to the food-service industry being forced to reduce business hours on an ongoing basis.

Overseas, sales to the markets for gummy candy, jelly confectioneries and other applications were solid in the North America due to the increased stay-at-home hours, but there was a substantial decline in net sales caused by the withdrawal from the collagen casing business in the previous fiscal year.

As a result, overall sales in the food solutions category decreased 18.8% year on year to ¥11,690 million.

Health support

In the health support category, overall net sales declined due to the decline in sales in Japan despite an increase in sales of collagen peptide for health and beauty applications in Asia.

In Japan, sales of gelatin for capsules and collagen peptide for health and beauty applications declined due to the loss of in-bound tourism demand and the decline in in-store sales at drugstores and others caused by the COVID-19 pandemic.

Overseas, in North America sales of gelatin for capsules increased on people's rising awareness toward health upkeep and prevention caused by the COVID-19 pandemic, but in-store sales of collagen peptide health and beauty products declined, causing net sales to decline overall. In Asia, in addition to sales growth of functional collagen peptide for health and beauty applications, sales of Halal-certified gelatin for capsules continued to increase. In India, sales of capsules for pharmaceutical and health food applications recovered, as net sales were largely on par with the previous fiscal year.

As a result, overall sales in the health support category decreased 1.4% year on year to ¥14,071 million.

Specialties

In the specialties category, net sales decreased 18.5% year on year to ¥4,789 million due to a decrease in sales from the completion of the transfer of the adhesives business (manufacturing) in February 2021 and a decrease in sales of gelatin for photography applications caused by people's voluntary restraint from going out.

(2) Financial Position

Changes in assets, liabilities, and net assets at March 31, 2021 include the impacts of the business divestiture in which Bostik-Nitta Co., Ltd. was the successor company and the Company's adhesives business (manufacturing) was the non-surviving company.

(Assets)

Total assets amounted to ¥34,915 million at March 31, 2021, ¥1,363 million higher than at March 31,

2020. This was mainly attributable to an increase in cash and deposits of ¥2,609 million and increase in net defined benefit asset of ¥437 million, which offset decreases in trade notes and accounts receivable of ¥733 million and inventories of ¥893 million.

(Liabilities)

Total liabilities stood at ¥16,041 million at March 31, 2021, ¥49 million lower than at March 31, 2020. This was mainly attributable to decreases in trade notes and accounts payable of ¥664 million, current portion of long-term loans payable of ¥278 million and other accounts payable of ¥159 million, compared to an increase in long-term loans payable of ¥700 million and an increase in deferred tax liabilities of ¥320 million.

(Net assets)

Net assets amounted to ¥18,873 million at March 31, 2021, ¥1,412 million higher than at March 31, 2020. This was mainly attributable to increases in retained earnings of ¥523 million, remeasurements of defined benefit plans of ¥282 million, and non-controlling interests of ¥285 million.

As a result, the equity ratio stood at 48.1% at March 31, 2021 compared with 46.7% at March 31, 2020.

(3) Cash Flows

Cash and cash equivalents (“cash”) as of March 31, 2021 was ¥3,998 million, up ¥2,616 million from March 31, 2020.

Cash flows for each activity and reasons are as follows.

(Cash flows from operating activities)

Operating activities provided net cash of ¥3,509 million. The main components were income before provision for income taxes of ¥1,306 million, depreciation and amortization of ¥1,348 million, and decrease in trade notes and accounts receivable of ¥893 million.

(Cash flows from investing activities)

Investing activities used net cash of ¥897 million. This was mainly attributable to ¥1,220 million in purchase of property, plant and equipment and ¥348 million in proceeds from business divestiture.

(Cash flows from financing activities)

Financing activities used net cash of ¥31 million. The main components were proceeds from long-term loans payable of ¥3,012 million, repayment of long-term loans payable of ¥2,591 million, cash dividends paid of ¥218 million, and repayments of lease obligations of ¥216 million.

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

(Reference)

Trends in cash flow indicators:

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Equity ratio (%)	38.9	40.7	42.0	46.7	48.1
Market value equity ratio (%)	34.3	39.3	33.4	32.4	34.7
Interest-bearing debt to cash flow ratio (Years)	5.9	7.2	4.3	4.1	2.4
Interest coverage ratio (Times)	8.1	6.0	9.2	10.4	31.7

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. Furthermore, regarding the paid interest, we use “interest expenses paid” recorded on the consolidated statements of cash flows.

(4) Outlook

(Outlook for Business Performance in the Fiscal Year Ending March 31, 2022)

The next fiscal year marks the first year of the medium-term management plan (fiscal years ending March 31, 2022 to March 31, 2024) announced today (May 13, 2021). Under this medium-term management plan, the Company will further strengthen and expand its management foundation through the strategic allocation of management resources to key markets, strengthening of organizational foundation and stronger ties with stakeholders.

Although the rollout of COVID-19 vaccines has begun, some time is still required for their widespread use to end the pandemic, and as a result, time is also likely still needed for the global economy to recover. The Japanese economy continues to face an unpredictable situation as the pandemic continues unabated, marked by the country’s third state of emergency issued in April 2021.

Given this environment, in the food solutions category, the Company will develop new products and applications in response to the increase in take-out and delivery services in Japan, and work to expand sales.

In the health support category, the Company will make efforts to expand sales of collagen peptide used in health food applications. In Japan, the Company will strive to capture new customers using products that have been approved as Foods with Functional Claims, and in Asia, the Company will expand sales of collagen peptide mainly for beauty applications. In North America, the Company will work to

differentiate sales methods of collagen peptide by appealing its functionality, in addition to increasing sales of capsule applications expected to see strong growth.

On top of the above business activities, the Company opened its first collagen drink specialty outlet called CAFE RIWACO in April 2021 with the aim of directly reaching working women with collagen peptide for which the Company has spent many years researching its functionality. In Matsuyama City, Ehime Prefecture, the birthplace of Chojiro Nitta, the Company's founder, the Company launched activities to support female athletes in Matsuyama through the provision of collagen products and sponsorship agreements.

The Group will continue to pursue the potential of collagen as a unique natural material, in order to supply products and services that address its customers' desires more than ever before. By doing so, the Group will help to fulfill the desire of its customers "To stay healthy and feeling young," as laid out in its vision.

With regard to capital investment, in Japan the Group will look to invest in production of biomedical products, improvement to research and development sites, and introduction of facility for production reforms and raising operating efficiency. Overseas, the Group will execute investments aimed at measures to ensure stable production and address environmental conservation.

The forecast for consolidated financial results for the next fiscal year calls for net sales of ¥29,500 million, operating income of ¥1,350 million, ordinary income of ¥1,350 million, and net income attributable to owners of parent of ¥900 million.

(Risks related to COVID-19)

In order to prevent the spread of COVID-19, the Group believes that securing the safety of its business partners and employees is a top priority. Accordingly, the Group is working to develop telework and flexible work arrangements, and to proactively adopt web conferences, in addition to placing tighter restrictions on business trips inside and outside of Japan, to help its business partners and employees avoid the so-called three Cs: closed spaces, crowded places, and close-contact settings. However, COVID-19 could still impact the Group's business performance and financial position through contingencies such as the stoppage of production due to the infection of employees and a slowdown in logistics due to lockdowns at overseas business bases.

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 2020 (As of March 31, 2020)	Fiscal 2021 (As of March 31, 2021)
Assets		
Current assets		
Cash and deposits	1,414	4,024
Notes and accounts receivable–trade	7,677	6,944
Merchandise and finished goods	5,674	5,069
Work in process	1,284	1,201
Raw materials and supplies	2,786	2,582
Other	499	459
Allowance for doubtful accounts	(15)	(15)
Total current assets	19,322	20,266
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	8,943	9,319
Accumulated depreciation	(5,589)	(6,008)
Buildings and structures, net	3,354	3,311
Machinery, equipment and vehicles	13,327	14,069
Accumulated depreciation	(10,547)	(11,398)
Machinery, equipment and vehicles, net	2,779	2,670
Land	2,111	2,129
Lease assets	1,003	961
Accumulated depreciation	(443)	(414)
Lease assets, net	559	546
Construction in process	119	170
Other	1,399	1,476
Accumulated depreciation	(1,141)	(1,196)
Other, net	258	280
Total property, plant and equipment	9,183	9,109
Intangible assets		
Goodwill	300	257
Other	220	244
Total intangible assets	521	502
Investments and other assets		
Investment securities	2,883	3,205
Long-term loans receivable	101	1
Deferred tax assets	762	429
Net defined benefit asset	531	968
Other	352	539
Allowance for doubtful accounts	(105)	(106)
Total investments and other assets	4,524	5,036
Total noncurrent assets	14,229	14,648
Total assets	33,551	34,915

(Millions of yen)

	Fiscal 2020 (As of March 31, 2020)	Fiscal 2021 (As of March 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable–trade	3,617	2,953
Short-term loans payable	1,844	1,964
Current portion of long-term loans payable	2,358	2,080
Lease obligations	199	191
Accounts payable-other	1,697	1,538
Income taxes payable	107	194
Provision for bonuses	219	209
Other	628	498
Total current liabilities	10,672	9,630
Noncurrent liabilities		
Long-term loans payable	3,225	3,925
Lease obligations	415	413
Deferred tax liabilities	129	450
Net defined benefit liability	1,647	1,598
Other	–	22
Total noncurrent liabilities	5,417	6,410
Total liabilities	16,090	16,041
Net Assets		
Shareholders' equity		
Capital stock	3,144	3,144
Capital surplus	2,966	2,966
Retained earnings	9,166	9,690
Treasury stock	(0)	(200)
Total shareholders' equity	15,278	15,601
Accumulated other comprehensive income		
Valuation difference on other available-for-sale securities	920	1,125
Deferred gains (losses) on hedges	(47)	3
Foreign currency translation adjustments	(346)	(82)
Remeasurements of defined benefit plans	(137)	145
Total accumulated other comprehensive income	389	1,192
Non-controlling interests	1,793	2,079
Total net assets	17,461	18,873
Total liabilities and net assets	33,551	34,915

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

(Consolidated Statements of Income)

	(Millions of yen)	
	Fiscal 2020 (From April 1, 2019 to March 31, 2020)	Fiscal 2021 (From April 1, 2020 to March 31, 2021)
Net sales	34,543	30,550
Cost of sales	27,244	24,248
Gross profit on sales	7,299	6,302
Selling, general and administrative expenses	5,608	4,946
Operating income	1,690	1,356
Non-operating income		
Interest income	6	5
Dividend income	43	41
Rent income	42	42
Outsourcing service income	53	44
Equity in earnings of affiliates	155	9
Other	40	27
Total non-operating income	341	170
Non-operating expenses		
Interest expenses	187	107
Foreign exchange losses	9	43
Commissions paid	26	9
Other	10	2
Total non-operating expenses	233	162
Ordinary income	1,798	1,364
Extraordinary gains		
Gain on sales of noncurrent assets	17	0
Reversal of allowance for doubtful accounts	29	-
Gain on sales of stocks of subsidiaries and associates	6	-
Subsidy income	-	13
Total extraordinary gains	53	13
Extraordinary losses		
Disposal costs for noncurrent assets	1	6
Loss on retirement of noncurrent assets	5	7
Loss on tax purpose reduction entry of noncurrent assets	-	13
Loss on sales of stocks of subsidiaries and associates	2,788	-
Impairment loss	-	44
Total extraordinary losses	2,796	72
Income (loss) before provision of income taxes	(943)	1,306
Income taxes	40	178
Income taxes-deferred	(460)	194
Total income taxes	(420)	373
Net income (loss)	(523)	932
Net income attributable to non-controlling interests	170	190
Net income (loss) attributable to owners of the parent	(694)	742

(Consolidated Statements of Comprehensive Income)

	(Millions of yen)	
	Fiscal 2020 (From April 1, 2019 to March 31, 2020)	Fiscal 2021 (From April 1, 2020 to March 31, 2021)
Net income (loss)	(523)	932
Other comprehensive income		
Valuation difference on other available-for-sale securities	(354)	206
Deferred gains (losses) on hedges	(89)	98
Foreign currency translation adjustments	(702)	333
Pension liability adjustment	1,723	271
Share of other comprehensive losses of associates accounted for using equity method	8	10
Total other comprehensive income	584	920
Comprehensive income	60	1,853
Comprehensive income attributable to:		
Owners of the parent	117	1,545
Non-controlling interests	(57)	307

(3) Consolidated Statements of Changes in Net Assets

Fiscal 2020 (From April 1, 2019 to March 31, 2020)

(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	10,155	(0)	16,266
Changes during the fiscal year					
Dividends from surplus			(293)		(293)
Net income (loss) attributable to owners of the parent			(694)		(694)
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					-
Total changes during fiscal year	-	-	(988)	(0)	(988)
Balance at the end of fiscal year	3,144	2,966	9,166	(0)	15,278

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on other available-for-sale securities	Deferred losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of fiscal year	1,274	(8)	174	(1,863)	(423)	1,865	17,708
Changes during the fiscal year							
Dividends from surplus					-		(293)
Net income (loss) attributable to owners of the parent					-		(694)
Purchase of treasury stock					-		(0)
Net changes of items other than shareholders' equity	(354)	(38)	(521)	1,726	812	(71)	740
Total changes during fiscal year	(354)	(38)	(521)	1,726	812	(71)	(247)
Balance at the end of fiscal year	920	(47)	(346)	(137)	389	1,793	17,461

Fiscal 2021 (From April 1, 2020 to March 31, 2021)

(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	9,166	(0)	15,278
Changes during the fiscal year					
Dividends from surplus			(218)		(218)
Net income attributable to owners of the parent			742		742
Purchase of treasury stock				(199)	(199)
Net changes of items other than shareholders' equity					-
Total changes during fiscal year	-	-	523	(199)	323
Balance at the end of fiscal year	3,144	2,966	9,690	(200)	15,601

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on other available-for-sale securities	Deferred losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of fiscal year	920	(47)	(346)	(137)	389	1,793	17,461
Changes during the fiscal year							
Dividends from surplus					-		(218)
Net income attributable to owners of the parent					-		742
Purchase of treasury stock					-		(199)
Net changes of items other than shareholders' equity	205	51	264	282	803	285	1,089
Total changes during fiscal year	205	51	264	282	803	285	1,412
Balance at the end of fiscal year	1,125	3	(82)	145	1,192	2,079	18,873

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal 2020 (From April 1, 2019 to March 31, 2020)	Fiscal 2021 (From April 1, 2020 to March 31, 2021)
Cash flows from operating activities		
Income (loss) before provision of income taxes	(943)	1,306
Depreciation and amortization	1,448	1,348
Amortization of goodwill	46	45
Increase (decrease) in allowance for doubtful accounts	(17)	(0)
Increase (decrease) in provision for bonuses	16	(8)
Increase (decrease) in net defined benefit liability	(72)	(0)
Interest and dividends income	(49)	(47)
Interest expenses	187	107
Foreign exchange losses (gains)	68	(14)
Equity in earnings (losses) of affiliates	(155)	(9)
Loss (gain) on sales of property, plant and equipment	(16)	6
Loss on retirement of noncurrent assets	5	7
Impairment loss	–	44
Loss (gain) on sales of investment securities	(2)	(5)
Loss on sales of stocks of subsidiaries and associates	2,782	–
Loss on tax purpose reduction entry of noncurrent assets	–	13
Subsidy income	–	(13)
Decrease in notes and accounts receivable-trade	270	893
Decrease (increase) in inventories	(627)	575
Increase (decrease) in notes and accounts payable-trade	(633)	(738)
Increase (decrease) in accrued consumption taxes	75	(150)
Other	(71)	250
Subtotal	2,313	3,610
Interest and dividends income received	49	47
Interest paid	(189)	(110)
Income taxes paid	(204)	(37)
Net cash provided by operating activities	1,969	3,509
Cash flows from investing activities		
Payments into time deposits	(11)	(23)
Proceeds from withdrawal of time deposits	19	30
Proceeds from the sale of property, plant and equipment	7	2
Purchase of property, plant and equipment	(900)	(1,220)
Purchase of intangible assets	(38)	(54)
Subsidies received	–	13
Proceeds from the sale of investment securities	3	14
Purchase of investment securities	(7)	(8)
Proceeds from business divestiture	–	348
Payment of expenses related to business divestiture	(114)	–
Proceeds from sales of shares of subsidiaries resulting in	119	–
Other, net	34	0
Net cash used in investing activities	(889)	(897)

(Millions of yen)

	Fiscal 2020 (From April 1, 2019 to March 31, 2020)	Fiscal 2021 (From April 1, 2020 to March 31, 2021)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(667)	17
Proceeds from long-term loans payable	1,800	3,012
Repayment of long-term loans payable	(2,590)	(2,591)
Proceeds from sale-and-leaseback transactions	260	186
Repayments of lease obligations	(233)	(216)
Cash dividends paid	(293)	(218)
Purchase of treasury stock	(0)	(199)
Cash dividends paid to non-controlling interests	(14)	(21)
Net cash provided (used in) by financing activities	(1,739)	(31)
Effect of exchange rate change on cash and cash equivalents	(10)	35
Net increase (decrease) in cash and cash equivalents	(670)	2,616
Cash and cash equivalents at beginning of period	2,051	1,381
Cash and cash equivalents at end of the fiscal year	1,381	3,998

(5) Notes to Consolidated Financial Statements

(Note Concerning Going Concern Assumption)

None

(Accounting Standards, etc., Yet to Be Applied)

(1) Accounting Standard for Revenue Recognition, etc.

- Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020, ASBJ)
- Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 26, 2021, ASBJ)
- Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020, ASBJ)

a. Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) in the United States jointly developed comprehensive standards for revenue recognition and published the “Revenue from Contracts with Customers” (IFRS 15 at the IASB and Topic 606 at the FASB) in May 2014. Given that IFRS 15 has been applied from fiscal years starting on or after January 1, 2018 and that Topic 606 has been applied from fiscal years starting after December 15, 2017, the Accounting Standards Board of Japan (ASBJ) has developed comprehensive accounting standards for revenue recognition and published them together with Implementation Guidance.

The basic policy of the ASBJ in developing accounting standards for revenue recognition is to set accounting standards, with the incorporation of the basic principles of IFRS 15 as a starting point, from the standpoint of maintaining comparability between financial statements, which is one of the benefits of ensuring consistency with IFRS 15. The basic policy also calls for adding alternative accounting treatments without compromising consistency with IFRS 15 if there are any items that should require consideration of practices, etc. that have been carried out in Japan.

b. Planned date of application

To be applied from the beginning of the fiscal year ending March 31, 2022

c. Impact of the application of the accounting standards, etc.

The Group is currently in the process of determining the effects of applying the Revised Accounting Standard for Revenue Recognition, etc. on the consolidated financial statements.

(2) Accounting Standards for Fair Value Measurement, etc.

- Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019, ASBJ)
- Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 4, 2019, ASBJ)
- Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019, ASBJ)
- Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance

No. 31, July 4, 2019, ASBJ)

- Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020, ASBJ)

a. Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) in the United States have established almost identical detailed guidance on fair value measurement (IFRS 13 “Fair Value Measurement” based on International Financial Reporting Standards (IFRS) and Accounting Standards Codification Topic 820 “Fair Value Measurement” based on U.S. generally accepted accounting principles (GAAP)). Considering this situation, the Accounting Standards Board of Japan (ASBJ) has worked to ensure consistency between Japanese standards primarily regarding guidance and disclosure related to the fair value of financial instruments and international accounting standards, and has published the “Accounting Standards for Fair Value Measurement, etc.”

The basic policy of the ASBJ in developing accounting standards for fair value measurement is to fundamentally incorporate all of the provisions of IFRS 13, from the standpoint of improving the international comparability of financial statements between companies by applying a unified measurement method, and to establish other accounting treatments for individual items without significantly compromising comparability between financial statements, taking into consideration practices, etc. that have been carried out in Japan.

b. Planned date of application

To be applied from the beginning of the fiscal year ending March 31, 2022

c. Impact of the application of the accounting standards, etc.

The Group is currently in the process of determining the effects of applying the Accounting Standards for Fair Value Measurement, etc. on the consolidated financial statements.

(Business Combinations)

(Business divestiture)

The Company carried out a company split effective February 1, 2021 in which Bostik-Nitta Co., Ltd. was the successor company and the Company’s adhesives business (manufacturing) was the non-surviving company, pursuant to the resolution passed at the Board of Directors meeting held on December 17, 2020.

1. Outline of Business Divestiture

- (1) Name of company that succeeded the divested business

Bostik-Nitta Co., Ltd.

- (2) Business description of divested business

Adhesives business (manufacturing)

(3) Primary reason for business divestiture

The Company transferred its adhesives business (excluding manufacturing) to Bostik-Nitta Co., Ltd. on August 1, 2018 by executing a simple absorption-type split as the first stage of transferring the Company's adhesives business to Bostik-Nitta Co., Ltd., with the goal of pursuing the greater growth of the adhesives business. Afterwards, construction of a new plant for the adhesives business was completed at the site of the plant that was sold by the Company, and the new plant is now in full commercial operation.

As a result, as the second stage for transferring the Company's adhesives business to Bostik-Nitta Co., Ltd., an agreement was reached between the Company and Bostik-Nitta Co., Ltd. to transfer assets and liabilities related to the manufacturing aspect of the Company's adhesives business; contractual status, rights and obligations; and employees mainly engaged in manufacturing to Bostik-Nitta Co., Ltd. using a corporate split.

(4) Date of business divestiture

February 1, 2021

(5) Outline of the transaction including legal format

A business transfer in which consideration is received solely in assets such as cash

2. Outline of accounting treatment

(1) Gain on transfer of business

No gain on transfer of business occurred.

(2) Appropriate book values of assets and liabilities of business transferred and major components

Current assets	¥454 million
Noncurrent assets	<u>1</u>
Total assets	<u>455</u>
Current liabilities	10
Noncurrent liabilities	<u>96</u>
Total liabilities	<u>107</u>

(3) Accounting treatment

The Company recognizes the difference between the consolidated carrying amount and sales price as gain on transfer of business. However, no difference in these amounts occurred.

3. Name of reporting segment in which the divested business was included

The Nitta Gelatin Group's collagen business has become the Company's only reporting segment, so there are no relevant items to disclose.

4. Estimated net sales and operating income attributable to the divested business recorded on the consolidated statement of income for the period under review

Net sales	¥2,017 million
Operating loss	¥119 million

(Segment Information)

Segment Information

Fiscal 2020 (From April 1, 2019 to March 31, 2020)

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

Fiscal 2021 (From April 1, 2020 to March 31, 2021)

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

Related information

Fiscal 2020 (From April 1, 2019 to March 31, 2020)

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
19,176	2,932	2,231	8,175	1,543	485	34,543

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
3,650	2,958	30	2,052	491	9,183

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 2021 (From April 1, 2020 to March 31, 2021)

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
16,601	2,621	3,219	6,369	1,416	322	30,550

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
3,610	2,950	24	1,855	667	9,109

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 2020 (From April 1, 2019 to March 31, 2020)**

None

Fiscal 2021 (From April 1, 2020 to March 31, 2021)

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 2020 (From April 1, 2019 to March 31, 2020)**

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

Fiscal 2021 (From April 1, 2020 to March 31, 2021)

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 2020 (From April 1, 2019 to March 31, 2020)**

None

Fiscal 2021 (From April 1, 2020 to March 31, 2021)

None

(Per Share Information)

	Fiscal 2020 (From April 1, 2019 to March 31, 2020)	Fiscal 2021 (From April 1, 2020 to March 31, 2021)
Net assets per share	¥852.71	¥929.18
Net income (loss) per share	(¥37.79)	¥40.99

Notes: 1. Diluted net income per share for fiscal 2020 is not disclosed due to the recording of a net loss per share and the absence of latent shares with dilution effect.

2. Diluted net income per share for fiscal 2021 is not disclosed due to the absence of latent shares with dilution effect.

3. Basis for calculating net income (loss) per share data is shown below.

	Fiscal 2020 (From April 1, 2019 to March 31, 2020)	Fiscal 2021 (From April 1, 2020 to March 31, 2021)
Net income (loss) per share		
Net income (loss) attributable to owners of the parent (Millions of yen)	(694)	742
Amounts not attributable to common shareholders (Millions of yen)	—	—
Net income (loss) attributable to owners of the parent related to common stock (Millions of yen)	(694)	742
Average number of common shares during the period (shares)	18,373,810	18,107,546

(Subsequent Events)

None