



May 13, 2022

Consolidated Financial Results for the Fiscal Year Ended March 31, 2022

(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 28, 2022
 Scheduled date to file Securities Report: June 28, 2022
 Scheduled date to commence dividend payments: June 29, 2022
 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, 2022

(April 1, 2021 to March 31, 2022)

(1) Consolidated operating results

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	31,783	4.2	1,560	15.0	1,734	27.1	726	(2.1)
March 31, 2021	30,514	—	1,356	(19.8)	1,364	(24.1)	742	—

Note: Comprehensive income

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

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

	Earnings per share	Diluted earnings per share	Return on equity (ROE)	Ordinary income / Total assets	Operating income / Net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2022	40.16	—	4.2	4.8	4.9
March 31, 2021	40.99	—	4.6	4.0	4.4

Reference: Equity in earnings of affiliates

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

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

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

2. The Company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29; March 31, 2020) from the beginning of the fiscal year ended March 31, 2022. Numerical indicators for the fiscal year ended March 31, 2021 have been calculated after retroactively applying this accounting standard. For net sales, the year-on-year rate of change has been omitted.

(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, 2022	37,410	20,562	48.3	998.76
March 31, 2021	34,915	18,873	48.1	929.18

Reference: Equity

As of March 31, 2022: ¥18,082 million

As of March 31, 2021: ¥16,794 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, 2022	1,044	(1,325)	(762)	3,030
March 31, 2021	3,509	(897)	(31)	3,998

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, 2021	—	6.00	—	6.00	12.00	216	29.3	1.3
Fiscal year ended March 31, 2022	—	7.00	—	7.00	14.00	253	34.9	1.5
Fiscal year ending March 31, 2023 (Forecasts)	—	7.00	—	7.00	14.00		28.2	

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2023

(April 1, 2022 to March 31, 2023)

(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, 2022	17,500	17.7	700	18.0	700	0.5	400	6.9	22.09
Fiscal year ending March 31, 2023	36,000	13.3	1,600	2.5	1,500	(13.5)	900	23.9	49.71

Notes:

- 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
- 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

d. Restatement of revisions: None

Note: For details, please refer to “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

a. Total number of issued shares at the end of the period (including treasury stock)

As of March 31, 2022: 18,373,974 shares

As of March 31, 2021: 18,373,974 shares

b. Number of shares of treasury stock at the end of the period

As of March 31, 2022: 268,739 shares

As of March 31, 2021: 299,467 shares

c. Average number of shares

For the fiscal year ended March 31, 2022: 18,095,797 shares

For the fiscal year ended March 31, 2021: 18,107,546 shares

(Reference) Summary of non-consolidated operating results

1. Non-consolidated financial results for the fiscal year ended March 31, 2022

(April 1, 2021 to March 31, 2022)

(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, 2022	20,105	(3.2)	163	(34.3)	730	14.8	453	19.5
March 31, 2021	20,759	—	249	(70.7)	636	(45.6)	379	506.5

Fiscal year ended	Earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2022	25.06	—
March 31, 2021	20.96	—

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

2. The Company has applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29; March 31, 2020) from the beginning of the fiscal year ended March 31, 2022. Numerical indicators for the fiscal year ended March 31, 2021 have been calculated after retroactively applying this accounting standard. For net sales, the year-on-year rate of change has been omitted.

(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, 2022	26,037	13,671	52.5	755.11
March 31, 2021	24,981	13,278	53.2	734.63

Reference: Equity

As of March 31, 2022: ¥13,671 million

As of March 31, 2021: ¥13,278 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 8, 2022.

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1. Overview of Business Results

(1) Operating Results for the fiscal year ended March 31, 2022

In the fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022), COVID-19 vaccines were rolled out around the world, but with the emergence of variants the global economy continued to face the pandemic with no end in sight. There was also growing uncertainty toward the future following the impacts of Russia's invasion of Ukraine and economic sanctions imposed by Western nations. The environment surrounding the Group was challenging due to disruptions in the supply chain worldwide and the soaring prices of raw materials and crude oil, coupled with the weakening of the Japanese yen.

Amid this environment, the Group launched a new three-year medium-term management plan in 2021. The management policies for the Group set out in this medium-term management plan are presented below.

1. Strategic allocation of management resources to key markets to create a high-profit enterprise
2. Strengthening of the organizational foundation to face challenges positively
3. Strengthening ties with stakeholders to be a valuable company

Under this management policy, we worked to expand sales of high value-added products in mainstay markets in each domain including the core categories of food solutions, health support, and biomedical, and made efforts to increase our visibility by stepping up advertising targeting general consumers, disseminating information via social media, and actively responding to media requests. In addition, the Company selected the Prime Market following the Tokyo Stock Exchange's review of its market segments.

As a result, net sales increased 4.2% year on year to ¥31,783 million underpinned by sales growth of foods solutions and health support, which offset the decline in sales associated with the transfer of the adhesives business in the previous fiscal year. Operating income increased 15.0% to ¥1,560 million mainly driven by higher net sales despite increased transportation costs, etc., ordinary income increased 27.1% to ¥1,734 million attributed to the booking of foreign exchange gains, etc., and net income attributable to owners of the parent decreased 2.1% to ¥726 million because of income taxes associated with the increased profits of overseas consolidated subsidiaries and the booking of net income attributable to non-controlling interests.

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 were strong in Japan and rose in North America, resulting in

an increase in overall net sales for the segment.

In Japan, net sales for products for use in gummy candies increased, driven by strong sales of new products by customers. In addition, net sales rose on increased sales for frozen food and dessert jelly applications. Industrial-use products saw increased net sales due to strong sales of products for use in direct marketing sales, despite sluggish sales of products for the food-service industry. However, net sales of gelatin for use at home in confectioneries and cooking decreased as demand for making confectioneries at home ran its course.

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

As a result, overall net sales in the food solutions category increased 7.3% year on year to ¥12,502 million.

Health Support

In the health support category, sales from exports of gelatin for capsules declined due to ongoing disruptions in maritime container transportation, but sales of collagen peptide for health and beauty applications increased overseas and in Japan, while sales of biomedical products also grew, resulting in an increase in overall net sales for the segment.

In Japan, there was a recovery in in-store sales while sales of new collagen products for customers were strong, helping to boost net sales of collagen peptide for health and beauty applications and gelatin for capsules. Net sales of medical-use collagen and gelatin also increased on growing sales of new products for medical devices.

Overseas, net sales increased on firm demand for collagen peptide products in North America and strong sales of collagen peptide for health and beauty applications that advertise functionality in Asia. Meanwhile, net sales of gelatin for capsules declined amid ongoing disruptions in maritime container transportation, despite strong demand from rising health consciousness and infection prevention needs during the COVID-19 pandemic. In India, sales for capsules for pharmaceutical and health food applications were firm and sales of collagen peptide expanded, resulting in an increase in net sales.

As a result, overall net sales in the health support category increased 10.0% year on year to ¥15,480 million.

Specialties

In the specialties category, overall net sales decreased 20.7% year on year to ¥3,800 million. This was due to the decrease in net sales from the completion of the transfer of the adhesives business in the previous fiscal year, despite an increase in net sales of gelatin for photography applications amid demand for instant-use cameras following the recovery in economic activities after COVID-19.

(2) Financial Position

(Assets)

Total assets amounted to ¥37,410 million at March 31, 2022, ¥2,495 million higher than at March 31, 2021. This was mainly attributable to a decrease in cash and deposits of ¥978 million and deferred tax assets of ¥249 million, compared to an increase in trade notes and accounts receivable of ¥445 million, inventories of ¥1,603 million, and construction in process of ¥1,430 million.

(Liabilities)

Total liabilities amounted to ¥16,848 million at March 31, 2022, ¥807 million higher than at March 31, 2021. This was mainly attributable to decreases in long-term loans payable of ¥522 million (including loans repayable within one year) and in notes and accounts payable—trade of ¥208 million, compared to an increase in short-term loans payable of ¥307 million and in accounts payable—other of ¥1,109 million.

(Net assets)

Net assets amounted to ¥20,562 million at March 31, 2022, ¥1,688 million higher than at March 31, 2021. This was mainly attributable to increases in retained earnings of ¥491 million, foreign currency translation adjustments of ¥622 million, and non-controlling interests of ¥399 million.

As a result, the equity ratio stood at 48.3% at March 31, 2022 compared with 48.1% at March 31, 2021.

(3) Cash Flows

Cash and cash equivalents (“cash”) as of March 31, 2022 was ¥3,030 million, down ¥967 million from March 31, 2021.

Cash flows for each activity and reasons are as follows.

(Cash flows from operating activities)

Operating activities provided net cash of ¥1,044 million. The main components were income before provision for income taxes of ¥1,663 million, depreciation and amortization of ¥1,370 million, increase in inventories of ¥1,199 million, and decrease in notes and accounts payable—trade of ¥490 million.

(Cash flows from investing activities)

Investing activities used net cash of ¥1,325 million. This was mainly attributable to ¥1,218 million in purchase of property, plant and equipment.

(Cash flows from financing activities)

Financing activities used net cash of ¥762 million. The main components were proceeds from long-term loans payable of ¥1,651 million, repayment of long-term loans payable of ¥2,198 million, and cash dividends paid of ¥235 million.

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

(Reference)

Trends in cash flow indicators:

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Equity ratio (%)	40.7	42.0	46.7	48.1	48.3
Market value equity ratio (%)	39.3	33.4	32.4	34.7	32.3
Interest-bearing debt to cash flow ratio (Years)	7.2	4.3	4.1	2.4	8.0
Interest coverage ratio (Times)	6.0	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.

(4) Outlook

(Outlook for Business Performance in the Fiscal Year Ending March 31, 2023)

The next fiscal year will be the second year of the medium-term management plan (fiscal 2022 to fiscal 2024). We will continue to work as one company to further enhance corporate value, including strengthening profitability and ensuring growth, raising our visibility through public relations and IR activities, and further promoting sustainability activities.

As for the global economy, the impacts of the COVID-19 pandemic are expected to become protracted as restrictions on some economic activities will continue. In addition, the Russia's invasion of Ukraine and economic sanctions imposed by Western countries are expected to have a major impact on the global economy, including causing higher energy and food prices.

Despite this challenging environment, in the food solutions category, we will expand sales by building new sales channels and developing new products for industrial use aimed at protein

supplement market as well as hotels and restaurants. In the health support category, in Japan we will work to expand sales in the sports nutrition market and to increase sales of collagen products for general consumers, in addition to health and beauty applications. Overseas, we will strive to expand sales for health and beauty applications in North America and Asia. As for the biomedical category, in April 2022, we established the Biomaterial Structure Design Division within the Institute for the Promotion of Business-Regional Collaboration of Hokkaido University with the goal of researching and developing the world's first collagen artificial tendon for ligament reconstruction. We will continue to work on the development of innovative technologies in healthcare. In addition, with Mirai Kan, which will be completed in autumn 2022, we will further strengthen our production capacity and quality of medical-use collagen and gelatin and strive to expand their sales.

To extend healthy life expectancy and resolve social issues, the Group will continue to pursue the possibility of the unique material of collagen.

With regard to capital investment, in Japan the Group will look to build up the production and R&D infrastructure for biomedical products with the construction of Mirai Kan, as well as introduce facilities that innovate and streamline production. Overseas, the Group will execute investments to ensure stable production and address environmental conservation.

The forecast for consolidated financial results for the next fiscal year calls for net sales of ¥36,000 million, operating income of ¥1,600 million, ordinary income of ¥1,500 million, and net income attributable to owners of parent of ¥900 million.

(Risks related to COVID-19)

Although vaccination has progressed around the world, there is no end in sight to the COVID-19 pandemic, and it continues to have a major impact on people's health, daily life, and economic activities. Following the policies of the governments of each country, the Group continues its business activities while taking various infection prevention measures. 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, port disruptions due to lockdowns near our overseas business bases, and a slowdown in logistics due to delays in maritime transportation.

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 2021 (As of March 31, 2021)	Fiscal 2022 (As of March 31, 2022)
Assets		
Current assets		
Cash and deposits	4,024	3,046
Notes and accounts receivable–trade	6,944	7,389
Merchandise and finished goods	5,069	5,955
Work in process	1,201	1,396
Raw materials and supplies	2,582	3,104
Other	459	588
Allowance for doubtful accounts	(15)	(16)
Total current assets	20,266	21,465
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	9,319	9,743
Accumulated depreciation	(6,008)	(6,334)
Buildings and structures, net	3,311	3,409
Machinery, equipment and vehicles	14,069	15,209
Accumulated depreciation	(11,398)	(12,735)
Machinery, equipment and vehicles, net	2,670	2,474
Land	2,129	2,151
Lease assets	961	977
Accumulated depreciation	(414)	(463)
Lease assets, net	546	514
Construction in process	170	1,600
Other	1,476	1,546
Accumulated depreciation	(1,196)	(1,280)
Other, net	280	265
Total property, plant and equipment	9,109	10,416
Intangible assets		
Goodwill	257	232
Other	244	275
Total intangible assets	502	507
Investments and other assets		
Investment securities	3,205	3,363
Long-term loans receivable	1	2
Deferred tax assets	429	179
Net defined benefit asset	968	1,024
Other	539	569
Allowance for doubtful accounts	(106)	(117)
Total investments and other assets	5,036	5,021
Total noncurrent assets	14,648	15,945
Total assets	34,915	37,410

	(Millions of yen)	
	Fiscal 2021 (As of March 31, 2021)	Fiscal 2022 (As of March 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,953	2,745
Short-term loans payable	1,964	2,271
Current portion of long-term loans payable	2,080	1,909
Lease obligations	191	191
Accounts payable-other	1,538	2,648
Income taxes payable	194	171
Provision for bonuses	209	224
Other	498	559
Total current liabilities	9,630	10,721
Noncurrent liabilities		
Long-term loans payable	3,925	3,573
Lease obligations	413	379
Deferred tax liabilities	450	595
Net defined benefit liability	1,598	1,560
Other	22	17
Total noncurrent liabilities	6,410	6,126
Total liabilities	16,041	16,848
Net Assets		
Shareholders' equity		
Capital stock	3,144	3,144
Capital surplus	2,966	2,965
Retained earnings	9,690	10,181
Treasury stock	(200)	(179)
Total shareholders' equity	15,601	16,112
Accumulated other comprehensive income		
Valuation difference on other available-for-sale	1,125	1,231
Deferred gains on hedges	3	46
Foreign currency translation adjustments	(82)	540
Remeasurements of defined benefit plans	145	151
Total accumulated other comprehensive income	1,192	1,969
Non-controlling interests	2,079	2,479
Total net assets	18,873	20,562
Total liabilities and net assets	34,915	37,410

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

(Consolidated Statements of Income)

	(Millions of yen)	
	Fiscal 2021 (From April 1, 2020 to March 31, 2021)	Fiscal 2022 (From April 1, 2021 to March 31, 2022)
Net sales	30,514	31,783
Cost of sales	24,248	24,779
Gross profit on sales	6,266	7,003
Selling, general and administrative expenses	4,910	5,443
Operating income	1,356	1,560
Non-operating income		
Interest income	5	2
Dividend income	41	46
Rental income	42	57
Outsourcing service income	44	26
Foreign exchange gains	—	215
Equity in earnings of affiliates	9	—
Other	27	53
Total non-operating income	170	402
Non-operating expenses		
Interest expenses	107	97
Foreign exchange losses	43	—
Equity in losses of affiliates	—	121
Commission paid	9	9
Other	2	1
Total non-operating expenses	162	228
Ordinary income	1,364	1,734
Extraordinary gains		
Gain on sales of noncurrent assets	0	0
Subsidy income	13	—
Total extraordinary gains	13	0
Extraordinary losses		
Loss on sale of noncurrent assets	6	0
Loss on retirement of noncurrent assets	7	70
Loss on tax purpose reduction entry of non-current assets	13	—
Impairment loss	44	—
Total extraordinary losses	72	71
Income before provision for income taxes	1,306	1,663
Income taxes	178	362
Income taxes-deferred	194	267
Total income taxes	373	630
Net income	932	1,033
Net income attributable to non-controlling interests	190	306
Net income attributable to owners of the parent	742	726

(Consolidated Statements of Comprehensive Income)

	(Millions of yen)	
	Fiscal 2021 (From April 1, 2020 to March 31, 2021)	Fiscal 2022 (From April 1, 2021 to March 31, 2022)
Net income	932	1,033
Other comprehensive income		
Valuation difference on other available-for-sale securities	206	106
Deferred gains on hedges	98	33
Foreign currency translation adjustments	333	659
Pension liability adjustment	271	(7)
Share of other comprehensive losses of associates accounted for using equity method	10	116
Total other comprehensive income	920	908
Comprehensive income	1,853	1,942
Comprehensive income attributable to:		
Owners of the parent	1,545	1,503
Non-controlling interests	307	438

(3) Consolidated Statements of Changes in Net Assets

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 gains 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

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

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal 2021 (From April 1, 2020 to March 31, 2021)	Fiscal 2022 (From April 1, 2021 to March 31, 2022)
Cash flows from operating activities		
Income before provision for income taxes	1,306	1,663
Depreciation and amortization	1,348	1,370
Amortization of goodwill	45	48
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Increase (decrease) in provision for bonuses	(8)	5
Increase (decrease) in net defined benefit liability	(0)	(103)
Interest and dividends income	(47)	(49)
Interest expenses	107	97
Foreign exchange losses (gains)	(14)	(75)
Equity in losses of affiliates	(9)	121
Loss (gain) on sales of property, plant and equipment	6	(0)
Loss on retirement of noncurrent assets	7	70
Impairment loss	44	—
Loss (gain) on sales of investment securities	(5)	—
Loss on tax purpose reduction entry of non-current assets	13	—
Subsidy income	(13)	—
Decrease (increase) in notes and accounts receivable-trade	893	(90)
Decrease (increase) in inventories	575	(1,199)
Increase (decrease) in notes and accounts payable-trade	(738)	(490)
Increase (decrease) in accrued consumption taxes	(150)	(31)
Other	250	59
Subtotal	3,610	1,395
Interest and dividends income received	47	49
Interest paid	(110)	(97)
Interest paid	(37)	(302)
Net cash provided by operating activities	3,509	1,044
Cash flows from investing activities		
Payments into time deposits	(23)	(14)
Proceeds from withdrawal of time deposits	30	26
Proceeds from the sale of property, plant and equipment	2	2
Purchase of property, plant and equipment	(1,220)	(1,218)
Purchase of intangible assets	(54)	(64)
Proceeds from the sale of investment securities	14	—
Purchase of investment securities	(8)	(8)
Proceeds from business divestiture	348	—
Payments for retirement of property, plant and equipment	—	(47)
Subsidies received	13	—
Other	0	(1)
Net cash used in investing activities	(897)	(1,325)

(Millions of yen)

	Fiscal 2021 (From April 1, 2020 to March 31, 2021)	Fiscal 2022 (From April 1, 2021 to March 31, 2022)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	17	114
Proceeds from long-term loans payable	3,012	1,651
Repayment of long-term loans payable	(2,591)	(2,198)
Proceeds from sale-and-leaseback transactions	186	150
Repayments of lease obligations	(216)	(206)
Cash dividends paid	(218)	(235)
Purchase of treasury stock	(199)	(0)
Cash dividends paid to non-controlling interests	(21)	(38)
Net cash used in by financing activities	(31)	(762)
Effect of exchange rate change on cash and cash equivalents	35	75
Net increase (decrease) in cash and cash equivalents	2,616	(967)
Cash and cash equivalents at beginning of period	1,381	3,998
Cash and cash equivalents at end of the fiscal year	3,998	3,030

(5) Notes to Consolidated Financial Statements

(Note Concerning Going Concern Assumption)

None

(Note Concerning Significant Changes in Shareholders' Equity)

The Company disposed of 30,800 shares of treasury stock effective July 30, 2021 as restricted share-based remuneration based on a resolution at the Board of Directors meeting held on July 15, 2021. As a result of this disposal, capital surplus and treasury stock decreased by ¥0 million and ¥20 million, respectively, and capital surplus totaled ¥2,965 million and treasury stock ¥179 million as of the end of the fiscal year ended March 31, 2022.

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) from the beginning of the fiscal year ended March 31, 2022. The Company now recognizes revenue in the amount expected to be received in exchange for goods and services at the point in time when the control of the promised goods and services are transferred to the customer.

As a result, sales commissions and sales promotion costs conventionally recorded in selling, general and administrative expenses have been deducted from net sales.

This change in accounting policy is applied retroactively, in principle, and the consolidated financial statements reflect this change for the previous fiscal year. However, the following methods are applied as stipulated in Paragraph 85 of the Accounting Standard for Revenue Recognition.

- I. Information for comparison within contracts that recognized the amount of nearly all revenue following the previous handling until the start of the previous fiscal year will not be revised retroactively.
- II. Information for comparison regarding the amount of variable consideration included in contracts that recognized the amount of nearly all revenue following the previous handling until the start of the current fiscal year will be revised retroactively using the amount at the time the uncertainty concerning the amount of the variable consideration is eliminated.
- III. Consolidated financial statements for the previous fiscal year will not be revised retroactively regarding contracts that were started and ended within the previous fiscal year.
- IV. Information for comparison will be revised retroactively for contractual changes made prior to the start of the previous fiscal year by using accounting treatment based on the contractual conditions after reflecting all contractual changes.

As a result, compared to prior to retroactive application, net sales decreased by ¥36 million in the previous fiscal year and selling, general and administrative expenses decreased by ¥36 million, but operating income, ordinary income, and income before provision for income taxes were not affected. In accordance with the transitional treatment set forth in Paragraph 89-3 of the Accounting Standard for Revenue Recognition, the Company does not include any notes to “Revenue Recognition” for the previous fiscal year.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; below, “Accounting Standard for Fair Value Measurement”) from the start of the fiscal year ended March 31, 2022. Following the transitional handling stipulated in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the Company will apply the new accounting policy set forth in the Accounting Standard for Fair Value Measurement for all future years. There are no impacts on the Company’s consolidated financial statements as a result of this change.

(Additional Information)

In regard to the impacts of the COVID-19 pandemic, although it is difficult for the Group to accurately predict when the pandemic will end, the Group makes accounting estimates such as evaluation of the recoverability of deferred tax assets, assuming that the impacts will continue for a certain period of time in or after the next fiscal year but conditions will recover moderately thereafter.

(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 (From April 1, 2021 to March 31, 2022)
Food Solutions	12,502
Health Support	15,480
Specialties	3,800
Annual	31,783

(Segment Information)

Segment Information

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.

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.

Related information

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
16,565	2,621	3,219	6,369	1,416	322	30,514

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.

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.

Information on impairment loss on noncurrent assets by reporting segments

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.

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.

Information on amortization of goodwill and unamortized amounts by reporting segments

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.

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.

Information on gain on negative goodwill by reporting segments

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

None

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

None

(Per Share Information)

(Yen)

	Fiscal 2021 (From April 1, 2020 to March 31, 2021)	Fiscal 2022 (From April 1, 2021 to March 31, 2022)
Net assets per share	¥929.18	¥998.76
Earnings per share	¥40.99	¥40.16

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 2021 (From April 1, 2020 to March 31, 2021)	Fiscal 2022 (From April 1, 2021 to March 31, 2022)
Earnings per share		
Net income attributable to owners of the parent (Millions of yen)	742	726
Amounts not attributable to common shareholders (Millions of yen)	—	—
Net income attributable to owners of the parent related to common stock (Millions of yen)	742	726
Average number of common shares during the period (shares)	18,107,546	18,095,797

(Subsequent Events)

None

4. Other

(1) Changes of directors and officers

(a) Change of Representative Director

None

(b) Changes of other officers

- **Candidate for Director to be newly elected**

Hiromasa Suzuki, Outside Director

- **Director scheduled to retire**

Hisayuki Suekawa, Outside Director

- **Candidates for Audit & Supervisory Board Member to be newly elected**

Kazuya Inoue, Standing Audit & Supervisory Board Member (currently, Chief Manager of Finance Dept., General Management Div.)

Jyunko Taki, Outside Audit & Supervisory Board Member

- **Audit & Supervisory Board Members scheduled to retire**

Masaki Kataoka, Standing Audit & Supervisory Board Member

Tamon Tsuda, Outside Audit & Supervisory Board Member

(c) Scheduled date of election and retirement

June 28, 2022

(2) Other

None