



May 10, 2018

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**Notice Concerning Recording of Extraordinary Losses (Impairment Loss on Noncurrent Assets and Loss on Valuation of Shares of Subsidiaries), Differences Between Full-Year Consolidated Financial Forecasts and Results, and Differences Between Non-consolidated Financial Results and Previous Fiscal Year's Results**

Nitta Gelatin Inc. hereby announces that it has recorded extraordinary losses for the fiscal year ended March 31, 2018, along with reporting differences between its full-year consolidated financial forecasts for the fiscal year ended March 31, 2018 announced on February 8, 2018 and the results announced today.

At the same time, Nitta Gelatin also wishes to report differences between its non-consolidated financial results for the fiscal year ended March 31, 2018 and the previous fiscal year's results. Details are as follows.

**1. Recording of extraordinary loss (impairment loss) (consolidated)**

In the collagen peptide-related business of Nitta Gelatin USA, Inc., a consolidated subsidiary, the Company has been advancing measures to ensure competitiveness into the future, with a view to achieving sustainable growth.

In light of these measures, the Company has performed a recoverability assessment based on the Accounting Standard for Impairment of Fixed Assets. As a result, Nitta Gelatin has recorded an impairment loss of ¥862 million as an extraordinary loss for the fiscal year ended March 31, 2018.

In the collagen peptide-related business of Nitta Gelatin USA, Inc., the Company will continue working to enhance its earnings capabilities even further.

**2. Recording of extraordinary loss (loss on valuation of shares of subsidiaries) (non-consolidated)**

Nitta Gelatin recorded a loss on valuation of shares of subsidiaries of ¥2,003 million as an extraordinary loss for the fiscal year ended March 31, 2018. This loss was due to a substantial decrease in the valuation of the fair value of shares of consolidated subsidiaries, Nitta Gelatin USA, Inc. and Reva Proteins Ltd.

The extraordinary loss will not affect the consolidated business results, as the entire amount will be eliminated in Nitta Gelatin's consolidated financial statements.

**3. Differences between full-year consolidated financial forecasts for the fiscal year ended March 31, 2018 and results (from April 1, 2017 to March 31, 2018)**

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	37,400	1,100	1,000	600	¥32.66
Results for the Year Ended March 2017 (B)	37,777	1,095	1,009	(615)	¥(33.50)
Difference (B-A)	377	(4)	9	(1,215)	—
% change	1.0	(0.4)	0.9	—	—
(Reference) Results for the previous fiscal year (ended March 31, 2017)	36,575	1,617	1,831	693	37.74

Reasons for the difference

Net sales surpassed the previous forecast, owing to firm sales in Japan. On the earnings front, both operating income and ordinary income were largely in line with the previous forecasts. Meanwhile, net income attributable to owners of the parent fell below the previous forecast mainly due to the recording of an extraordinary loss (impairment loss), as detailed in the above Item 1.

**4. Differences between non-consolidated financial results for the fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018) and the previous fiscal year's results**

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Results for the Year Ended March 2017(A)	22,902	1,229	1,647	(663)	¥36.14
Results for the Year Ended March 2017 (B)	23,210	863	1,039	(1,256)	¥(68.37)
Difference (B-A)	308	(366)	(608)	(1,920)	—
% change	(1.3)	(29.8)	(36.9)	—	—

Reasons for the difference

Net sales surpassed the previous fiscal year's result. The increase in net sales was mainly due to solid sales of edible gelatin and gelatin for capsules, and firm sales of collagen peptide in the supplement market.

Meanwhile, operating income, ordinary income, and net income fell below the previous fiscal year's results, as a result of persistently high resource prices and foreign exchange losses due to fluctuations in foreign exchange market conditions, as well as the recording of an extraordinary loss (loss on valuation of shares of subsidiaries), as detailed in the above Item 2.