



December 19, 2019

Company name Nitta Gelatin Inc.
 Representative Koichi Ogata,
 Representative Director and President
 (Stock code: 4977; First Section of Tokyo Stock Exchange)
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Notice Regarding Changes at Specified Subsidiary and Subsidiary

Nitta Gelatin Inc. (hereinafter “Nitta Gelatin”) hereby announces that its board of directors passed a resolution today to transfer shares of Nitta Casings Inc., its specified subsidiary, and Nitta Casings (CANADA) Inc., its subsidiary. The details for these transfers are listed below.

1. Reason for transfer of shares

Nitta Gelatin is steadily advancing business strategies and moving ahead with selection and concentration in core business areas as stated under its management policy. As part of the policy, Nitta Gelatin will focus on its core business areas and agreed to the share transfer after deciding that it would be better for the enhancement of medium- to long-term corporate value of both companies to promote the integration of Nitta Casings and Nitta Casings (CANADA) and Viscofan USA Inc. and Viscofan Canada Inc., which have expertise in the casings business.

2. Overview of specified subsidiary and subsidiary to undergo changes

(Overview of Nitta Casings Inc.)

| | | | | |
|---|---------------------------------|--|--|---------------------|
| (1) | Name | Nitta Casings Inc. | | |
| (2) | Location of head office | 141 Southside Ave, Bridgewater Township, New Jersey, USA | | |
| (3) | Representative, Name | CEO, Rodney Eugene Moore | | |
| (4) | Business activities | Production and sales of collagen casing | | |
| (5) | Paid-in capital | US\$27,400,000 (¥2,957 million) | | |
| (6) | Date of establishment | August 1996 | | |
| (7) | Shareholder, Shareholding ratio | Nitta Gelatin 97.2%, Nitta Gelatin Holdings, Inc. 2.3% | | |
| (8) | Affiliation with Nitta Gelatin | Capital-related | Nitta Casings Inc. is a wholly owned consolidated subsidiary of Nitta Gelatin and Nitta Gelatin Holdings, Inc., a subsidiary of Nitta Gelatin. | |
| | | Personal-related | Four directors dispatched from Nitta Gelatin. | |
| | | Trade-related | No special affiliation. | |
| (9) Financial condition and operating results of the company for the past three years | | (Unit: Millions of yen) | | |
| | Fiscal period | FY ended March 2017 | FY ended March 2018 | FY ended March 2019 |
| | Net assets | 112 | 444 | (161) |
| | Total assets | 3,381 | 3,333 | 2,973 |
| | Net sales | 4,543 | 4,556 | 4,491 |
| | Operating income | (88) | 178 | (95) |
| | Net income | (458) | 148 | (380) |

(Overview of Nitta Casings (CANADA) Inc.)

| | | | | |
|---|---------------------------------|--|--|-------------------------|
| (1) | Name | Nitta Casings (CANADA) Inc. | | |
| (2) | Location of head office | 57 Steelcase Road West, Markham, Ontario, Canada | | |
| (3) | Representative, Name | CEO, Rodney Eugene Moore | | |
| (4) | Business activities | Production and sales of collagen casing | | |
| (5) | Paid-in capital | C\$1,246,000 (¥101 million) | | |
| (6) | Date of establishment | August 1996 | | |
| (7) | Shareholder, Shareholding ratio | Nitta Gelatin 100% | | |
| (8) | Affiliation with Nitta Gelatin | Capital-related | Wholly owned consolidated subsidiary of Nitta Gelatin. | |
| | | Personal-related | Two directors dispatched from Nitta Gelatin. | |
| | | Trade-related | No special affiliation. | |
| (9) Financial condition and operating results of the company for the past three years | | | | (Unit: Millions of yen) |
| | Fiscal period | FY ended March 2017 | FY ended March 2018 | FY ended March 2019 |
| | Net assets | 68 | 72 | 81 |
| | Total assets | 202 | 185 | 182 |
| | Net sales | 499 | 463 | 454 |
| | Operating income | (18) | 22 | 0 |
| | Net income | (15) | 22 | 1 |

3. Overview of parties receiving the transfer of equity

| | | Party 1 | | Party 2 | |
|-----|--------------------------------|---|-------------------------|---|-------------------------|
| (1) | Name | Viscofan USA Inc. | | Viscofan Canada Inc. | |
| (2) | Location of head office | 50 County Court, Montgomery, Alabama, USA 36105 | | 290 Rue Benjamin Hudon, Saint-Laurent, Montreal, Quebec, Canada | |
| (3) | Representative, Name | CEO, Guillermo Eguidazu Chapa | | CEO, David Flomen | |
| (4) | Business activities | Production and sales of artificial casing | | Sales of artificial casing | |
| (5) | Paid-in capital | US\$35,586,000 (¥3,840 million) | | C\$1,000 (¥0 million) | |
| (6) | Date of establishment | February 1998 | | November 2006 | |
| (7) | Affiliation with Nitta Gelatin | Capital-related | No special affiliation. | Capital-related | No special affiliation. |
| | | Personal-related | No special affiliation. | Personal-related | No special affiliation. |
| | | Trade-related | No special affiliation. | Trade-related | No special affiliation. |
| | | Corresponding status with the related parties | No special affiliation. | Corresponding status with the related parties | No special affiliation. |

4. Transfer cost and status of investment before/after transfer of shares

(Nitta Casings Inc.)

| | | |
|-----|--------------------------------------|----------------------------------|
| (1) | Investment before transfer of shares | 100% |
| (2) | Transfer amount | US\$12,150,000 (¥1,311 million)* |
| (3) | Investment after transfer of shares | —% |

(Nitta Casings (CANADA) Inc.)

| | | |
|-----|--------------------------------------|-------------------------------|
| (1) | Investment before transfer of shares | 100% |
| (2) | Transfer amount | US\$1,350,000 (¥145 million)* |
| (3) | Investment after transfer of shares | —% |

* The listed transfer amount is based on the calculated business value. The amount paid includes the addition of liabilities, etc. planned to be taken over by Viscofan USA Inc. and Viscofan Canada Inc.

Note that the transfer amount is subject to change depending on the final decisions made based on the transfer contract, including financial statements on the date of transfer.

5. Dates for changes (planned)

| | | |
|-----|--|--------------------------------|
| (1) | Date of board of directors' resolution | December 19, 2019 |
| (2) | Date to conclude contract for transfer of shares | December 19, 2019 (local time) |
| (3) | Date of implementation for transfer of shares | December 19, 2019 (local time) |

6. Future outlook

With this transfer of shares, Nitta Casings Inc. and Nitta Casings (CANADA) Inc. will be excluded from the scope of consolidation for Nitta Gelatin.

The Group is currently assessing the impact of this change at the special subsidiary and subsidiary on business results and will promptly disclose any material impact that may arise for the fiscal year ending March 2020.

Note: Rates used for conversion into Japanese yen were US\$1=¥107.93 and C\$1=¥81.49 (Rate as of September 30, 2019).