



July 15, 2021

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Notice Regarding the Disposal of Treasury Stock as Restricted Share-based Remuneration

Nitta Gelatin Inc. (hereinafter “Nitta Gelatin”) hereby announces that at a Board of Directors meeting held on July 15, 2021, Nitta Gelatin passed a resolution to dispose of treasury stock as restricted share-based remuneration (hereinafter “Disposal of Treasury Stock”), with details as follows.

1. Overview of the disposal

(1) Payment date	July 30, 2021
(2) Class and number of shares to be disposed	Common stock of Nitta Gelatin: 30,800 shares
(3) Disposal price	¥637 per share
(4) Total disposal amount	¥19,619,600
(5) Scheduled disposal recipient	Directors of Nitta Gelatin (*): 5 people, 20,800 shares Executive Officers of Nitta Gelatin: 7 people, 10,000 shares * Excluding Outside Directors.
(6) Other	Nitta Gelatin has submitted a Securities Notification Statement based on the Financial Instruments and Exchange Act for the Disposal of Treasury Stock.

2. Objective and reason for the disposal

At Nitta Gelatin’s 82nd Ordinary General Meeting of Shareholders held on June 29, 2021, it was approved that, in order to provide the Directors (excluding Outside Directors; hereinafter “Eligible Directors”) of Nitta Gelatin with a greater incentive than hitherto to create sustainable increases in corporate value, and with the aim of more closely aligning the interests of Eligible Directors with those of shareholders, a share-based remuneration plan that delivers restricted shares (hereinafter

“Plan”) shall be introduced, and monetary remuneration receivables shall be paid to Eligible Directors as remuneration, etc. in relation to restricted shares up to a total annual amount set at ¥80 million based on the Plan. It was also approved that the maximum number of restricted shares allotted to Eligible Directors in each fiscal year shall be no more than 80,000 shares, that the transfer restriction period for restricted shares shall be from the day on which the restricted shares are delivered to the day on which an allottee retires or resigns from all positions of Director, Executive Officer, or employee of Nitta Gelatin, and that other measures be adopted.

On this day, for the restricted share-based remuneration during the period from Nitta Gelatin’s 82nd Ordinary General Meeting of Shareholders to Nitta Gelatin’s 83rd Ordinary General Meeting of Shareholders that is scheduled to be held in June 2022, the Board of Directors of Nitta Gelatin resolved to provide a total of ¥19,619,600 in monetary remuneration receivables and allot 30,800 shares of Nitta Gelatin’s common stock as specified restricted shares to five Eligible Directors and seven Executive Officers of Nitta Gelatin who are scheduled to receive the allotments (hereinafter collectively referred to as “Allottees”) upon Nitta Gelatin receiving all such monetary remuneration receivables in the form of contribution in kind from the Allottees. Nitta Gelatin determines the amount of monetary remuneration receivables for each Allottee based on comprehensive considerations of various factors including the contributions made by each Allottee to Nitta Gelatin. In addition, the monetary remuneration receivables are provided to the Allottees on the condition that each Allottee enters into a restricted share allotment agreement that includes the following terms in general (hereinafter “Allotment Agreement”) with Nitta Gelatin.

3. Overview of the Allotment Agreement

(1) Transfer restriction period

The period from July 30, 2021, until the day that an Allottee retires or resigns from all positions of Director, Executive Officer, or employee of Nitta Gelatin

During the transfer restriction period defined above (hereinafter “Restriction Period”), an Allottee may not transfer the restricted shares, create a pledge or transfer security interest, make a gift inter vivos or bequest, or otherwise do any act of disposing of the restricted shares allotted to that Allottee (hereinafter “Allotted Shares”) to a third party (hereinafter “Transfer Restrictions”).

(2) Acquisition of restricted shares without compensation

If an Allottee retires or resigns from all positions of Director, Executive Officer, or employee of Nitta Gelatin during the period between the commencement date of the Restriction Period and the day before the ordinary general meeting of shareholders of Nitta Gelatin first held thereafter, Nitta Gelatin shall, by rights, acquire the Allotted Shares without compensation upon the retirement or resignation of the Allottee, except in cases where there is a reason that Nitta Gelatin’s Board of Directors deems to be justified.

In addition, in the event that there are any Allotted Shares for which the Transfer Restrictions have not been lifted based on the provisions for the lifting of the Transfer Restrictions in (3) below at the expiry of the Restricted Period (hereinafter “Expiration of Restriction Period”), Nitta Gelatin

shall, by rights, acquire the Allotted Shares without compensation as of the time immediately after the Expiration of Restriction Period.

(3) Lifting of Transfer Restrictions

On the condition that an Allottee has remained in the position of Director, Executive Officer, or employee of Nitta Gelatin during the period between the commencement date of the Restriction Period and the day of the ordinary general meeting of shareholders of Nitta Gelatin first held thereafter, Nitta Gelatin shall lift the Transfer Restrictions for all of the Allotted Shares held by the Allottee at the Expiration of Restriction Period. However, in the event that the Allottee retires or resigns from all positions of Director, Executive Officer, or employee of Nitta Gelatin for reasons deemed justified by the Board of Directors of Nitta Gelatin during the period between the commencement date of the Restriction Period and the day before the ordinary general meeting of shareholders of Nitta Gelatin first held thereafter, the Transfer Restrictions shall be lifted, at the point in time directly after the Allottee has retired or resigned, on a number of Allotted Shares equal to the result of multiplying (a) the quotient of the number of months between July 2021 and the month that includes the day on which the Allottee retires or resigns from all positions of Director, Executive Officer, or employee of Nitta Gelatin divided by 12 (however, in cases where the result of the calculation exceeds 1, it shall be set to 1) by (b) the number of Allotted Shares held by the Allottee at that point in time (however, in cases where fractions of less than 1 share are generated by the calculation, they shall be discarded).

(4) Conditions for management of shares

The Allottees shall deposit and maintain the Allotted Shares with SMBC Nikko Securities Inc., by opening an account to register and record the Allotted Shares until the Transfer Restrictions are lifted in the manner designated by Nitta Gelatin.

(5) Treatment during reorganization, etc.

In the event that a proposal for reorganization, etc., including a merger agreement whereby the Company becomes the disappearing company and a share exchange agreement or transfer plan under which the Company becomes a wholly owned subsidiary of another company, is approved by a general meeting of shareholders of Nitta Gelatin (however, in cases where the approval of a general meeting of shareholders is not required for said reorganization, etc., the Board of Directors of Nitta Gelatin) during the Restriction Period (limited to cases in which the effective date of said reorganization, etc. comes before the Expiration of Restriction Period; hereinafter “Time of Approval of Reorganization, Etc.”), and an Allottee retires or resigns from all positions of Director, Executive Officer, or employee of Nitta Gelatin as a result of said reorganization, etc., or in cases where shares must be transferred due to the provisions of laws and regulations such as the Companies Act, by a resolution of the Board of Directors of Nitta Gelatin, the Transfer Restrictions shall be lifted, on the business day directly before the effective date of said reorganization, etc., on a number of Allotted Shares equal to the result of multiplying (a) the quotient of the number of

months between July 2021 and the month that includes the day of said approval divided by 12 (however, in cases where the result of the calculation exceeds 1, it shall be set to 1) by (b) the number of Allotted Shares held by the Allottee on the day of said approval (however, in cases where fractions of less than 1 share are generated by the calculation, they shall be discarded).

In addition, at the Time of Approval of Reorganization, Etc., Nitta Gelatin shall, by rights, acquire the Allotted Shares for which the Transfer Restrictions have not been lifted on the business day immediately preceding the effective date of said reorganization, etc. without compensation on that day.

4. Basis for calculation of the amount to be paid and specific details thereof

To eliminate any arbitrariness in the disposal price for the Disposal of Treasury Stock, the closing price of ¥637 per share of Nitta Gelatin's common stock on the Tokyo Stock Exchange on July 14, 2021, the business day immediately preceding the date of the resolution by the Board of Directors of Nitta Gelatin, is used for the disposal price. Because this is the market price that was recorded directly before the date of the resolution by the Board of Directors of Nitta Gelatin, we believe that it is reasonable and does not constitute a particularly advantageous price for the Allottees.