

December 16, 2021

Company name Nitta Gelatin Inc.
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Plan for Conformance with the Continued-Listing Criteria for the New Market Segments

Nitta Gelatin Inc. (hereinafter “Nitta Gelatin”) hereby announces that in response to the reorganization of market segments by Tokyo Stock Exchange, Inc. (“TSE”) scheduled in April 2022, it has submitted its application today to select for listing in the Prime Market. As Nitta Gelatin did not meet the continued-listing criteria for the Prime Market at the time of the base date for the transition (June 30, 2021), it has formulated its plan for conformance with the continued-listing criteria for the new market segments as described below.

1. Nitta Gelatin’s status of conformance with the continued-listing criteria and the planning period

Nitta Gelatin’s status of conformance with the continued-listing criteria for the Prime Market on the base date for the transition was as described below, and its tradable share market capital and average daily trading value did not meet the criteria. Nitta Gelatin is proceeding with initiatives to meet the continued-listing criteria by March 31, 2025, the end of fiscal 2024, in which the results of the medium-term management plan (fiscal 2021 to fiscal 2023), announced on May 13, 2021, will be announced.

Status of conformance with the continued-listing criteria for the Prime Market

	No. of Shareholders	No. of Tradable Shares (Per unit)	Tradable Share Market Capital (Billions of yen)	Tradable Share Ratio (%)	Average Daily Trading Value (Billions of yen)
Nitta Gelatin’s Status (Transition base date)	9,893	97,419 units	6.31 billion yen	53.0%	9 million yen
Continued-listing Criteria	—	20,000 units	10.0 billion yen	35%	20 million yen
Listed in Plan	—	—	Yes	—	Yes

Note: Nitta Gelatin’s status of conformance was calculated based on the distribution of shares, etc. of Nitta Gelatin’s shares, etc. ascertained by TSE on the base date.

2. Basic policy, issues and detailed actions of initiatives to achieve conformance with the continued-listing criteria

Specific details of the initiatives to raise the tradable share market capital and the average daily trading value to achieve conformance with the continued-listing criteria for the Prime Market are presented in the attached “Plan for Conformance of Prime Market Continued-Listing Criteria.”

Plan for Conformance of Prime Market Continued-Listing Criteria

December 16, 2021



Nitta Gelatin Inc.

1. Status of Conformance and the Planning Period
2. Basic Policy
3. Issues and Detailed Actions of Initiatives
4. Evaluation of Measures

1

1. Status of Conformance and the Planning Period

(1) Status of conformance with the continued-listing criteria

	Nitta Gelatin	Continued-Listing Criteria
● Tradable Share Market Capital	¥ 6.3 billion	¥ 10.0 billion
● Average Daily Trading Value	¥ 9 million	¥ 20 million

(2) Planning Period

Until March 31, 2025, the end of fiscal 2024, in which the results of the medium-term management plan (fiscal 2021 to fiscal 2023) will be announced

2

Basic Policy

- (i) Enhanced profitability and steady growth through the achievement of the medium-term management plan
- (ii) Enhanced name recognition through PR and IR activities
- (iii) Enhanced liquidity through an increase in tradable shares

3

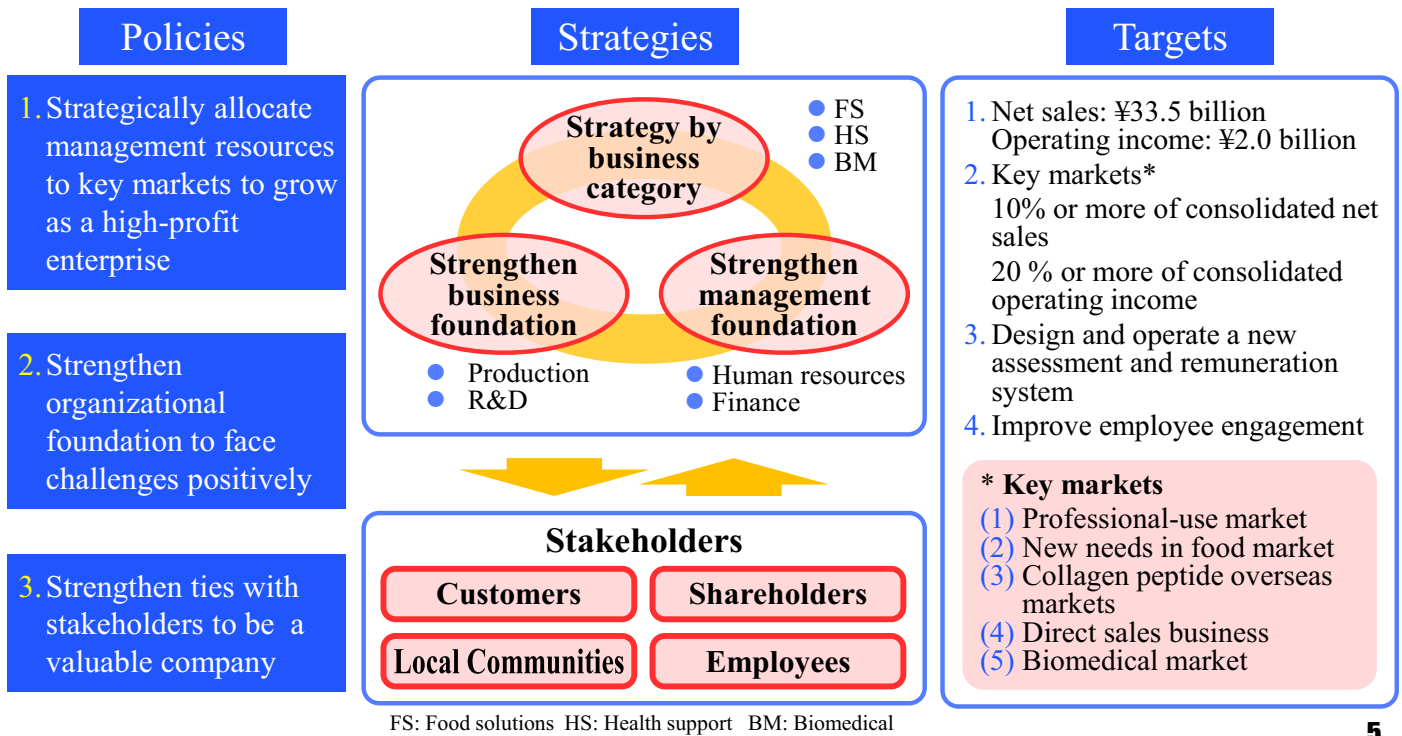
- (1) Increasing market capital through enhanced corporate value**
 - A) Steady implementation of the medium-term management plan
 - B) Enhanced promotion of sustainability activities
 - C) Enhanced shareholder return
- (2) Revitalizing stock trading, enhancing name recognition, enhancing liquidity**
 - A) Enhancing name recognition by strengthening PR and IR
 - B) Enhancing liquidity by reviewing cross-holdings

4

(1) Enhancing Corporate Value

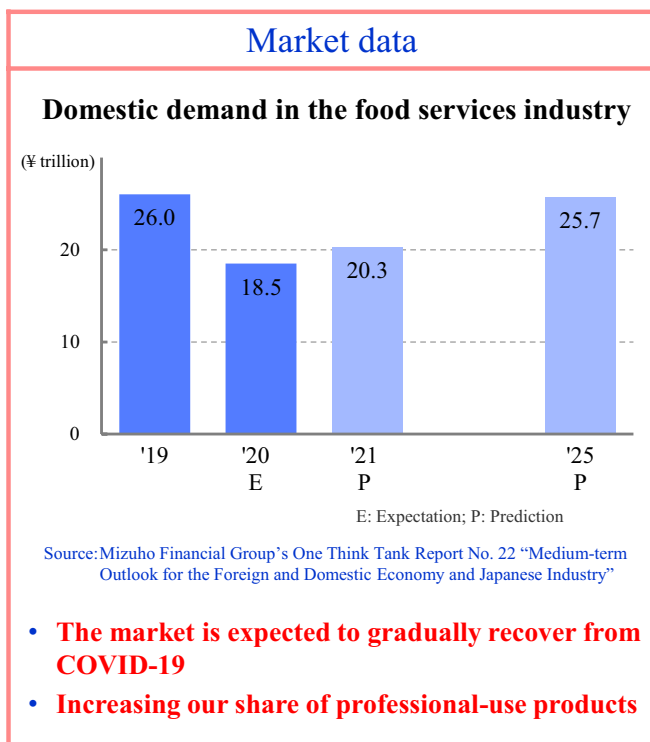
A) Steady implementation of the medium-term management plan

Implementing following the medium-term management plan (fiscal 2021 to fiscal 2023)



(1)-A) Medium-Term Management Plan Key Markets

(i) Professional-use market



Envisioned customer needs

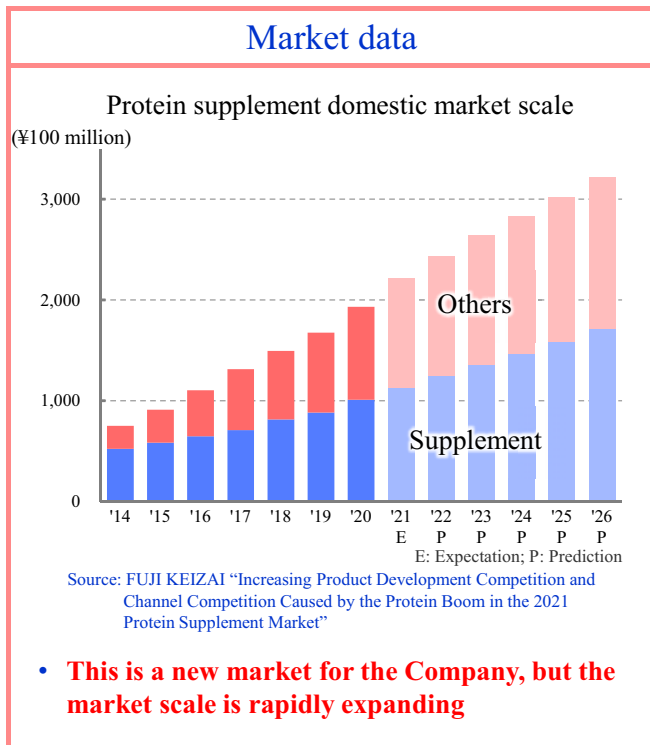
- Responding to the diversification in consumer foods and increased health awareness
- Realizing labor saving against the backdrop of structural personnel shortages (easy to prepare, pre-made foods, etc.)
- Improving consumer food experiences through new tastes and textures
- Accommodating new lifestyles with COVID-19

Nitta Gelatin's strengths

- Various processes are possible as Japan's only gelatin manufacturer
- Providing menus through different texture proposals that use not only animal-based gelatin as the raw ingredients, but that also combine plant-based raw ingredients
- Providing cutting edge food needs and menus through networks with popular chefs in Japan

(1)-A Medium-Term Management Plan Key Markets

(ii) New needs in food market



- Envisioned customer needs**
- Responding to increased awareness of the importance of protein consumption in maintaining health
 - Capturing the muscular repair and recovery needs of athletes and the needs of young people to build beautiful muscles
 - Responding to the growing market for plant-based ingredients
 - Accommodating new lifestyles with COVID-19

- Nitta Gelatin’s strengths**
- Collagen is a high-quality protein source and is easily ingested due to its excellent dissolvability
 - Our knowledge related to collagen based on our longstanding research
 - Our product development capabilities to meet any customer desires

(1)-A Medium-Term Management Plan Key Markets

(iii) Collagen peptide overseas markets



- Envisioned customer needs**
- Expanded interest in the anti-aging properties of collagen in North America
 - Responding to increased collagen demand in Asia backed by increased beauty awareness
 - Increasing needs for safe, reliable products and ensuring functionality

- Nitta Gelatin’s strengths**
- Accumulation of data related to collagen peptides from our longstanding research
 - Our trust as Japan’s top collagen manufacturer

(1)-A) Medium-Term Management Plan Key Markets

(iv) Direct sales business

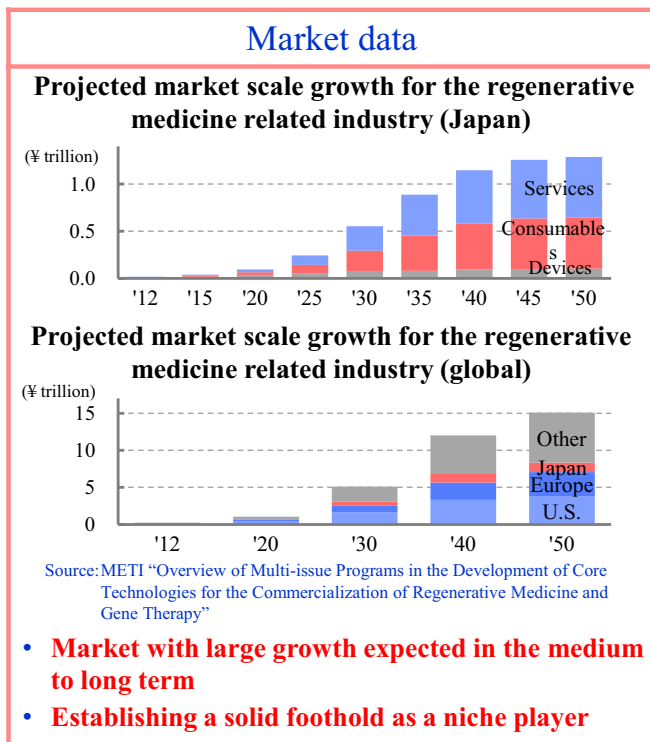


- Envisioned customer needs**
- Maintaining health and youthful beauty
 - Prolonging healthy lives by preventing frailty
 - Growth in sports nutrition

- Nitta Gelatin's strengths**
- Deep knowledge related to collagen
 - Top results in collagen peptide functionality (51 patents, 33 documents)
 - Customer-focused services (77% come-back rate among existing customers)

(1)-A) Medium-Term Management Plan Key Markets

(v) Biomedical market

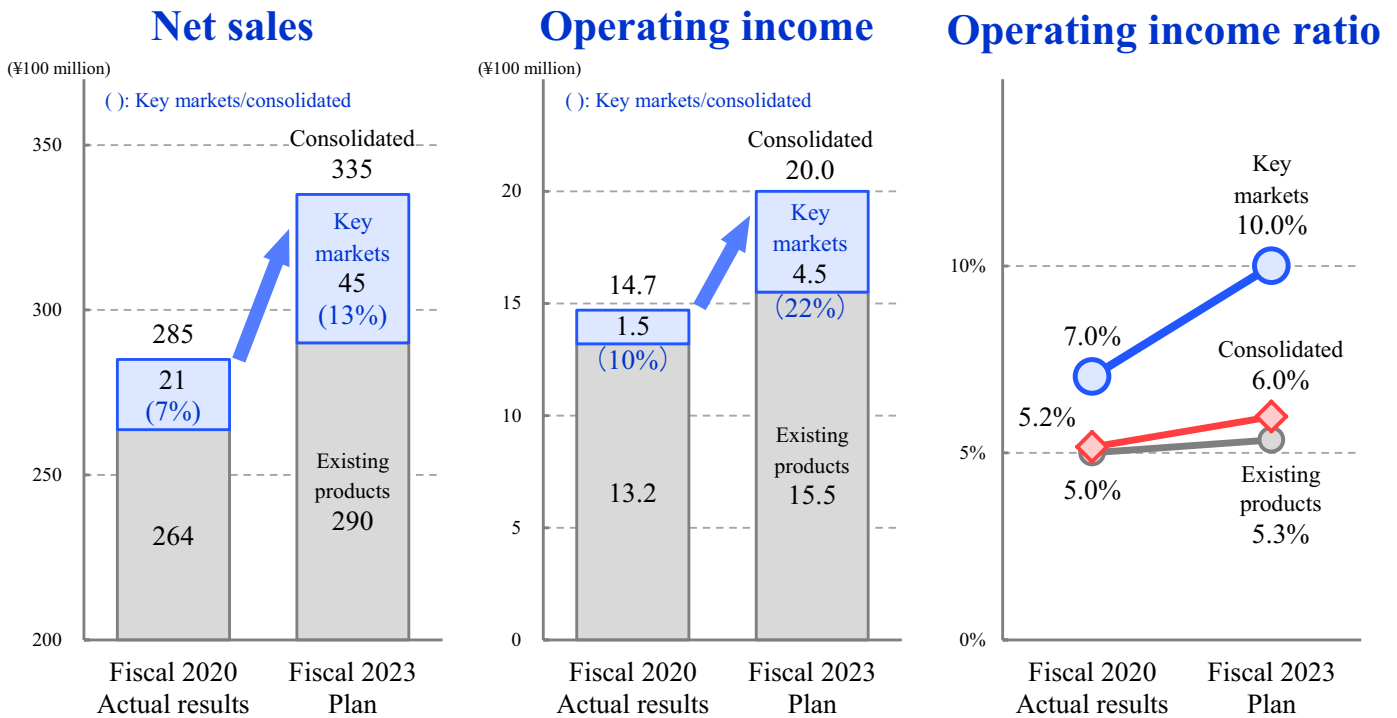


- Envisioned customer needs**
- Safety that meets strict medical standards
 - Biomaterials that can be processed into various shapes
 - Efficient cell transport
 - Effective cell cultivation

- Nitta Gelatin's strengths**
- The superiority of collagen, a biologically derived material (biological compatibility, biological absorbability)
 - Trust in our safety as Japan's top gelatin manufacturer
 - Our accumulation of knowledge through longstanding collagen and gelatin research

(1)-A) Medium-Term Management Plan Key Markets

(vi) Performance targets in the medium-term management plan

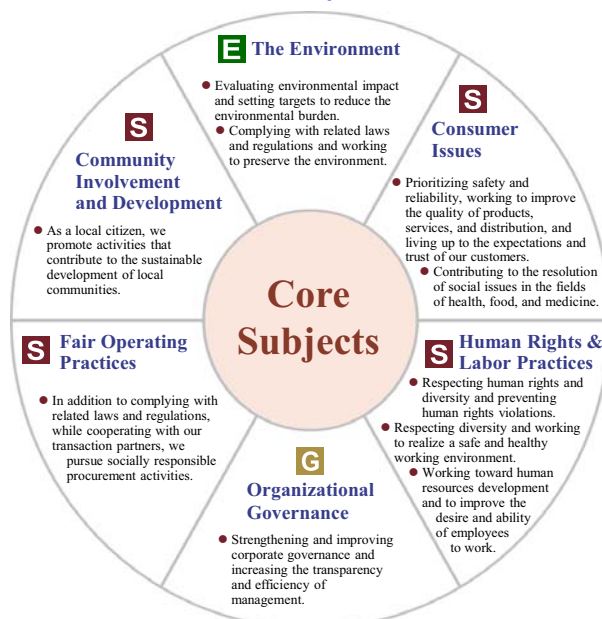


*Fiscal 2020 excludes our adhesives business as it was transferred (February 2021)

(1) Enhancing Corporate Value

B) Enhanced promotion of sustainability activities

Sustainability Initiatives



Focus Activities

Toward resolving social issues	Details of initiatives <ul style="list-style-type: none"> Resolving issues in an aging society Maintaining and improving human health Resolving issues in food Resolving issues in the medical field 	Related SDGs
Environmental improvement initiatives	Details of initiatives <ul style="list-style-type: none"> Reducing CO₂ emissions Reducing water use Environmental improvements through byproducts 	Related SDGs
Realizing better workplaces & human resource Development	Details of initiatives <ul style="list-style-type: none"> Promoting diversity Labor safety and sanitation Supporting employee health management Human resources development Maintaining work-life balance 	Related SDGs
Living with & contributing to local Communities	Details of initiatives <ul style="list-style-type: none"> Regional cleanups, ground openings Factory tours Various sports support 	Related SDGs

- To realize a sustainable society and environment, we have established six policies in line with the ISO26000 core subjects
- These policies are fundamental for strengthening relationship with all our stakeholders (customers, shareholders, local communities and employees)

(1) Enhancing Corporate Value

C) Enhanced shareholder return

Revising our dividend distribution policy

From our existing policy of stable dividends...

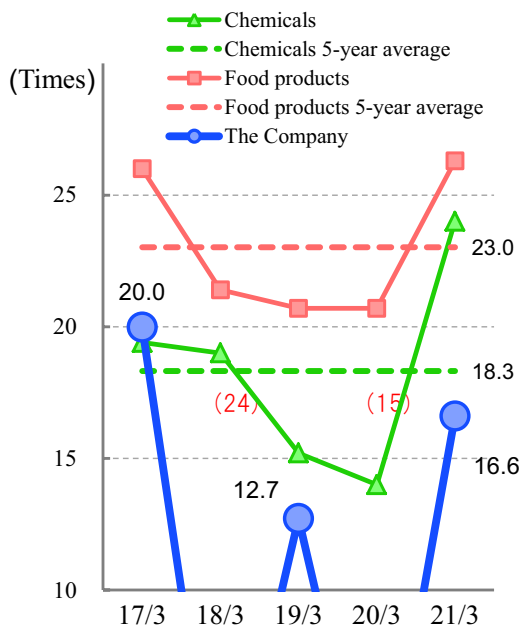


Targeting a dividend on equity ratio (DOE) of 1.5% or higher

(2) Revitalizing stock trading, enhancing name recognition, enhancing liquidity

Issues	Measures				
<ul style="list-style-type: none"> Enhancing name recognition through proactive PR and IR activities 	<table border="1" style="width: 100%;"> <tr> <td style="width: 15%; text-align: center;">PR</td> <td> <ul style="list-style-type: none"> Building a brand image as a company that contributes to improving people’s quality of life </td> </tr> <tr> <td style="text-align: center;">IR</td> <td> <ul style="list-style-type: none"> Increasing the number of convenient briefing opportunities for investors (holding online results briefings and investor briefings) Approaching a wide range of investors through participation in IR fairs </td> </tr> </table>	PR	<ul style="list-style-type: none"> Building a brand image as a company that contributes to improving people’s quality of life 	IR	<ul style="list-style-type: none"> Increasing the number of convenient briefing opportunities for investors (holding online results briefings and investor briefings) Approaching a wide range of investors through participation in IR fairs
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<ul style="list-style-type: none"> Enhancing growth potential and earning power 	<ul style="list-style-type: none"> Strategic allocation of management resources to key markets 				
<ul style="list-style-type: none"> Increasing the number of tradable shares 	<ul style="list-style-type: none"> Reviewing cross-holdings of financial institutions and transaction partners 				

(i) PER (price earnings ratio)

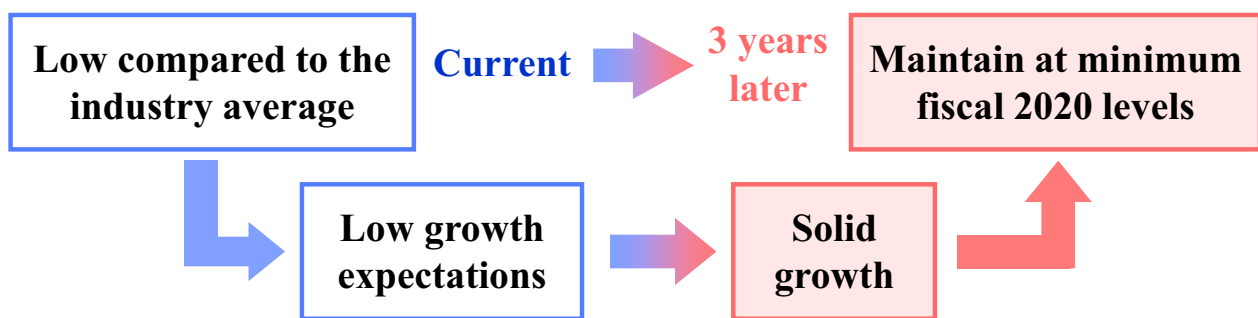


(¥100 million)

	PER (Times)	Fiscal 2020		Fiscal 2023 (Targets)	
		Net income	Market capital	Net income	Market capital
Nitta Gelatin (21/3)	16.6		123		207
Chemicals 5-year average	18.3	7.42	135	12.48	228
Food products 5-year average	23.0		170		287

Note: Chemicals and food products use the average value of the TSE First Section
The Company's PER value is produced using simple calculation of our net income and the number of issued shares

(i) PER (price earnings ratio)

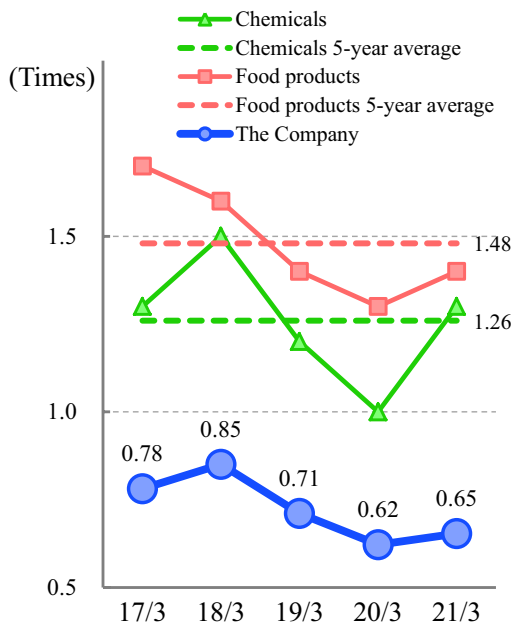


Target market capital ¥20.7 billion	×	Current tradable share ratio 53%	=	Tradable share market capital ¥10.9 billion
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Prime Market criteria for conformance of ¥10.0 billion cleared

Note: Because earnings per share (EPS) will increase through the achievement of the medium-term management plan even if fiscal 2023 PER is the same as current levels, tradable share market capital will exceed the continued-listing criteria

(ii) PBR (price book-value ratio)

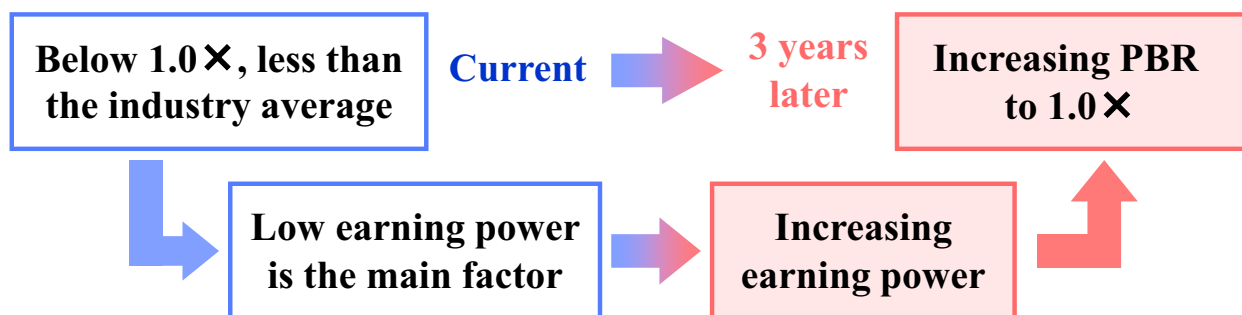


(¥100 million)

	PBR (Times)	Fiscal 2020		Fiscal 2023 (Targets)	
		Net assets	Market capital	Net assets	Market capital
Nitta Gelatin (21/3)	0.65		123		140
PBR target	1.0		188		214
Chemicals 5-year average	1.26	188	237	214	270
Food products 5-year average	1.48		279		318

Note: Chemicals and food products use the average value of the TSE First Section The Company's PBR value is produced using simple calculation of our net assets and the number of issued shares

(ii) PBR (price book-value ratio)



Target market capital ¥21.4 billion	×	Current tradable share ratio 53%	=	Tradable share market capital ¥11.3 billion
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Prime Market criteria for conformance of ¥10.0 billion cleared

Note: By increasing PBR to 1.0x by achieving the medium-term management plan, tradable share market capital will exceed the continued-listing criteria

(iii) Average daily trading value

