

Discontinuation of Production at a Consolidated Subsidiary and Revisions to the Full-Year Forecast of Financial Results for the Fiscal Year Ending March 31, 2024

February 13, 2024

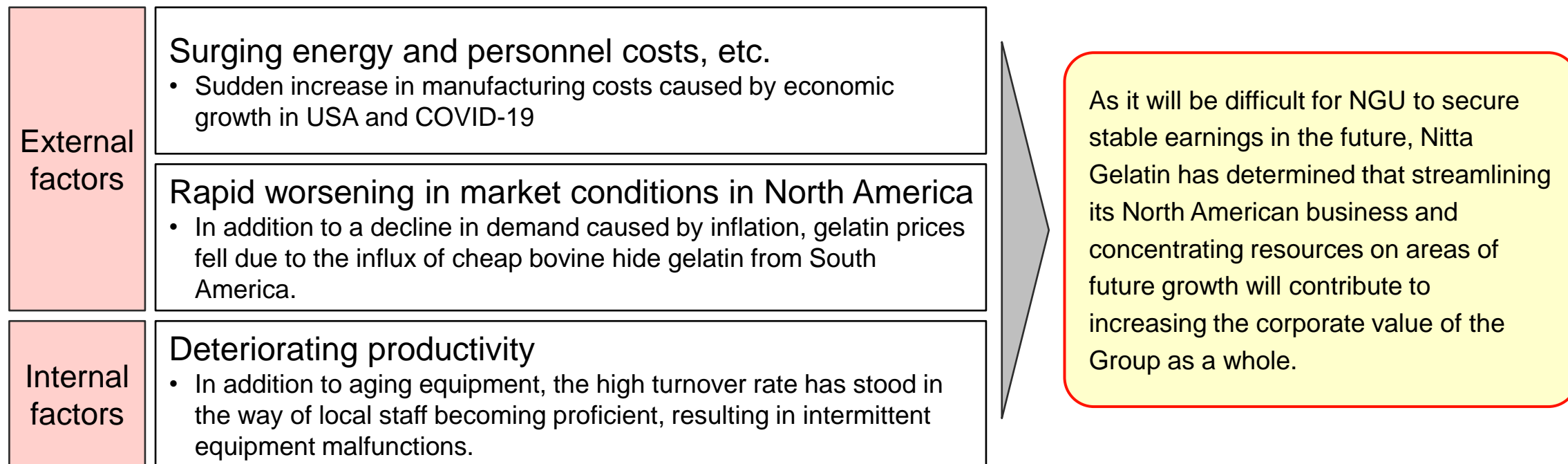


Nitta Gelatin Inc.



1. About the Discontinuation of Production at a Consolidated Subsidiary

■ Causes of discontinuation of production at Nitta Gelatin USA, Inc. (NGU)



■ Future supply and sales systems

- In the North American market, sales of porcine gelatin produced at NGU will be discontinued as soon as the contract ends, but bovine bone gelatin, etc. will continue to be sold.
- In the Japan and Asian markets, sales will continue as before, although some production bases will change.

2. NGU's Financial Results and Impacts on Nitta Gelatin's Consolidated Financial Results

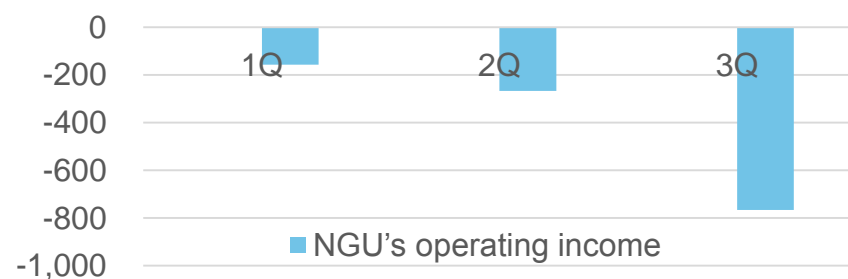
NGU's financial results (quarterly)

(Millions of yen)

	1Q	2Q	3Q	3Q cumulative
Operating income	(157)	(268)	(766)	(1,191)
Ordinary income	(176)	(290)	(812)	(1,279)
Extraordinary loss	-	-	1,762	1,762
Net loss	(176)	(290)	(2,655)	(3,122)

Quarterly trend in operating income

(Millions of yen)



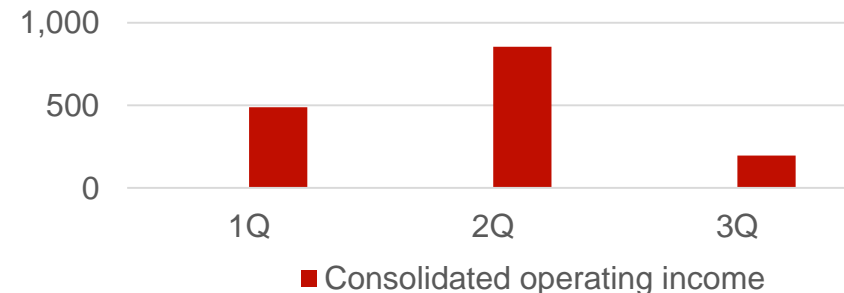
Nitta Gelatin's consolidated financial results (quarterly)

(Millions of yen)

	1Q	2Q	3Q	3Q cumulative
Operating income	489	854	197	1,541
Ordinary income	741	997	(27)	1,712
Extraordinary loss	0	26	1,762	1,789
Net income attributable to owners of the parent	248	442	(2,300)	(1,610)

Quarterly trend in operating income

(Millions of yen)



- Despite efforts to improve productivity by dispatching technical staff from Japan, operating losses increased with each quarter.
- As the rise in raw material prices peaked in the third quarter, the extent of these losses widened sharply. Determined that production must be discontinued to improve financial results from the next fiscal year onwards.

- Consolidated operating income worsened due to the impact of the rapid increase in NGU's operating loss in the third quarter.
- Recorded an extraordinary loss (impairment loss on noncurrent assets) associated with the decision to discontinue production at NGU totaling approximately ¥1.7 billion in the third quarter.

3. About the Revisions to Forecast of Financial Results

■ Revised full-year forecast of consolidated financial results for FY2024

(Millions of yen)

	FY2024			FY2023	
	Previous forecast (May 2023)	Current forecast (February 2024)	Change	Results	Difference
Net sales	40,000	40,000	—	39,186	813
Operating income	2,100	1,700	(400)	2,259	(559)
Ordinary income	2,100	1,700	(400)	2,248	(548)
Net income attributable to owners of the parent	1,200	(2,400)	(3,600)	1,558	(3,958)
Cash dividends per share (yen)*	16.0	16.0	—	16.0	—

* Includes the ¥8 interim dividend already paid.

- Net sales: Expected to maintain pace through the third quarter and achieve initial forecast
- Operating income and ordinary income: Deterioration in NGU's productivity will affect the operating income of the entire Group (full-year impact is expected to be approximately -¥1.7 billion)
- Net income attributable to owners of the parent: Plan to record an extraordinary loss associated with the decision to discontinue production at NGU
(3Q: Impairment loss on noncurrent assets; 4Q: Loss on liquidation of business, including special retirement expenses and costs for the removal of production facilities)
- Annual dividend forecast: Unchanged from the previous forecast (year-end dividend forecast ¥8; full-year dividend forecast ¥16)



Note:

The opinions, outlooks, and forecasts contained in this document are based on the judgment of Nitta Gelatin at the time of the preparation of the material.

The Company does not guarantee the accuracy of this information. Due to various factors such as the market environment, future results may vary from those in this document. Thank you for your understanding.