



July 10, 2013

Company name: Nitta Gelatin Inc.
Representative: Norimichi Soga, Representative Director and President
(Stock code: 4977; First Section of Tokyo Stock Exchange)
Contact: Tsuneo Sasaki, Director and Senior Managing Executive Officer,
General Manager of the General Administration Division
Tel: +81-72-949-5381

Notice of Issuance of New Shares and Offer of Existing Shares

Nitta Gelatin Inc. has announced that at a Board of Director's meeting held on July 10, 2013 the Company passed a resolution regarding the issuance of new shares and the offer of existing shares, with details as follows.

Purpose of Fund Procurement

The Nitta Gelatin Group is globally developing the Collagen Material business and the Formula Solution business.

In the Collagen Material business, the Group is engaged in the integrated manufacturing and sale of collagen materials ranging from ingredients to final products. These materials include gelatin, collagen peptide, collagen casings, and collagen, and are used in a host of applications including food, pharmaceuticals, and industrial materials. In the Formula Solution business, the Group manufactures and sells a range of high-value-added products, including food materials such as edible gelling agents and food stabilizers and quality enhancers; adhesives such as hot-melt adhesives and animal glues; and sealants (high-performance gaskets).

Looking at the recent operating environment, overseas markets for the Group's products have been expanding atop economic development and population growth in emerging countries. Notably, in the Asian region, the Group's home market, the Westernization of diets and diversification of dietary lifestyles are proceeding at a rapid pace in step with improving income levels driven by economic growth in China, India and other countries. As a result, demand has been increasing for the Group's products in the processed food, health food and pharmaceuticals markets, and the Group has determined that these trends present an opportunity for expanding sales. On the other hand, the Japanese market is maturing and is being reshaped by changes in dietary lifestyles and the consumption mix as Japan's society ages with fewer children. In this context and with the diversification of consumer needs, the Group has determined that the Japanese market offers opportunities for new applications of the Group's products and for the creation of new markets.

This document is intended as a press release to publicize Nitta Gelatin Inc.'s issuance of new shares for public subscription and offer of existing shares, and was not prepared for the purpose of soliciting investment. When making an investment decision, please refer to the "Registered Prospectus on the Issuance of New Shares and Offer of Existing Shares (along with errata)" prepared by the Company. All investment decisions should be made solely at the discretion of the investor.

In light of this operating environment and the upcoming 100th anniversary of its founding in 2018, Nitta Gelatin decided to formulate a new management vision, 100th Year Vision, and a medium-term management plan based on it. The slogan for Nitta Gelatin's 100th Year Vision is to "Amaze the World!" Under this slogan, the Company's basic strategy is to "Win out!! in growing Asian market". The Company aims to rapidly develop products and services that are one step ahead of customer expectations, develop new products and cultivate new markets in order to expand earnings. This should help raise the Company's corporate value and ensure it can continue contributing to society for many years to come. For details on the medium-term management plan, please see the press release titled "Nitta Gelatin Announces Medium-term Management Plan" issued on May 10, 2013.

The specific business strategies for each segment under the medium-term management plan are as follows:

I. Collagen Material Business

- (1) Bolster the gelatin business' global competitiveness and increase supply capabilities
- (2) Expand the peptide business globally
- (3) Expand the casing business
- (4) Develop the life science business

II. Formula Solution Business

- (1) Expand business by providing food solutions in the food material business
- (2) Transform the adhesive business into a high-profit business

The purpose of this fund procurement is to raise funds for the capital investment needed to increase the supply capabilities for gelatin, collagen peptide, and collagen casing in the Collagen Material business and to transform the adhesives business into a high-profit business in the Formula Solution business. At the same time, by increasing equity capital, the Group seeks to establish a financial base that can properly and flexibly address future business expansion and growth opportunities, while expanding its investment capacity.

1. Issuance of New Shares for Public Subscription (Public Subscription)

- (1) Class and Number of Shares for Public Subscription:

2,400,000 shares of Nitta Gelatin common stock

- (2) Amount to Be Paid In:

To be determined on any day from Monday, July 22, 2013 to Thursday, July 25, 2013 (hereinafter, "the Subscription Price Determination Date") in accordance with the method stipulated by Article 25 of the "Regulations Concerning Underwriting, etc. of Securities" established by the Japan Securities Dealers Association.

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(3) Matters Concerning the Amount of Increase in Capital and Capital Reserves:

In conjunction with the issuance, capital shall be increased by half of the maximum for increase in capital, as calculated in accordance with the provisions of Article 14, Paragraph 1 of the Rules of Account Settlement of Corporations of Japan. Any fraction less than one yen resulting from the calculation shall be rounded up to the nearest one yen. The amount of increase in capital reserve shall be the amount calculated by subtracting the aforementioned increase in capital from the maximum for increase in capital.

(4) Subscription Method:

A group of underwriters led by lead manager SMBC Nikko Securities Inc. (hereinafter, “the Underwriters”) shall purchase all new shares Nitta Gelatin issues and underwrite them for subscription to the public. The subscription price for the public subscription (public subscription price) shall be determined on the Subscription Price Determination Date, taking into consideration the level of demand and based on the provisional condition of the price determined by multiplying the closing price of Nitta Gelatin common stock on the Tokyo Stock Exchange, Inc. on the Subscription Price Determination Date (when there is no closing price on this date, the closing price on the earliest preceding date) by a factor of 0.90-1.00 (rounding down any fractions less than 1 yen) in accordance with the method stipulated by Article 25 of the “Regulations Concerning Underwriting, etc. of Securities” established by the Japan Securities Dealers Association.

(5) Consideration for Underwriters:

Nitta Gelatin shall pay no underwriting commission to the Underwriters. In lieu of such commission, the gross amount of difference between the subscription price (Subscription Price) at which the new shares are subscribed to the public and the underwriting price (the amount to be paid in by the Underwriters) shall constitute proceeds to the Underwriters.

(6) Subscription Period:

Two business days after the first business day following the Subscription Price Determination Date

(7) Due Date of Payment:

Any day from Monday, July 29, 2013 to Thursday, August 1, 2013. However, the day shall be five business days after the Subscription Price Determination Date.

(8) Delivery Date of Shares:

The business day following the abovementioned Due Date of Payment.

(9) Subscription Unit: 100 shares

(10) Advance on Subscription: The same amount as the subscription price per share.

(11) The amount to be paid in, the amount of increase in capital and capital reserves, the subscription price (public subscription price) and all other matters concerning the issuance of new shares for public subscription shall be determined at the discretion of Mr. Norimichi Soga,

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Representative Director and President of Nitta Gelatin.

(12) All the items above shall be subject to the effectiveness of registration under the Financial Instruments and Exchange Act of Japan.

2. Offer of Existing Shares (Existing Shares on Offer to Cover Over-allotments)

(See “Reference 1.” on page 6.)

(1) Class and Number of Existing Shares on Offer:

Up to 360,000 shares of Nitta Gelatin common stock

This number of shares will be the maximum number of existing shares on offer to cover over-allotments. The number may decrease, or the existing shares on offer to cover over-allotments may be canceled depending on the level of demand. The number of existing shares on offer to cover over-allotments shall be determined on Subscription Price Determination Date, taking into account the level of demand.

(2) Offer Underwriter: SMBC Nikko Securities Inc.

(3) Offer Price

Not determined. (To be determined on the Subscription Price Determination Date. The offer price shall be the same as the subscription price (public subscription price).)

(4) Offering Method

SMBC Nikko Securities Inc., as lead manager for the public subscription, will offer the existing shares of Nitta Gelatin common stock that it borrows from IBP Co., Ltd., a shareholder of the Company (the Stock Lender), at the offer price (subscription price), taking into account the level of demand for the public subscription.

(5) Subscription Period: Same as the subscription period for the public subscription.

(6) Delivery Date of Shares: Same as the delivery date for the public subscription.

(7) Subscription Unit: 100 shares

(8) The offer price and all other matters necessary to this offering of existing shares shall be determined at the discretion of Mr. Norimichi Soga, Representative Director and President of Nitta Gelatin.

(9) All the items above shall be subject to the effectiveness of registration under the Financial Instruments and Exchange Act of Japan.

3. Issuance of New Shares for Third-Party Allotment (the “Third-Party Allotment”) (See “Reference 1.” on page 6.)

(1) Class and Number of Shares for Issue: 360,000 shares of Nitta Gelatin common stock

(2) Amount to Be Paid In: Same as the amount to be paid in for the public subscription.

(3) Matters Concerning the Amount of Increase in Capital and Capital Reserves:

In conjunction with the issuance of new shares for third-party allotment, capital shall be

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increased by half of the maximum for increase in capital, as calculated in accordance with the provisions of Article 14, Paragraph 1 of the Rules of Account Settlement of Corporations of Japan. Any fraction less than one yen resulting from the calculation shall be rounded up to the nearest one yen. The amount of increase in capital reserve shall be the amount calculated by subtracting the aforementioned increase in capital from the maximum for increase in capital.

(4) Number of Shares and Recipient of the Allotment: SMBC Nikko Securities Inc. 360,000 shares

(5) Subscription Date:

Any day from Tuesday, August 27, 2013 to Friday, August 30, 2013. However, the subscription date shall be two business days after the thirtieth day from the day following the last day of the subscription period for the public subscription and the offering of existing shares to cover over-allotments (when the thirtieth day is not a business day then the previous business day).

(6) Due Date of Payment:

Any day from August Wednesday, 28, 2013 to Monday, September 2, 2013. However, the due date of payment shall be three business days after the thirtieth day from the day following the last day of the subscription period for the public subscription and the offering of existing shares to cover over-allotments (when the thirtieth day is not a business day then the previous business day).

(7) Subscription Unit: 100 shares

(8) The amount to be paid in, the amount of increase in capital and capital reserves, and all other matters concerning the issuance of new shares for third-party allotment shall be determined at the discretion of Mr. Norimichi Soga, Representative Director and President of Nitta Gelatin.

(9) Shares SMBC Nikko Securities Inc. forfeits from subscribing by the subscription date in the above (5).

(10) All the items above shall be subject to the effectiveness of registration under the Financial Instruments and Exchange Act of Japan.

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Reference

1. Existing Shares on Offer to Cover Over-allotments

After considering the level of demand, SMBC Nikko Securities Inc., as lead manager of the public subscription, may borrow up to 360,000 shares of Nitta Gelatin common stock to cover over-allotments in the subscription. This number of shares is the maximum shares to be offered. The number of shares may decrease, or the offer of existing shares to cover over-allotments may be canceled altogether depending on the level of demand.

In the event common stock is borrowed and put on offer to cover over-allotments, Nitta Gelatin Inc. shall grant SMBC Nikko Securities Inc. the right (Green Shoe Option) to receive the third-party allotment of newly issued shares, up to the maximum number of shares borrowed to cover over-allotments. This Green Shoe Option may be exercised through the thirtieth day from the day following the last day of the subscription period for the public subscription and the offering of existing shares to cover over-allotments (when the thirtieth day is not a business day then the previous business day).

For the purpose of returning the borrowed shares, SMBC Nikko Securities Inc. may conduct syndicate cover transactions, or the purchase of Nitta Gelatin common stock on the Tokyo Stock Exchange, up to the maximum number of shares it was authorized to borrow. Such syndicate cover transactions would be executed during the syndicate cover transaction period*, beginning with the day following the last day of the subscription period for the public subscription and the offering of existing shares to cover over-allotments, and ending on the last day that the Green Shoe Option may be exercised. During the syndicate cover transaction period, SMBC Nikko Securities Inc. may at its own discretion decide not to conduct syndicate cover transactions, or suspend the transactions before the number of shares it is authorized to buy back reaches the maximum. Furthermore, SMBC Nikko Securities Inc. may conduct stabilization transactions with respect to Nitta Gelatin common stock during the subscription period for the public subscription and the offering of existing shares to cover over-allotments. SMBC Nikko Securities Inc. may use all or part of the shares of Nitta Gelatin common stock purchased through these stabilization transactions to return the borrowed shares.

SMBC Nikko Securities Inc. plans to exercise its Green Shoe Option and receive the third-party allotment of new shares amounting to its residual exposure to borrowed shares after deducting the number of shares purchased through syndicate cover transactions and the relevant number of shares in the event that all or part of the shares of Nitta Gelatin common stock purchased through stabilization transactions are used to return borrowed shares, from the number of shares offered to cover over-allotments. Accordingly, SMBC Nikko Securities Inc. may not subscribe to part or all of the third-party allocation of new Nitta Gelatin common stock it has the option of receiving. This may result in a decrease in the final number of shares Nitta Gelatin issues for third-party allotment,

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or in the cancellation of the entire issuance due to forfeiture.

In the event that SMBC Nikko Securities Inc. receives the third-party allotment of new shares, SMBC Nikko Securities Inc. shall pay for it using the proceeds from the borrowed shares it offered to cover over-allotments in the public subscription.

On the Subscription Price Determination Date, a decision will be made on whether or not to borrow shares to cover an over-allotment, as well as the number of borrowed shares that will be placed on offer. In the event no coverage of over-allotments takes place, SMBC Nikko Securities Inc. shall not borrow shares of Nitta Gelatin common stock from the Stock Lender. Accordingly, there would be no third-party allotment of new shares, as SMBC Nikko Securities Inc. would forfeit its Green Shoe Option. There would also be no syndicate cover transactions on the Tokyo Stock Exchange.

* The syndicate cover transaction period shall be as follows:

- (1) From Thursday, July 25, 2013 to Friday, August 23, 2013, if the Subscription Price Determination Date falls on Monday, July 22, 2013
- (2) From Friday, July 26, 2013 to Friday, August 23, 2013, if the Subscription Price Determination Date falls on Tuesday, July 23, 2013
- (3) From Saturday, July 27, 2013 to Friday, August 23, 2013, if the Subscription Price Determination Date falls on Wednesday, July 24, 2013
- (4) From Tuesday, July 30, 2013 to Wednesday, August 28, 2013, if the Subscription Price Determination Date falls on Thursday, July 25, 2013

2. Change in the total number of issued shares as a result of the issuance of new shares

Total number of issued shares at present: 15,770,074 shares (As of June 30, 2013)

Increase in number of shares via public subscription: 2,400,000 shares

Total number of issued shares after public subscription: 18,170,074 shares

Increase in number of shares via the third-party allotment: 360,000 shares*

Total number of issued shares after the third-party allotment: 18,530,074 shares*

* Number of shares in the event that SMBC Nikko Securities Inc. subscribes to all of the number of allotted shares in the foregoing section “3. Issuance of New Shares for Third-Party Allotment” and all of the allotted shares are issued.

3. Use of proceeds from fund procurement

- (1) Use of proceeds from current fund procurement

Nitta Gelatin is estimating total proceeds of up to 3,361,879,400 yen, comprising proceeds of 2,922,631,000 yen from the public subscription and proceeds of up to 439,248,400 yen through the third-party allotment of new shares to be approved at the Board of Directors meeting held

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on the same day as the public subscription. Of this amount, the Company has allocated 1,402,000,000 yen for use from April 2013 to March 2015 to fund capital investment at Nitta Gelatin's Osaka Plant (552,000,000 yen for gelatin production facilities and 850,000,000 yen for construction of an adhesives office and new laboratory, etc.). The Company has also allocated 1,797,753,000 yen for use by March 2015 to fund investment and loans to Nitta Gelatin's consolidated subsidiaries. Any remaining amount is scheduled to be allocated for use by March 2014 to fund the repayment of short-term loans payable.

In regard to the use of funds by the recipients of investment and loans, the Company plans to allocate 1,347,753,000 yen for use by March 2014 for collagen peptide production facilities at Nitta Gelatin USA, Inc. and 450,000,000 yen for use by March 2015 for collagen casing production facilities at Nitta Casings Inc.

The Company's policy is to invest the proceeds in highly secure financial instruments and similar investments until the scheduled period of allocation.

The capital investment plans of the Company and its consolidated subsidiaries as of July 10, 2013 (however, the portions of the planned investment amount that have already been paid are as of May 31, 2013) are as follows:

Company and business site	Location	Segment	Facility description	Planned investment amount		Fund procurement method	Planned start and completion		Increased capacity after completion
				Total (Thousand yen)	Amounts already paid (Thousand yen)		Start	Completion	
Nitta Gelatin Osaka Plant	Yao city, Osaka	Collagen Material business	Gelatin production facilities	552,000	-	Capital increase	April 2013	March 2015	Maintain production and improve quality
		Formula Solution business	Construct adhesives office and laboratory, upgrade production facilities	850,000	-	Capital increase	August 2013	March 2015	-
Nitta Gelatin USA, Inc. North Carolina Plant	North Carolina, U.S.A.	Collagen Material business	Collagen peptide production facilities	1,540,000	192,247	Capital increase, own funds, and borrowings	September 2012	March 2014	Production volume 1,000 tons/year
Nitta Casings Inc. New Jersey Plant	New Jersey, U.S.A.	Collagen Material business	Collagen casing production facilities	470,000	20,000	Capital increase	April 2013	March 2015	Improve productivity and quality

* Monetary amounts do not include consumption tax.

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(2) Use of proceeds from previous capital increase

No change.

(3) Effect on business results

The Company believes that this public subscription and third-party allotment will help to enhance the Nitta Gelatin Group's profitability and to improve its financial position over the medium and long terms.

4. Profit Distribution to Shareholders and Other Matters

(1) Basic policy concerning profit distribution

The Company's basic profit distribution policy is to secure necessary internal reserves for future business development and enhancing the operating structure, while maintaining the payment of a stable dividend. Furthermore, the Company will issue dividends twice every fiscal year, with the interim dividend and the year-end dividend to be approved by the Board of Directors and the annual general meeting of shareholders, respectively.

In regard to the use of internal reserve funds, the Company intends to enhance its cost competitiveness even more than before, strengthen its framework for developing technologies and products that answer market needs, and make effective investments in developing its global strategy, with a view to staying on top of anticipated changes in the business environment.

Nitta Gelatin has established a provision in its Articles of Incorporation to the effect that the Company may issue an interim dividend as stipulated by Article 454, Paragraph 5 of the Companies Act.

(2) Approach to determining dividends

Same as described in the above "(1) Basic policy concerning profit distribution"

(3) Use of internal reserve funds

Same as described in the above "(1) Basic policy concerning profit distribution"

(4) Dividends for the past three fiscal years

	Fiscal year ended March 2011	Fiscal year ended March 2012	Fiscal year ended March 2013
Consolidate net income per share	¥80.19	¥99.87	¥99.30
Annual dividend per share (Interim dividend per share)	Common stock ¥7.50 (¥3.75)	Common stock ¥10.00 (¥2.00)	Common stock ¥14.00 (¥6.00)
	Class A preferred stock ¥22.56 (¥22.56)		
Actual consolidated dividend payout ratio	4.7%	10.0%	14.1%

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Consolidated return on equity	17.4%	19.4%	17.5%
Ratio of dividend to consolidated net assets	0.9%	2.1%	2.5%

(Notes)

1. The actual consolidated dividend payout ratio is calculated by dividing the annual dividend per share by consolidated net income per share.
2. Consolidated return on equity is calculated by dividing consolidated net income by equity capital (the average balance of consolidated net assets less minority interests at the beginning and end of the year).
3. The ratio of dividend to consolidated net assets is calculated by dividing the annual dividend per share by consolidated net assets per share (average of the balance at the beginning and end of the year)

5. Other

(1) Designation of recipients of profit distributions

Not applicable.

(2) Information on dilution by latent shares

Not applicable.

(3) Status of equity finance conducted in the past three years and other matters

1) Status of equity finance

Date	Amount of capital increase	Capital after capital increase	Capital reserves after capital increase
December 19, 2011	Non-gratis public subscription ¥1,286,212 thousand	¥1,518,106 thousand	¥1,320,848 thousand
January 18, 2012	Non-gratis third-party allotment ¥118,030 thousand	¥1,577,121 thousand	¥1,379,863 thousand

2) Recent share price and share price for the past three fiscal years

	Fiscal year ended March 2011	Fiscal year ended March 2012	Fiscal year ended March 2013	Fiscal year ending March 2014
Opening price	¥-	¥462	¥506	¥1,231
High	¥-	¥535	¥1,387	¥1,820
Low	¥-	¥405	¥483	¥1,007
Closing price	¥-	¥508	¥1,287	¥1,359
Price-to-earnings ratio	- times	5.09 times	12.96 times	- times

(Notes)

1. Nitta Gelatin's shares were listed on the Second Section of the Tokyo Stock Exchange on December 20, 2011. Accordingly, the stock price and price-to-earnings ratio before this date are not shown.
2. The stock price for the fiscal year ending March 2014 represents the stock price on Tuesday, July 9,

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3. The price-to-earnings ratio is calculated by dividing the stock price (closing price) by consolidated net income per share for a given fiscal year. The price-to-earnings ratio is not shown for the fiscal year ending March 2014 as the figures have yet to be finalized.

3) Changes in the stockholding policy of allottees for capital increases through third-party allotments for the past five years and other matters
Not applicable.

(4) Lock-up

In connection with the public subscription, IBP Co., Ltd., a shareholder of Nitta Gelatin Inc., has agreed with SMBC Nikko Securities Inc. (hereinafter, “the Lead Manager”) to refrain from selling any shares of Nitta Gelatin common stock, etc., in principle, without the prior written consent of the Lead Manager, during the period beginning on the Subscription Price Determination Date and ending on the 180th day after the delivery date of shares for the public subscription (hereinafter, “the Lock-up Period”).

Furthermore, the Company has agreed with SMBC Nikko Securities Inc. to refrain from issuing any shares of Nitta Gelatin common stock and issuing or selling any marketable securities with rights or obligations to acquire shares of Nitta Gelatin common stock (excluding the issuance of new shares related to the third-party allotment, along with the issue or granting of shares associated with stock splits and stock options, etc.) during the Lock-up Period without the prior written consent of SMBC Nikko Securities Inc.

With respect to the foregoing, SMBC Nikko Securities Inc. reserves the right to annul part or all of the relevant agreed matters or shorten the Lock-up Period at its discretion.

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