



May 17, 2018

Company name Nitta Gelatin Inc.
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Representative Director and President
(Stock code: 4977; First Section of Tokyo Stock Exchange)
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Notice Concerning Board of Directors Resolution regarding the Company Split (Simplified Absorption-Type Split) of the Adhesive Business (Excepting Manufacturing) with Bostik Nitta Co., Ltd.

Nitta Gelatin Inc. (hereinafter “Nitta Gelatin”) hereby announces that its board of directors has passed the resolution on May 17, 2018 for having its Adhesive Business (excluding manufacturing) (hereinafter “the Business”) succeeded by Bostik-Nitta Co., Ltd. (hereinafter “Bostik-Nitta”), a joint venture with Bostik, Inc. (hereinafter “Bostik”), by way of the company split (Simplified Absorption-type Split) (hereinafter “the Company Split”) with the effective date of August 1, 2018.

1. Objective of the Company Split

Nitta Gelatin and Bostik agreed to have Bostik-Nitta, a consolidated subsidiary of Bostik, succeed the Business for further growth, since Bostik aims to further expand its adhesive business as currently the world No.3 adhesive manufacturer, while Nitta Gelatin is set to make intensive investments to pursue its strategy for the core businesses and new businesses according to its new corporate vision.

Together with the company split, Nitta Gelatin will sell a part of its land property to Bostik-Nitta for its construction of the new plant for adhesive business, which will help Bostik-Nitta strengthen its business platform. Of the Business, those who are mainly engaged in manufacturing and the assets and liabilities relating to the manufacturing, and contractual status, rights and obligations will be transferred to Bostik-Nitta upon completion of the new plant construction by way of the company split which is planned between Nitta Gelatin and Bostik-Nitta separately. Arkema Asie SAS (hereinafter “Arkema”), a subsidiary of Arkema S. A., a parent company of Bostik, will acquire additional shares in Bostik-Nitta by a private placement to strengthen capital relationship in an effort to further enhance the corporate value of Bostik-Nitta including the Business; accordingly Nitta Gelatin’s stake in Bostik-Nitta will decrease.

2. Outline of the Company Split

(1) Schedule

Board resolution of the Company Split Agreement (Nitta Gelatin)	May	17, 2018
Board resolution of the Company Split Agreement (Bostik-Nitta)	May	18, 2018 (tentative)
Execution of the Company Split Agreement	May	18, 2018 (tentative)
Extraordinary Shareholders Meeting (Bostik-Nitta)	May	18, 2018 (tentative)
Planned date of the Company Split (effective date)	August	1, 2018 (tentative)

For Nitta Gelatin, which is the splitting company, the Company Split satisfies the requirements for a simplified absorption-type split stipulated in Article 784, paragraph 2 of the Company Act, thus Nitta Gelatin will not need approval at the shareholders meeting to execute this company split.

(2) Method of the Company Split

Bostik-Nitta will be the succeeding company, and Nitta Gelatin will be the splitting company.

(3) Details of allotment in the Company Split

In consideration of the transfer of the Business by the Company Split, Bostik-Nitta will deliver the amount to be calculated from JPY 1,068 million, the value of the Business, which is agreed among both companies, deducting the employees liabilities at the effective date in cash to Nitta Gelatin.

(4) Treatment of the “subscription rights to shares” and the “bonds with subscription rights to shares” in connection with the Company Split

There will be no change in the subscription rights to shares issued by Nitta Gelatin, and Nitta Gelatin does not issue any bonds with subscription rights to shares.

(5) Increase or decrease in capital as a result of the Company Split

No increase or decrease will occur in the capital of Nitta Gelatin.

(6) Rights and obligations to be succeeded by the succeeding company

Succeeding company will succeed the assets, liabilities, and contracts held by the Business and the rights and obligations associated to those which are defined on Company Split Agreement.

(7) Prospect of the fulfillment of obligations

Nitta Gelatin considers Bostik-Nitta will have no problem in fulfillment of obligations after the Company Split.

3. Basis for the allotment and other matters concerning the Company Split

(1) Basis and reason for the allotment

To ensure fairness and appropriateness in calculating the consideration for the transfer of the Business, Nitta Gelatin appointed Nomura Securities, Co., Ltd. (hereinafter “Nomura”) as the third party financial advisor and requested them to calculate the value of the Business. Based on this request, Nomura performed the valuation and submitted the valuation report using comparative company analysis and discounted cash flow (DCF) analysis.

In determining the price of the Business described in 2. (3), Nitta Gelatin discussed with Bostik-Nitta in depth based on the comprehensive reflection of the factors including financial condition, assets and future outlook of the Business, and as a result, with reference to Nomura’s valuation report, concluded and agreed that the price described in 2. (3) is appropriate.

As is mentioned above, Bostik-Nitta is a joint venture between Nitta Gelatin and Bostik, and Nitta Gelatin selected cash as consideration for the transfer of the Business, by way of the Company Split without changing the current ownership ratio.

(2) Matters concerning the calculation

(i) Name of the financial advisor and its relationships with Nitta Gelatin and Bostik-Nitta

Nomura, the third party financial advisor retained by Nitta Gelatin, is independent of Nitta Gelatin and Bostik-Nitta, and is not a related party of nor has material conflict of interest with Nitta Gelatin and Bostik-Nitta.

(ii) Outline of the calculation

In the calculation, Nomura adopted the comparable company analysis to assume the share value of the Business as multiple numbers of listed companies comparable to the Business exist, and in addition the DCF analysis was adopted to reflect the effect of future business activities of the Business.

The assessment ranges of the Business derived from each calculation method are shown below:

Comparable companies analysis: JPY830 million to JPY878 million

DCF analysis: JPY730 million to JPY1,517 million

In the valuation of the Business, Nomura used the information provided by Nitta Gelatin and the public information, in principle as it is, without any independent verification for accuracy and completeness on the assumption that they are accurate and complete. Nomura did not independently perform any valuation, appraisal or assessment of assets and liabilities (which include contingent liabilities) of Nitta Gelatin and its affiliates, including the analysis or valuation of individual assets or liabilities nor separately requested any third-party institution to make such appraisal or assessment. The calculation by Nomura is based on the information available and the economic conditions as of May 11, 2018, and Nomura assumed that the financial projection of the Business had been reasonably prepared based on the best projection and judgment currently available to the management of Nitta Gelatin.

The profit plan of the Business that Nomura used as a basis for applying the DCF analysis does not contain a significant increase or decrease in earnings in any fiscal year. The execution of the Company Split is not included in the assumptions used in the subject business plan.

(3) Prospects and reasons for delisting

There is no prospect for delisting in relation to the Company Split.

(4) Measures to ensure fairness

To ensure the fairness and the appropriateness of the Company Split, as stated in 3. (1), Nitta Gelatin received the valuation report concerning the value of the Business from Nomura, the third-party calculation agency independent of either Nitta Gelatin or Bostik-Nitta.

4. Outline of the Parties involved in the Company Split

	Splitting Company (As of March 31 2018)	Succeeding Company (As of December 31 2017)
(1) Corporate name	Nitta Gelatin Inc.	Bostik-Nitta Co., Ltd.
(2) Head office address	4-26, Sakuragawa 4-chome, Naniwa-ku, Osaka	4-26, Sakuragawa 4-chome, Naniwa-ku, Osaka
(3) Representative	President & Representative Director Koichi Ogata	President & Representative Director Motoki Ono
(4) Businesses	1. Production and sales of edible, pharmaceutical and photographic gelatin 2. Production and sales of collagen peptide 3. Production and sales of collagen casing 4. Production and sales of collagen for cosmetics, biomaterials and biochemical products 5. Production and sales of edible gelling agents, stabilizers and other food materials 6. Production and sales of adhesives for packaging, bookbinding, building materials and hygiene products	1. Sales of adhesive products
(5) Capital	JPY 3,144,929,440	JPY 18,100,000
(6) Date incorporated	February 10, 1945	April 20, 1982
(7) No. of shares issued	18,373,974 shares	26,727 shares

(8) Fiscal year end	March 31	December 31				
(9) No. of employees	Stand-alone: 262 Consolidated: 1,253	Stand-alone: 16				
(10) Key business partners	Ishizuka Corporation	Kao Corporation				
(11) Main banks	Sumitomo Mitsui Banking Corp.	Sumitomo Mitsui Banking Corp.				
(12) Major shareholders and shareholding ratio of each	IBP Co. 16.15% Master Trust Bank of Japan (Trust a/c) 4.59% Nitta Corporation 4.57% Sumitomo Mitsui Banking Corp. 3.43% MUFJ Bank, Ltd. 3.38%	Bostik, Inc 66.00% Nitta Gelatin Inc. 34.00%				
(13) Relationships between the Parties						
Capital relationship	As of today, Nitta Gelatin holds 34.00% (9,087 shares) of the total shares issued by Bostik-Nitta.					
Personnel relationship	Representative Director and President (Koichi Ogata) and a director (Toru Tamaoka) of Nitta Gelatin concurrently serve as directors of Bostik-Nitta.					
Trading relationship	Bostik-Nitta sells the adhesive products manufactured by Nitta Gelatin.					
Status as a related party	Bostik-Nitta is an equity method affiliate of Nitta Gelatin, thus is a related party.					
(14) Operational results and financial conditions for the last three (3) years						
Fiscal year ended	Nitta Gelatin Inc. (consolidated)			Bostik-Nitta Co., Ltd. (stand-alone)		
	3/2016	3/2017	3/2018	12/2015	12/2016	12/2017
Consolidated net assets	16,876	17,736	17,197	829	1,039	1,069
Consolidated total assets	37,597	40,410	38,025	1,865	1,943	2,147
Consolidated net assets per share (yen)	814.90	855.97	826.69	31,049	38,909	40,004
Consolidated sales	36,885	36,575	37,777	4,059	4,586	5,171
Consolidated operating income	1,273	1,617	1,095	173	479	529
Consolidated ordinary income	979	1,831	1,009	179	495	570
Net income attributable to the parent's shareholders	477	693	(615)	116	310	379
Consolidated net income per share (yen)	26.00	37.74	(33.50)	4,348	11,601	14,191
Dividend per share (yen)	12.00	12.00	12.00	3,742	13,096	14,218

5. Outline of the business unit to be split or succeeded

(1) Business

Adhesive business including Sales, R&D and others except for manufacturing

Of the Adhesive Business, those who are mainly engaged in manufacturing and the assets and liabilities relating to the manufacturing, and contractual status, rights and obligations will be transferred to Bostik-Nitta by way of the company split which is planned between Nitta Gelatin and Bostik-Nitta separately upon completion of the new plant construction for the Business at Bostik-Nitta.

(2) Operational performance

The sales of the adhesive business for the fiscal year ended 3/2018: JPY 4,632 million

(Note) The above amount includes the sales from manufacturing unit.

(3) Items of the assets and liabilities to be split or succeeded and the book value of each

Fixed assets : JPY 26 million, Fixed liabilities : JPY311 million

(Note) Shown above are the forecasts calculated at the end of March 2018, which may vary from each amount.

6. Status after the Company Split

According to the Company Split, there will be no change in the name, address, name and title of the representative, businesses, capital and fiscal year-end of Nitta Gelatin and Bostik-Nitta. However, the capital of

Bostik Nitta will be changed by a private placement of the shares of Bostik Nitta to Arkema. The amounts of net assets and total assets of Nitta Gelatin after the Company Split have yet to be determined.

7. Future outlook

Please refer to the “Announcement of Full-year Consolidated Financial Forecast” and “Announcement of development of Mid-Term Management Plan” announced today for the impact of the Company Split on the performance forecast after the year ending 3/2019

End

(For reference) Full-year Consolidated Financial Forecast (announced on May 17, 2018) and the Latest Full-year Consolidated Financial Results (Unit: mn yen)

	Consolidated Sales	Consolidated Operating Income	Consolidated Ordinary Income	Net Income attributable to the Parent's Shareholders
Full-year Financial Forecast (FY3/2019)	38,200	1,300	1,100	900
Latest Financial Results (FY3/2018)	37,777	1,095	1,009	(615)