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Notice Concerning Recording of Non-Operating Income and Extraordinary Gains/Losses, and Differences between Full-Year Consolidated Financial Forecasts and Results, and Differences between Non-consolidated Financial Results and Previous Fiscal Year's Results

Nitta Gelatin Inc. hereby announces that it has recorded non-operating income and extraordinary gains/losses for the fiscal year ended March 31, 2019, along with reporting differences between its full-year consolidated financial forecasts for the fiscal year ended March 31, 2019 announced on February 8, 2019 and the results announced today.

At the same time, Nitta Gelatin also reports differences between its non-consolidated financial results for the fiscal year ended March 31, 2019 and the previous fiscal year's results. Details are as follows.

1. Recording of non-operating income (foreign exchange gains) (non-consolidated)

The Company recorded foreign exchange gains of ¥239 million as non-operating income for the fiscal year ended March 31, 2019.

The gains were mainly caused by a change in the valuation of the Company's foreign currency-denominated assets and liabilities in line with foreign exchange market conditions at the end of March 2019.

2. Recording of extraordinary gain (subsidy income) (non-consolidated/consolidated)

The Company recorded subsidy income of ¥147 million (non-consolidated/consolidated) as an extraordinary gain in the fiscal year ended March 31, 2019.

The income was generated by the grant of a support subsidy for promoting investment in energy efficiency.

3. Recording of extraordinary loss (tax purpose reduction entry of noncurrent assets) (non-consolidated/consolidated)

The Company recorded a loss on tax purpose reduction entry of noncurrent assets of ¥147 million (non-consolidated and consolidated) as an extraordinary loss for the fiscal year ended March 31, 2019.

The loss was incurred by directly reducing the value of noncurrent assets from their acquisition price by the amount of the subsidy income in 2.

4. Recording of extraordinary loss (loss on valuation of shares of subsidiaries) (non-consolidated)

The Company recorded a loss on valuation of shares of subsidiaries of ¥299 million as an extraordinary loss for the fiscal year ended March 31, 2019.

This loss was due to a substantial decrease in the valuation of the real value of shares of consolidated subsidiary Nitta Casings Inc.

The extraordinary loss will not affect the consolidated business results, as the entire amount will be eliminated in Nitta Gelatin's consolidated financial statements.

5. Recording of extraordinary loss (impairment loss) (consolidated)

The Company recorded an impairment loss of ¥634 million as an extraordinary loss for the fiscal year ended March 31, 2019.

The loss was due to a write-down of the book value of the noncurrent assets of consolidated subsidiary Nitta Gelatin India Ltd. to their recoverable amount after an examination of their future recoverability. The examination was undertaken when the assets showed signs of impairment following a decline in profitability.

6. Differences between full-year consolidated financial forecasts for the fiscal year ended March 31, 2019 and results (from April 1, 2018 to March 31, 2019)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	36,500	700	600	1,000	¥54.43
Results for the Year Ended March 2019 (B)	36,464	898	828	989	¥53.85
Difference (B-A)	(35)	198	228	(10)	
% change	(0.1)	28.3	38.1	(1.1)	
(Reference) Results for the previous fiscal year (ended March 31, 2018)	37,777	1,094	978	(599)	(32.61)

Reasons for the difference

Net sales were at the same level as the previous forecast. Operating income and ordinary income both exceeded the previous forecast due to penetration of revised pricing in domestic sales and efforts to reduce costs in and outside Japan. Net income attributable to owners of the parent was lower than the previous forecast due to recording of impairment losses as described in 5. Recording of extraordinary loss (impairment loss).

7. Differences between non-consolidated financial results for the fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019) and the previous fiscal year's results

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Results for the Year Ended March 2018(A)	23,210	863	1,039	(1,256)	¥(68.37)
Results for the Year Ended March 2019 (B)	22,311	316	997	1,005	¥54.72
Difference (B-A)	(898)	(547)	(41)	2,261	
% change	(3.9)	(63.4)	(4.0)	—	

Reasons for the difference

Net sales decreased year on year in the adhesives business as changes in customer supply and demand resulted in lower sales of hygiene materials. Furthermore, operating income and ordinary income were both lower year on year due to persistently high prices of raw material for fish gelatin, despite the recording of foreign exchange gains as described in 1. Recording of non-operating income (foreign exchange gains).

Meanwhile, net income attributable to owners of the parent exceeded the previous year, mainly due to the recording of extraordinary gains on transfer gain on business divestiture.