



September 17, 2020

Company name	Nitta Gelatin Inc.
Representative	Koichi Ogata, Representative Director and President (Stock code: 4977; First Section of Tokyo Stock Exchange)
Contact	Norifumi Nagaoka, Director and Executive Officer General Manager of General Management Division
Phone Number	+81-72-949-5381

## **Notice Concerning Board of Directors Resolution regarding the Company Split (Simplified Absorption-Type Split) of the Adhesive Business (Manufacturing) with Bostik-Nitta Co., Ltd.**

Nitta Gelatin Inc. (hereinafter “Nitta Gelatin”) hereby announces that its board of directors passed a resolution on September 17, 2020 for having its Adhesive Business (manufacturing) (hereinafter “the Business”) succeeded by Bostik-Nitta Co., Ltd. (hereinafter “Bostik-Nitta”), a joint venture between Nitta Gelatin and Arkema Asie SAS (hereinafter “Arkema”) and Bostik, Inc. (hereinafter “Bostik”), by way of a company split (simplified absorption-type split) (hereinafter “the Company Split”) with the effective date of November 1, 2020.

### **1. Objective of the Company Split**

As announced in the news release titled “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.” dated May 17, 2018 (hereinafter “the May 17, 2018 news release”), Nitta Gelatin set out to have its adhesive business succeeded by Bostik-Nitta in order to expand this business further. As the first step, Nitta Gelatin had Bostik-Nitta succeed to its adhesive business (excepting manufacturing) on August 1, 2018 by way of a company split (simplified absorption-type split).

Subsequently, Bostik-Nitta completed the construction of a new plant for the adhesive business on a land property sold to it by Nitta Gelatin. Bostik-Nitta will start operations at the new plant in September 2020. Accordingly, as announced in the May 17, 2018 news release, Nitta Gelatin and Bostik-Nitta have agreed, as the second step, for employees who are mainly engaged in manufacturing and the assets and liabilities relating to the manufacturing, and contractual status, rights and obligations within the adhesive business, to be transferred to Bostik-Nitta by way of a company split between Nitta Gelatin and Bostik-Nitta, with the aim of having Bostik-Nitta succeed to the adhesive business of Nitta Gelatin.

## **2. Outline of the Company Split**

### **(1) Schedule**

Board resolution to approve the Company Split Agreement (Nitta Gelatin)	September 17, 2020
Board resolution to approve the Company Split Agreement (Bostik-Nitta)	September 17, 2020
Execution of the Company Split Agreement	September 17, 2020
Extraordinary general meeting of shareholders (Bostik-Nitta)	September 23, 2020 (tentative)
Planned date of the Company Split (effective date)	November 1, 2020 (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 Companies Act. Therefore, Nitta Gelatin plans to proceed with the Company Split without obtaining the approval of its general meeting of shareholders.

### **(2) Method of the Company Split**

An absorption-type split with Nitta Gelatin as the splitting company and Bostik-Nitta as the succeeding company.

### **(3) Details of allotments related to the Company Split**

Upon the Company Split, Nitta Gelatin is scheduled to receive cash consideration of JPY 576 million. This consideration corresponds to the total amount of the current assets and noncurrent assets of the Business, less the total amount of employees' liabilities, to be transferred from Nitta Gelatin to Bostik-Nitta through the Company Split.

Note: The above amount is an estimate based on the book values as of March 31, 2020 of the applicable assets and liabilities, which could fluctuate up to the effective date. The final amount of consideration may be adjusted to reflect any increases or decreases in the values of the applicable assets and liabilities up to the effective date.

### **(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**

There will be no increase or decrease in the capital of Nitta Gelatin.

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

The succeeding company will succeed to the assets, liabilities, and contracts held by the Business, and the rights and obligations attached thereto, that are defined in the Company Split Agreement.

**(7) Prospect of the fulfillment of obligations**

Nitta Gelatin has determined that Bostik-Nitta will have no problems with the fulfillment of its obligations after the Company Split.

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

**(1) Basis and reason for the allotment**

The consideration for the Business described in 2. (3) above corresponds to the current assets and noncurrent assets of the Business that will be succeeded and the employees' liabilities that will be succeeded. For this reason, Nitta Gelatin did not obtain a valuation report from a third party financial advisor. Taking into consideration the status of assets and other aspects of the Business comprehensively, Nitta Gelatin held discussions with Bostik-Nitta on matters such as the assets that will be succeeded. Ultimately, Nitta Gelatin concluded and agreed that the amount of consideration described in 2. (3) above would be appropriate.

As stated at the beginning of this news release, Bostik-Nitta is a joint venture between Nitta elatin and Arkema and Bostik. Nitta Gelatin selected cash as consideration for the Business. This method will allow Nitta Gelatin to obtain appropriate consideration through the Company Split without changing the ownership ratios of the other joint venture partners.

**(2) Matters concerning the calculation**

Not applicable.

**(3) Prospects and reasons for delisting**

Not applicable.

#### 4. Outline of the Parties involved in the Company Split

	Splitting Company (As of March 31, 2020)	Succeeding Company (As of December 31, 2019)								
(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 (relocated to 22, Futamata 2-chome, Yao, Osaka on April 1, 2020)								
(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 for cosmetics, biomaterials and biochemical products 4. Production and sales of edible gelling agents, stabilizers and other food materials 5. 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	118,373,974 shares	45,435 shares								
(8) Fiscal year-end	March 31	December 31								
(9) No. of employees	Stand-alone: 263 Consolidated: 1,023	Stand-alone: 69								
(10) Key business partners	Meiji Co., Ltd., Suntory MONOZUKURI Expert Ltd.	Kao Corporation, Daio Paper Corporation								
(11) Main banks	Sumitomo Mitsui Banking Corp.	Sumitomo Mitsui Banking Corp.								
(12) Major shareholders and shareholding ratio	IBP Co. 19.05% Master Trust Bank of Japan (Trust a/c) 4.96% Nitta Corporation 4.57% Sumitomo Mitsui Banking Corp. 3.43% MUFJ Bank, Ltd. 3.38%	Arkema Asie SAS 41.18% Bostik, Inc. 38.82% Nitta Gelatin Inc. 20.00%								
(13) Relationships between the Parties	<table border="1"> <tr> <td>Capital relationship</td> <td>As of today, Nitta Gelatin holds 20.00% (9,087 shares) of the total shares issued by Bostik-Nitta.</td> </tr> <tr> <td>Personnel relationship</td> <td>One executive officer of Nitta Gelatin concurrently serves as a director of Bostik-Nitta.</td> </tr> <tr> <td>Trading relationship</td> <td>Bostik-Nitta also sells adhesive products manufactured by Nitta Gelatin.</td> </tr> <tr> <td>Status as a related party</td> <td>Bostik-Nitta is a related party given that it is an equity-method affiliate of Nitta Gelatin.</td> </tr> </table>		Capital relationship	As of today, Nitta Gelatin holds 20.00% (9,087 shares) of the total shares issued by Bostik-Nitta.	Personnel relationship	One executive officer of Nitta Gelatin concurrently serves as a director of Bostik-Nitta.	Trading relationship	Bostik-Nitta also sells adhesive products manufactured by Nitta Gelatin.	Status as a related party	Bostik-Nitta is a related party given that it is an equity-method affiliate of Nitta Gelatin.
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(14) Operational results and financial condition for the last three (3) years (Millions of yen)										
Fiscal year ended	Nitta Gelatin Inc. (consolidated)			Bostik-Nitta Co., Ltd. (stand-alone)						
	3/2018	3/2019	3/2012	12/2017	12/2018	12/2019				
Consolidated net assets	17,459	17,708	17,461	1,069	3,547	3,817				
Consolidated total assets	37,815	37,715	33,551	2,146	9,442	9,694				
Consolidated net assets per share (yen)	836.90	862.29	852.71	40,004	78,070	84,024				
Consolidated net sales	37,777	36,464	34,543	5,171	5,452	6,907				
Consolidated operating income	1,094	898	1,690	529	311	427				
Consolidated ordinary income	978	828	1,798	570	299	400				
Net income attributable to owners of the parent	(599)	989	(694)	379	192	270				
Consolidated net income per share (yen)	(32.61)	53.85	(37.79)	14,191	4,247	5,954				
Dividend per share (yen)	12.00	16.00	12.00	14,218	-	-				

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

### (1) Business

Manufacturing of adhesives

### (2) Operational performance

The net sales of the Business were as follows:

Fiscal year ended March 31, 2020 (FY3/2020): JPY 2,903 million

### (3) Major components and book values of the assets and liabilities to be split or succeeded

Current assets : JPY 685 million, Noncurrent assets : JPY 1 million,

Current liabilities : JPY 16 million, Noncurrent liabilities : JPY 94 million

Note: The amounts listed above are estimates based on the book values as of March 31, 2020 of the applicable assets and liabilities, which could fluctuate up to the effective date. The actual amounts of the assets and liabilities to be split or succeeded may vary from the amounts listed above.

## 6. Status after the Company Split

There will be no change in the name, address, name and title of the representative, businesses, capital or fiscal year-end of Nitta Gelatin and Bostik-Nitta in connection with the Company Split. The amounts of net assets and total assets of Nitta Gelatin after the Company Split have yet to be determined.

## 7. Future outlook

The impact of the Company Split on financial results for the fiscal year ending March 31, 2021 has already been factored into the consolidated financial forecasts announced on June 24, 2020. There have been no revisions to the financial forecasts in connection with the Company Split.

**(For reference)** Full-Year Consolidated Financial Forecasts (announced on June 24, 2020) and Previous Full-Year Consolidated Financial Results (Millions of Yen)

	Consolidated net sales	Consolidated operating income	Consolidated ordinary income	Net income attributable to owners of the parent
Full-Year Financial Forecasts (FY3/2021)	31,500	1,300	1,200	800
Previous Full-Year Financial Results (FY3/2020)	34,543	1,690	1,798	(694)