



January 31, 2019

Company Name: USHIO INC.
Name and Title of Representative:
Kenji Hamashima, President and Chief Executive Officer
(Code Number: 6925,
the first section of the Tokyo Stock Exchange)
Name and Title of Contact Person:
Hideaki Takizawa, General Manager,
Accounting & Finance Department
(TEL +81-3-5657-1000 (from overseas))

Notice Concerning the Decision of a Basic Policy of Absorption-Type Merger (Simple/Short-Form Merger) with
a Wholly Owned Subsidiary

USHIO INC. (hereinafter, the “Company”) hereby announces as follows that a Board of Directors meeting held on January 31, 2019 decided on a basic policy of implementing an absorption-type merger with USHIO OPTO SEMICONDUCTORS, INC. (hereinafter, “UOS”), a wholly owned subsidiary of the Company, as of April 1, 2020 (hereinafter, the “Merger”).

Since the Merger is an absorption-type merger with a wholly owned subsidiary, disclosures contained herein omit certain matters and details.

1. Purpose of the Merger

In the USHIO Group’s domestic light source business, the Company has conducted the lamp business and module business, and UOS has conducted the device business, such as LEDs and semiconductor lasers.

Now, the Company has decided to absorb UOS with the goal of building an efficient business operation structure, responding flexibly and accurately to diversification in customer needs and the business environment, and accelerating the USHIO Group’s overall light source business by integrating the domestic light source businesses.

2. Summary of the Merger

(1) Schedule of the Merger

Date of decision on the Merger basic policy (the Company and UOS)	January 31, 2019
Date of decision by representative directors to approve the Merger agreement (the Company)	December, 2019 (Planned)
Date of the Merger approved by the Board of Directors (UOS)	December 2019 (Planned)
Conclusion date of the Merger agreement	December 2019 (Planned)
Effective Date	April 1, 2020 (Planned)

Note: The Merger is a simple merger pursuant to Article 796, Paragraph 2 of the Companies Act of Japan in relation to the Company and a short-form merger pursuant to Article 784, Paragraph 1 of the Companies Act of Japan in relation to UOS. Accordingly, neither the Company nor UOS will hold a shareholders’ meeting to obtain approval for the Merger.

(2) Method of the Merger

An absorption-type merger method shall be employed with the Company as the surviving company and UOS as the disappearing company to be dissolved.

(3) Details of Allocation under the Merger

USHIO will not conduct any allocations of shares or issue of any consideration as UOS is a wholly owned subsidiary of the Company.

(4) Treatment of Share Options and Bonds with Share Options under the Merger

Not applicable.

3. Outline of the Parties of the Merger

	Surviving company	Disappearing company
(1) Name	USHIO INC.	USHIO OPTO SEMICONDUCTORS, INC.
(2) Location	1-6-5 Marunouchi, Chiyoda-ku, Tokyo 100-8150	1-6-5 Marunouchi, Chiyoda-ku, Tokyo 100-8150
(3) Name and title of representative	Kenji Hamashima President and Chief Executive Officer	Hiroaki Banno President and Chief Executive Officer
(4) Business lines	Light source business, equipment business and other businesses	Industrial and consumer semiconductor laser diode and LED businesses
(5) Capital	19,556 million yen	490 million yen
(6) Date of establishment	March 23, 1964	July 1, 2014
(7) Number of issued shares (Common stock)	139,628,721	10,000
(8) Fiscal year-end	March 31	March 31
(9) Major shareholders and shareholding ratios	The Master Trust Bank of Japan, Ltd. (Trust Account) 7.44% Resona Bank, Limited 4.93% NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST 4.75% Japan Trustee Services Bank, Ltd. (Trust Account) 4.66% NORTHERS TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS 4.29% (as of September 30, 2018)	USHIO INC. 100.00%
(10) Financial position and operating results for the last fiscal year		

Fiscal year-end	March 31, 2018 (Consolidated)	March 31, 2018 (Non-Consolidated)
Net assets	Millions of yen 215,306	Millions of yen 1,345
Total assets	Millions of yen 305,303	Millions of yen 5,929
Net assets per share	Yen 1,683.42	Yen 134,554.22
Net sales	Millions of yen 173,497	Millions of yen 4,452
Operating income (loss)	Millions of yen 10,151	Millions of yen (177)
Ordinary income (loss)	Millions of yen 12,050	Millions of yen (193)
Profit attributable to owners of parent (net loss)	Millions of yen 11,001	Millions of yen (523)
Net income (loss) per share	Yen 86.11	Yen (52,347.73)

4. Situation following the Merger

There will be no changes to the Company's company name, location, name and title of representative, business lines, capital and fiscal year-end with the Merger.

5. Impact on Financial Results

Since the Merger involves a consolidated subsidiary that is wholly owned by the Company, the Merger will have a negligible impact on the Company's consolidated financial results this fiscal year and thereafter.

(Reference) Consolidated Earnings Forecast/Results (announced on January 31, 2019)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
Fiscal Year ending March 31, 2019	165,000	8,500	10,500	11,500
Fiscal Year ended March 31, 2018	173,497	10,151	12,050	11,001