

August 10th, 2016
 NIKKISO CO., LTD.

Notice regarding the Acquisition of Aquisense Technologies LLC

Nikkiso Co., Ltd. (“NIKKISO”) hereby announces that its Board of Directors decided on August 8, 2016 to conclude a share purchase agreement for the acquisition of 100% shares in Aquisense Technologies LLC (“Aquisense”) by Nikkiso America, Inc. (“NAI”), the wholly owned subsidiary of NIKKISO.

1. Outline of acquiring entity

(1) Company Name	Nikkiso America, Inc.	
(2) Address of Headquarters	5910 Pacific Center Boulevard, Suite 110, San Diego, CA, U.S.A.	
(3) Representative	President & CEO Dennis Martin	
(4) Business Description	Administration and management of business planning of the Company and its Subsidiaries, as well as promotion and management of Nikkiso product businesses in North, Central and South America	
(5) Capital	USD 10	
(6) Date Established	May 10, 2006	
(7) Capital investors and investment ratio	Nikkiso Co., Ltd. (100%)	
(8) Relationship with NIKKISO	Capital relationship	To hold 100% interests by Nikkiso Co., Ltd.
	Personal relationship	To dispatch four board members from Nikkiso Co., Ltd.
	Business relationship	To provide management service from Nikkiso Co., Ltd.

2. Objectives of acquiring equity

Deep UV-LEDs are expected to be used as light sources for a variety of applications, such as water sterilization, air disinfection and deodorization, medical sterilization and treatment, surface modification and resin/ink curing, analytical and measurement instrument. Expansion in the deep UV-LED global market is anticipated by capturing unmet needs of UV mercury lamp as well as substitution for the existing demands for UV mercury lamp. Global requirements for environmentally friendly products and demands for applications generated by the improvement of the living standard in emerging countries will be satisfied by advancing downsizing, high efficiency, long lifetime and decline of market price of deep UV-LED products.

Until now, NIKKISO and Nikkiso Giken Co., Ltd. (“GIKEN”) (collectively “NKS”) has carried out research and development, manufacturing and sale of deep UV-LED not only components but also modules and systems. NKS is conducting technology and market development.

Aquisense carries out of research and development, manufacturing and sale of modules and systems using the deep UV-LED for water disinfection, air disinfection, surface disinfection and optical measurement. Aquisense has launched the first UV-LED based water disinfection system, called “PearlAqua”, and has started selling their superior products to the global market. By this strategic acquisition NKS is accelerating the market development in the UV-LED business.

NKS is strengthening the competence in UV-LED based modules and systems as a whole of NKS group by getting the advanced technologies including pioneering deep UV-LED applications.

3. Outline of acquired entity

(1) Company Name	AquiSense Technologies LLC		
(2) Address of Headquarters	4400 Olympic Blvd, Erlanger, KY 41018, U.S.A.		
(3) Representative	President & CEO Oliver Lawal		
(4) Business Description	Research and development, manufacturing and sale of deep UV-LED modules and systems		
(5) Capital	USD 1,700,000		
(6) Date Established	Oct 23, 2014		
(7) Capital investors and investment ratio	Oliver Lawal , other shareholders 18		
(8) Relationship with NIKKISO	Nothing particular in terms of capital tie, personal connection, and business relation exists		
(9) Financial status for recent business years (consolidated)			
	Fiscal Year	FY2015	
Net assets		USD 0.85M (JPY 90M)	
Total assets		USD 1.61M (JPY 169M)	

Sales and income will remain undisclosed as agreed upon by both parties.

(conversion: USD 1.00=JPY 105)

4. Outline of other major parties regarding shares acquisition

(1) Name	Oliver Lawal
(2) Location	Non-public
(3) Relationship with our company	N/A

Besides the above share transferee, share acquisition from 18 shareholders is planned. Name and location will remain undisclosed as agreed upon between each shareholder and NAI. There is no capital, personal and business relationship to note.

5. Percentage of shares acquired and acquisition cost

(1) Equity owned before transfer	0.0%
(2) Equity acquired & Equity after transfer	100.0%
(3) Estimated Acquisition cost (including advisory fees)	USD 9,300,000

From the perspective of fairness and appropriateness, the amount was determined based on the results of review by third-party organizations.

6. Schedule

(1) Board meeting resolution	Aug 8, 2016
(2) Signing date	Aug 9, 2016 (planned)
(3) Shares transfer date	Aug, 2016 (planned)

7. Financial impact on group performance

It is estimated that this acquisition will have no significant impact on the Nikkiso group's consolidated business performance for the period ending Dec 31, 2016.