

**Summary of Consolidated Financial Results for the Second Quarter
of Fiscal Year Ending March 31, 2021
(Six Months Ended September 30, 2020)**

[Japanese GAAP]

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Scheduled date of filing of Quarterly Report:

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Scheduled date of payment of dividend:

-

Preparation of supplementary materials for quarterly financial results:

None

Holding of quarterly financial results meeting:

None

Note: The original disclosure in Japanese was released on November 6, 2020 at 16:00 (GMT +9).

(Amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Six Months Ended September 30, 2020**(April 1, 2020 – September 30, 2020)****(1) Consolidated results of operations**

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Recurring profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sep. 30, 2020	3,195	(59.1)	(169)	-	(135)	-	(191)	-
Six months ended Sep. 30, 2019	7,802	(37.5)	150	(90.4)	153	(90.3)	63	(94.3)

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2020: (119) (-%)
Six months ended Sep. 30, 2019: 48 (down 95.4%)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Six months ended Sep. 30, 2020	(10.55)	-
Six months ended Sep. 30, 2019	3.49	-

Note: Net income per share (diluted) is not presented since there is no outstanding potential stock.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Sep. 30, 2020	14,995	12,397	82.7
As of Mar. 31, 2020	14,609	12,621	86.4

Reference: Equity (million yen) As of Sep. 30, 2020: 12,397 As of Mar. 31, 2020: 12,621

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2020	-	0.00	-	6.00	6.00
Fiscal year ending Mar. 31, 2021	-	0.00	-	-	-
Fiscal year ending Mar. 31, 2021 (forecast)	-	-	-	6.00	6.00

Note: Revisions to the most recently announced dividend forecast: Yes

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 – March 31, 2021)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Recurring profit		Profit attributable to owners of parent		Net income per share (basic)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	8,550	(38.9)	290	(24.8)	340	(7.9)	190	(67.0)	10.49

Note: Revisions to the most recently announced consolidated forecast: Yes

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Application of special accounting methods in the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than the above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of shares outstanding (common stock)

1) Number of shares outstanding at the end of period (including treasury shares)

As of Sep. 30, 2020:	22,806,900 shares	As of Mar. 31, 2020:	22,806,900 shares
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2) Number of treasury shares at the end of period

As of Sep. 30, 2020:	4,687,914 shares	As of Mar. 31, 2020:	4,699,399 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2020:	18,111,956 shares	Six months ended Sep. 30, 2019:	18,102,232 shares
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Note 1: The quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

Note 2: Cautionary statement with respect to forward-looking statements and other special items

Earnings forecasts

Forecasts of future performance in this report are based on assumptions judged to be valid and information currently available to the Company. Actual results are affected by various factors and may differ substantially. For discussion of the assumptions and other factors considered by the Company in preparing the above projections, please refer to page 3 of the attachments "1. Qualitative Information on Quarterly Consolidated Financial Results, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements."

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1. Qualitative Information on Quarterly Consolidated Financial Results

(1) Explanation of Results of Operations

In the first half of the current fiscal year (“the period under review”), the Japanese economy experienced significant stagnation and slowdown in social and economic activities. This is because corporate activities were substantially restricted by the stay-at-home advisories and business closure requests particularly after the government declared a state of emergency to prevent the spread of the COVID-19 infection. While the economic activities started to slowly resume following the lifting of the declaration, the outlook remained uncertain.

Affected by uncertainties in overseas economies caused by the prolonged U.S.-China trade issues, Asian markets centered in China, the key market for the Helios Techno Group (“the Group”), continued to face difficult business environments with curtailed demand for capital investment. Nevertheless, the effects of the spread of the COVID-19 infection gradually waned and the economic activities were on a track to moderate recovery.

Under such business environments, net sales of the Group for the period under review decreased 4,607 million yen, or 59.1%, year on year to 3,195 million yen. Operating loss was 169 million yen (compared with operating profit of 150 million yen a year earlier). Ordinary loss was 135 million yen (compared with ordinary profit of 153 million yen a year earlier). Loss attributable to owners of parent was 191 million yen (compared with profit attributable to owners of parent of 63 million yen a year earlier).

Operating results by business segment are described below. Each of the amounts shown includes inter-segment transactions.

Please note that the Group sold all of the shares of its consolidated subsidiary Nippon Gijutsu Center Co., Ltd. and excluded it from the scope of consolidation during the third quarter of the previous fiscal year. Accordingly, the Human Resource Service Business was eliminated from the reportable segment structure from the first quarter of the current fiscal year.

i) Lamp Business

In the Lamp Business, sales and production activities of general lighting lamps were restricted due to the spread of the COVID-19 infection, and the number of orders received decreased and their delivery timings were delayed, on the other hand, industrial lamps including light source units for exposure equipment, our core product, the number of shipments increased steadily.

Consequently, the segment sales for the period under review decreased 19.0% year on year to 1,227 million yen with a segment profit of 57 million yen (compared with a segment loss of 87 million yen a year earlier).

ii) Manufacturing Equipment Business

The demand for capital investment remained stagnant in Asian markets centered in China, our key market, and the business continued to face very challenging environments. In fact, the spread of the COVID-19 infection significantly restricted our sales activities in overseas markets, resulting in delay in shipments and inspection work of alignment layer manufacturing equipment and other products.

Consequently, the segment sales for the period under review decreased 45.1% year on year to 1,974 million yen with a segment profit of 3 million yen, down 99.2% year on year.

(2) Explanation of Financial Position

i) Assets, liabilities and net assets

Assets

Current assets increased 296 million yen from the end of the previous fiscal year to 12,237 million yen. This was mainly due to a 1,928 million yen increase in cash and deposits with banks, which was partially offset by a 1,653 million yen decrease in notes and accounts receivable.

Fixed assets increased 89 million yen from the end of the previous fiscal year to 2,758 million yen. This was mainly due to a 103 million yen increase in investment securities included in others of investments and other assets.

As a result, total assets increased 385 million yen, or 2.6%, from the end of the previous fiscal year to 14,995 million yen.

Liabilities

Current liabilities increased 657 million yen from the end of the previous fiscal year to 2,383 million yen. This was mainly due to an 815 million yen increase in advances received and a 150 million yen increase in short-term borrowings, which were partially offset by a 176 million yen decrease in notes and accounts payable and a 103 million yen decrease in electronically recorded obligations - operating.

Long-term liabilities decreased 47 million yen from the end of the previous fiscal year to 214 million yen. This was mainly due to a 50 million yen decrease in long-term borrowings.

As a result, total liabilities increased 610 million yen, or 30.7%, from the end of the previous fiscal year to 2,598 million yen.

Net assets

Net assets decreased 224 million yen, or 1.8%, from the end of the previous fiscal year to 12,397 million yen. This was mainly due to a loss attributable to owners of parent of 191 million yen and the payment of dividends from surplus of 108 million yen.

As a result, the equity ratio dropped 3.7 percentage points from the end of the previous fiscal year to 82.7% at the end of the period under review, reflecting the increases in both assets and liabilities as described above.

ii) Cash flows

Cash flows from operating activities

Net cash provided by operating activities was 2,008 million yen, compared with net cash used of 23 million yen one year earlier. The main factors were loss before income taxes of 208 million yen, a 355 million yen increase in inventories, a 280 million yen decrease in notes and accounts payable, and an 815 million yen increase in advances received, which were partially offset by a 1,705 million yen decrease in notes and accounts receivable, and income taxes refund of 266 million yen.

Cash flows from investing activities

Net cash used in investing activities was 66 million yen, compared with net cash used of 153 million yen one year earlier. The main factor was payment for purchase of property, plant and equipment of 65 million yen.

Cash flows from financing activities

Net cash used in financing activities was 9 million yen, compared with net cash used of 723 million yen one year earlier. The main factors were a net increase in short-term borrowings of 150 million yen, repayment of long-term borrowings of 50 million yen, and cash dividends paid of 108 million yen.

As a result of the above, cash and cash equivalents as of the end of the period under review increased 1,928 million yen from the end of the previous fiscal year to 5,611 million yen.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

The consolidated forecasts and dividend forecasts for the fiscal year ending March 31, 2021 were withdrawn because of the inability to determine a reliable forecast due to the effects of the COVID-19 crisis. We are now announcing a forecast that is based on our recent performance and information that is currently available.

Information about this forecast is in “Notice of the Consolidated Forecast and Dividend Forecast for FY3/21” (Japanese version only), which was announced today (November 6, 2020).

2. Quarterly Consolidated Financial Statements and Notes**(1) Consolidated Balance Sheets***(Thousands of yen)*

	FY3/20 (As of Mar. 31, 2020)	Second quarter of FY3/21 (As of Sep. 30, 2020)
Assets		
Current assets		
Cash and deposits with banks	3,718,554	5,647,541
Notes and accounts receivable	4,453,017	2,799,791
Electronically recorded monetary claims - operating	581,362	529,556
Merchandise and finished goods	204,925	370,879
Work in process	1,813,160	1,883,244
Raw materials and supplies	726,982	846,049
Advance payments	43,265	57,064
Others	399,886	103,427
Allowance for doubtful accounts	(162)	(105)
Total current assets	11,940,993	12,237,450
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	827,225	799,738
Land	722,733	722,733
Others, net	607,392	599,026
Total property, plant and equipment	2,157,351	2,121,499
Intangible assets		
Others	27,654	24,991
Total intangible assets	27,654	24,991
Investments and other assets		
Others	527,809	655,792
Allowance for doubtful accounts	(43,900)	(43,918)
Total investments and other assets	483,908	611,873
Total fixed assets	2,668,914	2,758,364
Total assets	14,609,908	14,995,814

	<i>(Thousands of yen)</i>	
	FY3/20 (As of Mar. 31, 2020)	Second quarter of FY3/21 (As of Sep. 30, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable	613,400	436,482
Electronically recorded obligations - operating	218,611	115,042
Short-term borrowings	100,000	250,000
Current portion of long-term borrowings	100,032	100,032
Accrued income taxes	20,711	45,824
Accrued bonuses	141,718	112,956
Provision for product warranties	21,449	14,791
Advances received	79,964	895,071
Others	430,167	413,392
Total current liabilities	1,726,054	2,383,593
Long-term liabilities		
Long-term borrowings	206,542	156,526
Others	55,804	58,438
Total long-term liabilities	262,346	214,964
Total liabilities	1,988,401	2,598,558
Net assets		
Shareholders' equity		
Common stock	2,133,177	2,133,177
Capital surplus	2,567,357	2,568,397
Retained earnings	8,994,084	8,694,356
Treasury shares	(1,176,606)	(1,173,730)
Total shareholders' equity	12,518,013	12,222,200
Accumulated other comprehensive income		
Unrealized holding gain on other securities	103,494	175,055
Total accumulated other comprehensive income	103,494	175,055
Total net assets	12,621,507	12,397,256
Total liabilities and net assets	14,609,908	14,995,814

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**Consolidated Statements of Income****(For the Six-month Period)***(Thousands of yen)*

	First six months of FY3/20 (Apr. 1, 2019 – Sep. 30, 2019)	First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)
Net sales	7,802,934	3,195,079
Cost of goods sold	5,801,563	2,247,668
Gross profit	2,001,370	947,410
Selling, general and administrative expenses	1,850,878	1,117,292
Operating profit (loss)	150,492	(169,882)
Non-operating income		
Interest income	996	1,661
Dividend income	9,758	8,758
Subsidy income	-	20,910
Miscellaneous revenue	9,225	12,727
Total non-operating income	19,980	44,057
Non-operating expenses		
Interest expense	3,090	2,547
Foreign exchange loss	10,085	5,684
Commission for syndicated loans	1,890	1,089
Miscellaneous loss	2,382	66
Total non-operating expenses	17,449	9,389
Recurring profit (loss)	153,022	(135,214)
Extraordinary income		
Gain on sales of fixed assets	152	318
Total extraordinary income	152	318
Extraordinary loss		
Loss on COVID-19	-	72,110
Loss on retirement of fixed assets	3,816	1,296
Total extraordinary losses	3,816	73,407
Profit (loss) before income taxes	149,358	(208,302)
Income taxes-current	10,243	33,909
Income taxes-deferred	75,991	(51,129)
Total income taxes	86,234	(17,220)
Profit (loss)	63,124	(191,082)
Profit (loss) attributable to owners of parent	63,124	(191,082)

Consolidated Statements of Comprehensive Income**(For the Six-month Period)***(Thousands of yen)*

	First six months of FY3/20 (Apr. 1, 2019 – Sep. 30, 2019)	First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)
Profit (loss)	63,124	(191,082)
Other comprehensive income		
Unrealized holding gain on other securities	(14,300)	71,561
Total other comprehensive income	(14,300)	71,561
Comprehensive income	48,823	(119,521)
Comprehensive income attributable to		
Owners of parent	48,823	(119,521)
Non-controlling interests	-	-

(3) Consolidated Statements of Cash Flows*(Thousands of yen)*

	First six months of FY3/20 (Apr. 1, 2019 – Sep. 30, 2019)	First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)
Cash flows from operating activities		
Profit (loss) before income taxes	149,358	(208,302)
Depreciation and amortization	129,605	107,341
Increase (decrease) in accrued bonuses	(195,998)	(28,761)
Increase (decrease) in allowance for doubtful accounts	(11,763)	(38)
Increase (decrease) in provision for product warranties	(16,815)	(6,658)
Increase (decrease) in provision for loss on construction contracts	11,102	-
Interest and dividend income	(10,754)	(10,419)
Subsidy income	-	(20,910)
Interest expense	3,090	2,547
Loss (gain) on sales of fixed assets	(152)	(318)
Loss on disposal of fixed assets	3,816	1,296
Decrease (increase) in notes and accounts receivable	2,067,131	1,705,014
Decrease (increase) in inventories	(475,368)	(355,104)
Decrease (increase) in other accounts receivable	(2,005)	(5,353)
Decrease (increase) in advance payments	194,651	(13,798)
Increase (decrease) in notes and accounts payable	(888,021)	(280,487)
Decrease/increase in consumption taxes receivable/payable	(204,770)	49,568
Increase (decrease) in other accounts payable	(169,622)	(31,520)
Increase (decrease) in advances received	(495,732)	815,107
Others	(36,594)	5,592
Subtotal	51,155	1,724,795
Interests and dividends received	10,753	10,419
Interests paid	(3,172)	(2,547)
Proceeds from subsidy income	-	20,910
Income taxes paid	(81,953)	(11,147)
Income taxes refund	-	266,066
Net cash provided by (used in) operating activities	(23,217)	2,008,496
Cash flows from investing activities		
Payment for purchase of property, plant and equipment	(169,783)	(65,695)
Proceeds from sale of property, plant, and equipment	152	318
Payment for purchase of intangible assets	(9,011)	(2,236)
Others	25,560	864
Net cash provided by (used in) investing activities	(153,082)	(66,748)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(100,000)	150,000
Repayment of long-term borrowings	(80,035)	(50,016)
Repayment of lease obligations	(613)	(613)
Cash dividends paid	(542,945)	(108,645)
Net cash provided by (used in) financing activities	(723,593)	(9,274)
Effect of exchange rate change on cash and cash equivalents	(14,652)	(3,487)
Net increase (decrease) in cash and cash equivalents	(914,546)	1,928,987
Cash and cash equivalents at beginning of period	4,085,671	3,682,554
Cash and cash equivalents at end of period	3,171,124	5,611,541

(4) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment Information

I. First six months of FY3/20 (Apr. 1, 2019 – Sep. 30, 2019)

1. Information related to net sales, profit and loss for each reportable segment

(Thousands of yen)

	Reportable segment				Adjustment (Note 1)	Amounts shown on consolidated statements of income (Note 2)
	Lamp Business	Manufacturing Equipment Business	Human Resource Service Business	Total		
Net sales						
Sales to external customers	1,502,977	3,594,785	2,705,171	7,802,934	-	7,802,934
Inter-segment sales and transfers	12,247	-	22,279	34,527	(34,527)	-
Total	1,515,225	3,594,785	2,727,451	7,837,462	(34,527)	7,802,934
Segment profit (loss)	(87,351)	393,529	118,347	424,525	(274,033)	150,492

Notes: 1. The minus 274,033 thousand yen adjustment to segment profit (loss) represents the elimination of inter-segment transactions of 691 thousand yen and company-wide expenses of minus 274,725 thousand yen that are not allocated to reportable segments. Company-wide expenses mainly include general and administrative expenses that cannot be attributed to reportable segments.

2. Segment profit (loss) is adjusted to be consistent with operating profit shown on the consolidated statements of income.

II. First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)

1. Information related to net sales, profit and loss for each reportable segment

(Thousands of yen)

	Reportable segment			Adjustment (Note 1)	Amounts shown on consolidated statements of income (Note 2)
	Lamp Business	Manufacturing Equipment Business	Total		
Net sales					
Sales to external customers	1,220,797	1,974,281	3,195,079	-	3,195,079
Inter-segment sales and transfers	6,633	-	6,633	(6,633)	-
Total	1,227,431	1,974,281	3,201,712	(6,633)	3,195,079
Segment profit (loss)	57,410	3,284	60,695	(230,577)	(169,882)

Notes: 1. The minus 230,577 thousand yen adjustment to segment profit (loss) represents company-wide expenses that are not allocated to reportable segments. Company-wide expenses mainly include general and administrative expenses that cannot be attributed to reportable segments.

2. Segment profit (loss) is adjusted to be consistent with operating loss shown on the consolidated statements of income.

2. Change in reportable segments

The Group sold all of the shares of its consolidated subsidiary Nippon Gijutsu Center Co., Ltd. and excluded it from the scope of consolidation during the third quarter of the previous fiscal year. Accordingly, the Human Resource Service Business was eliminated from the reportable segment structure from the first quarter of the current fiscal year.

Additional Information

Impact of COVID-19

While it is difficult to reasonably estimate the impact of the spread of COVID-19 infections at this time, the Group makes accounting estimates based primarily on external information, assuming that the impact will continue for a certain period of time in the fiscal year ending March 31, 2021.

However, numerous uncertainties about the impact mentioned above may affect the Group's financial position and results of operations.

Application of tax effect accounting associated with the transition from the consolidated taxation system to the group tax sharing system

With regard to the transition to the group tax sharing system established under the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 8 of 2020) and the items for which the non-consolidated taxation system was revised in line with the transition to the group tax sharing system, pursuant to Paragraph 3 of the "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (Accounting Standards Board of Japan (ASBJ) Practical Issues Task Force (PITF) No. 39, issued on March 31, 2020), the Company and certain domestic consolidated subsidiaries did not apply the provision of Paragraph 44 of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, issued on February 16, 2018). Accordingly, the amounts of deferred tax assets and deferred tax liabilities are based on the provisions of the tax laws before the revision.

Note: This is a translation of the Company's Kessan Tanshin (including attachments) in Japanese, a summary of financial statements prepared in accordance with accounting principles generally accepted in Japan. This translation is prepared and provided for the purpose of the reader's convenience. All readers are recommended to refer to the original version in Japanese of the report for complete information.