



**Summary of Consolidated Financial Results for the Third Quarter
of Fiscal Year Ending March 31, 2020
(Nine Months Ended December 31, 2019)**

[Japanese GAAP]

Company name: Helios Techno Holding Co., Ltd.

Listing: Tokyo

Stock code: 6927

URL: <https://www.heliostec-hd.co.jp/>

Representative: Yoshihisa Sato, President and Representative Director

Contact: Yasushi Akiba, Director, General Manager, Administration Control Dept.

Tel: +81-3-6264-9510

Scheduled date of filing of Quarterly Report:

February 10, 2020

Scheduled date of payment of dividend:

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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 February 7, 2020 at 16:00 (GMT +9).

(Amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2019

(April 1, 2019 – December 31, 2019)

(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	%
Nine months ended Dec. 31, 2019	11,283	(35.3)	134	(93.4)	146	(92.8)	13	(99.1)
Nine months ended Dec. 31, 2018	17,445	(2.2)	2,027	(26.6)	2,037	(25.0)	1,449	(24.8)

Note: Comprehensive income (million yen)

Nine months ended Dec. 31, 2019: 83 (down 93.7%)

Nine months ended Dec. 31, 2018: 1,338 (down 35.8%)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Nine months ended Dec. 31, 2019	0.74	-
Nine months ended Dec. 31, 2018	80.10	-

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 Dec. 31, 2019	15,346	12,181	79.4
As of Mar. 31, 2019	18,207	12,634	69.4

Reference: Equity (million yen)

As of Dec. 31, 2019: 12,181

As of Mar. 31, 2019: 12,634

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, 2019	-	0.00	-	30.00	30.00
Fiscal year ending Mar. 31, 2020	-	0.00	-	-	-
Fiscal year ending Mar. 31, 2020 (forecast)	-	-	-	6.00	6.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 – March 31, 2020)

(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	14,600	(36.8)	540	(77.2)	550	(76.8)	560	(68.7)	30.93

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 Dec. 31, 2019:	22,806,900 shares	As of Mar. 31, 2019:	22,806,900 shares
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2) Number of treasury shares at the end of period

As of Dec. 31, 2019:	4,699,399 shares	As of Mar. 31, 2019:	4,708,717 shares
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3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2019:	18,104,194 shares	Nine months ended Dec. 31, 2018:	18,098,189 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.”

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Results	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Forecast and Other Forward-looking Statements	3
2. Quarterly Consolidated Financial Statements and Notes	4
(1) Consolidated Balance Sheets	4
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	6
(3) Notes to Quarterly Consolidated Financial Statements	8
Going Concern Assumption	8
Significant Changes in Shareholders' Equity	8
Segment Information	8
Subsequent Events	8

1. Qualitative Information on Quarterly Consolidated Financial Results

(1) Explanation of Results of Operations

In the first nine months of the current fiscal year (“the period under review”), the Japanese economy remained on a gradual recovery track thanks to continuing solid corporate earnings and improvement in employment. However, the outlook remains unclear because of lingering weakness mainly in exports, which has been affected by effects of uncertain factors of overseas economies such as the prolonged U.S.-China trade issues and slowdown in the Chinese economy.

Additionally, demand for capital investments in the liquid crystal panel industry—a key market for the Helios Techno Group (“the Group”)—also remained on a declining trend affected by the above-mentioned unclear outlook. Such a trend is particularly evident in China and other Asian markets.

In this business environment, the Group’s net sales for the period under review decreased 6,161 million yen, or 35.3%, year on year to 11,283 million yen, operating profit decreased 1,892 million yen, or 93.4%, to 134 million yen, recurring profit decreased 1,890 million yen, or 92.8%, to 146 million yen, and profit attributable to owners of parent decreased 1,436 million yen, or 99.1%, to 13 million yen.

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

i) Lamp Business

The Lamp Business saw recovery in shipments in the period under review, although we faced a difficult situation, primarily because the light source units for exposure equipment failed to achieve the Company’s initial business plan due to a decrease in the number of shipment caused by customers’ inventory adjustment.

We are proactively developing a carbon fiber reinforced plastic (CFRP) surface treatment unit using semiconductor lasers that utilize recombination emission as well as a super-wide band LED element toward its commercialization or modularization.

Consequently, the segment sales for the period under review decreased 8.5% year on year to 2,261 million yen with a segment loss of 133 million yen (compared with a segment profit of 17 million yen for the same period of the previous fiscal year).

ii) Manufacturing Equipment Business

The Manufacturing Equipment Business continued to face a difficult situation because we were unable to ship alignment layer manufacturing equipment and other equipment due primarily to a delay in plant construction by flat-panel display manufacturers, which was impacted by slowdown of demands for capital investment in China and other Asia markets.

Consequently, the segment sales for the period under review decreased 56.1% year on year to 4,903 million yen with a segment profit of 488 million yen, down 77.4% year on year.

iii) Human Resource Service Business

The Human Resource Service Business includes the temporary staffing for engineers, design subcontracting, and temporary staffing to the manufacturing sector. We have achieved stable performance for temporary staffing for engineers and design subcontracting by offering high-value-added services through our engineers who became professional from novice through our unique human resource development system. Furthermore, in the temporary staffing to the manufacturing sector, we have achieved good performance thanks to the increasing number of staff dispatched to customers as a result of our continued proactive investments for securing human resources for staffing.

Consequently, the segment sales for the period under review increased 7.4% year on year to 4,168 million yen with a segment profit of 200 million yen, up 1.0% year on year.

On December 9, 2019, the Board of Directors of the Company approved a resolution to sell all of the stock of its consolidated subsidiary Nippon Gijutsu Center Co., Ltd. and its non-consolidated subsidiary Technolink Co., Ltd. The sale of these stock was completed on January 6, 2020. For more details, please refer to the press release titled “Notice of Sale of Subsidiary,” which was announced on December 9, 2019.

(2) Explanation of Financial Position

Assets

Current assets decreased 2,871 million yen from the end of the previous fiscal year to 12,071 million yen. This was mainly due to a 1,240 million yen decrease in cash and deposits with banks and a 1,355 million yen decrease in notes and accounts receivable.

Fixed assets increased 11 million yen from the end of the previous fiscal year to 3,275 million yen. This was mainly due to a 132 million yen increase in construction in progress included in “Others, net” in the property, plant and equipment section and a 101 million yen increase in investment securities included in “Others” in the investments and other assets section, while there was a 35 million yen decrease in buildings and structures, net, a 50 million yen decrease in machinery and equipment included in “Others, net” in the property, plant and equipment section and a 130 million yen decrease in deferred tax assets included in “Others” in the investments and other assets section.

As a result, total assets decreased 2,860 million yen, or 15.7%, from the end of the previous fiscal year to 15,346 million yen.

Liabilities

Current liabilities decreased 2,338 million yen from the end of the previous fiscal year to 2,856 million yen. This was mainly due to a 708 million yen decrease in notes and accounts payable, a 396 million yen decrease in electronically recorded obligations-operating, a 326 million yen decrease in accrued bonuses, and a 763 million yen decrease in advances received.

Long-term liabilities decreased 69 million yen from the end of the previous fiscal year to 309 million yen. This was mainly due to a 70 million yen decrease in long-term borrowings.

As a result, total liabilities decreased 2,407 million yen, or 43.2%, from the end of the previous fiscal year to 3,165 million yen.

Net assets

Net assets decreased 453 million yen, or 3.6%, from the end of the previous fiscal year to 12,181 million yen. This was mainly due to the payment of dividends from surplus of 542 million yen, which was partially offset by profit attributable to owners of parent of 13 million yen.

As a result, the equity ratio rose 10.0 percentage points from the end of the previous fiscal year to 79.4% at the end of the period under review, reflecting the decreases in both assets and liabilities.

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

Based on the results for the period under review, we have revised the consolidated forecast for the fiscal year ending March 31, 2020 announced on November 5, 2019. For more details, please refer to the press release titled “Notice of Revisions to the Consolidated Forecast,” which was announced today on February 7, 2020.

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

	FY3/19 (As of Mar. 31, 2019)	Third quarter of FY3/20 (As of Dec. 31, 2019)
Assets		
Current assets		
Cash and deposits with banks	4,141,751	2,901,580
Notes and accounts receivable	5,961,141	4,605,543
Electronically recorded monetary claims - operating	1,596,315	816,402
Merchandise and finished goods	200,062	244,777
Work in process	1,875,562	2,209,615
Raw materials and supplies	675,628	826,369
Advance payments	315,067	40,350
Others	179,621	429,178
Allowance for doubtful accounts	(1,471)	(1,964)
Total current assets	14,943,679	12,071,854
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	940,460	904,675
Land	841,913	841,913
Others, net	594,689	669,102
Total property, plant and equipment	2,377,063	2,415,691
Intangible assets		
Others	66,480	66,280
Total intangible assets	66,480	66,280
Investments and other assets		
Others	876,772	837,284
Allowance for doubtful accounts	(56,437)	(44,181)
Total investments and other assets	820,334	793,102
Total fixed assets	3,263,878	3,275,074
Total assets	18,207,557	15,346,929

(Thousands of yen)

	FY3/19 (As of Mar. 31, 2019)	Third quarter of FY3/20 (As of Dec. 31, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable	1,489,379	780,515
Electronically recorded obligations - operating	682,588	286,199
Short-term borrowings	200,000	100,000
Current portion of long-term borrowings	130,051	100,032
Accrued income taxes	80,836	16,677
Accrued bonuses	441,337	114,897
Provision for product warranties	41,086	23,491
Provision for loss on construction contracts	-	22,000
Advances received	1,028,256	264,546
Others	1,100,567	1,147,724
Total current liabilities	5,194,102	2,856,083
Long-term liabilities		
Long-term borrowings	306,574	236,550
Others	72,275	72,722
Total long-term liabilities	378,849	309,272
Total liabilities	5,572,951	3,165,356
Net assets		
Shareholders' equity		
Common stock	2,133,177	2,133,177
Capital surplus	2,563,867	2,567,357
Retained earnings	8,961,449	8,431,880
Treasury shares	(1,179,114)	(1,176,606)
Total shareholders' equity	12,479,379	11,955,809
Accumulated other comprehensive income		
Unrealized holding gain on other securities	155,226	225,763
Total accumulated other comprehensive income	155,226	225,763
Total net assets	12,634,605	12,181,573
Total liabilities and net assets	18,207,557	15,346,929

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**Consolidated Statements of Income****(For the Nine-month Period)**

	<i>(Thousands of yen)</i>	
	First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)	First nine months of FY3/20 (Apr. 1, 2019 – Dec. 31, 2019)
Net sales	17,445,148	11,283,650
Cost of goods sold	12,677,267	8,398,310
Gross profit	4,767,880	2,885,340
Selling, general and administrative expenses	2,740,234	2,750,551
Operating profit	2,027,645	134,789
Non-operating income		
Interest income	711	1,358
Dividend income	16,308	16,508
Miscellaneous revenue	10,715	18,761
Total non-operating income	27,734	36,628
Non-operating expenses		
Interest expense	8,553	4,658
Foreign exchange loss	4,167	12,672
Commission for syndicated loans	1,871	1,890
Miscellaneous loss	3,742	6,036
Total non-operating expenses	18,335	25,257
Recurring profit	2,037,044	146,159
Extraordinary income		
Gain on sales of fixed assets	213	152
Total extraordinary income	213	152
Extraordinary loss		
Loss on disposal of fixed assets	2,990	4,151
Loss on sales of fixed assets	18	-
Total extraordinary losses	3,008	4,151
Profit before income taxes	2,034,249	142,160
Income taxes-current	445,067	20,999
Income taxes-deferred	139,557	107,784
Total income taxes	584,625	128,783
Profit	1,449,624	13,376
Profit attributable to owners of parent	1,449,624	13,376

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

	First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)	First nine months of FY3/20 (Apr. 1, 2019 – Dec. 31, 2019)
Profit	1,449,624	13,376
Other comprehensive income		
Unrealized holding gain on other securities	(111,106)	70,537
Total other comprehensive income	(111,106)	70,537
Comprehensive income	1,338,517	83,914
Comprehensive income attributable to		
Owners of parent	1,338,517	83,914
Non-controlling interests	-	-

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

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment Information

I. First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)

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	2,427,644	11,170,390	3,847,113	17,445,148	-	17,445,148
Inter-segment sales and transfers	44,737	757	35,039	80,535	(80,535)	-
Total	2,472,382	11,171,148	3,882,152	17,525,683	(80,535)	17,445,148
Segment profit	17,974	2,164,589	198,844	2,381,408	(353,763)	2,027,645

Notes: 1. The minus 353,763 thousand yen adjustment to segment profit represents the elimination of inter-segment transactions of 1,475 thousand yen and company-wide expenses of minus 355,238 thousand yen that cannot be allocated to reportable segments. Company-wide expenses mainly include general and administrative expenses that cannot be attributed to reportable segments.

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

II. First nine months of FY3/20 (Apr. 1, 2019 – Dec. 31, 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	2,244,046	4,903,194	4,136,409	11,283,650	-	11,283,650
Inter-segment sales and transfers	17,108	-	31,868	48,976	(48,976)	-
Total	2,261,155	4,903,194	4,168,277	11,332,627	(48,976)	11,283,650
Segment profit (loss)	(133,784)	488,644	200,816	555,676	(420,886)	134,789

Notes: 1. The minus 420,886 thousand yen adjustment to segment profit (loss) represents the elimination of inter-segment transactions of 691 thousand yen and company-wide expenses of minus 421,578 thousand yen that cannot be 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.

Subsequent Events

Sale of stock of Nippon Gijutsu Center Co., Ltd. and Technolink Co., Ltd.

On December 9, 2019, the Board of Directors of the Company approved a resolution to sell all of the stock of its consolidated subsidiary Nippon Gijutsu Center Co., Ltd. and its non-consolidated subsidiary Technolink Co., Ltd. On the same day, sales agreements were signed with NT Holding Co., Ltd. The sale of these stock was completed on January 6, 2020.

1. Reason for the sale of the two subsidiaries

It has not been possible to capture and utilize sufficient synergies between the operations of Nippon Gijutsu Center and Technolink and the other operations of the Helios Techno Group. In order for Helios Techno and

these two companies to become more competitive and grow, the Company reached the decision to shift these two subsidiaries from the Company to an independent management structure.

2. Name of Buyer of the Subsidiaries

NT Holding Co., Ltd.

3. Schedule

Signing of stock sale agreement: December 9, 2019

Date of sale of stock: January 6, 2020

4. Outline of subsidiaries sold

(1) Nippon Gijutsu Center Co., Ltd.

Business: Production and development of designs, human resource services

Relationship with Helios Techno: Provision of management guidance, contracted business, loans, interlocking directors, facility lease

(2) Technolink Co., Ltd.

Business: Design and development of industrial machinery, human resource services

Relationship with Helios Techno: Interlocking directors

5. Number of shares sold, price and ratio of shares owned after sale

(1) Nippon Gijutsu Center Co., Ltd.

(1) Shares owned before sale	48,728 shares
(2) Number of shares sold	48,728 shares
(3) Price	To determine the price of the shares sold, an internal and external study was performed that included a request for a valuation by a third-party organization and consultations that included an attorney and certified public accountant. The final price was decided by using this fair process and discussions with the buyer. The amount paid cannot be disclosed due to a confidentiality agreement.
(4) Ratio of shares owned after sale	-%

(2) Technolink Co., Ltd.

(1) Shares owned before sale	200 shares
(2) Number of shares sold	200 shares
(3) Price	To determine the price of the shares sold, an internal and external study was performed that included a request for a valuation by a third-party organization and consultations that included an attorney and certified public accountant. The final price was decided by using this fair process and discussions with the buyer. The amount paid cannot be disclosed due to a confidentiality agreement.
(4) Ratio of shares owned after sale	-%

6. Reportable segment that includes Nippon Gijutsu Center and Technolink

Human Resource Service Business

7. Effect on results of operations

The sale of stock of two subsidiaries will generate an extraordinary income of 354 million yen in the fourth quarter of the current fiscal year.

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.