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Company name: Helios Techno Holding Co., Ltd.
Stock code: 6927
Stock exchange listing: Tokyo Stock Exchange (First Section)
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Notice of Business Development Strategy and Establishment of Company for the Semiconductor Development and Design Business

The Board of Directors of Helios Techno Holding Co., Ltd. (“Helios Techno”) approved resolutions today for a business development strategy with the aim of achieving consistent and sustained growth of the Helios Techno Group and for a basic agreement for the establishment of NewCo, a company for the planning of semiconductor development and design, and for the investment business. The NewCo is to be established in January 2020 and start operations at the same time.

1. Reason for establishment of the business development strategy

Since its establishment, Helios Techno has taken many management and investment actions for the purpose of revitalizing business operations. Achieving both stability and growth for the Helios Techno Group’s business operations is a major issue, as well as the mission, of Helios Techno as the group holding company. Helios Techno aims to establish a corporate culture that underpins a corporate group with stability and the ability to grow. Furthermore, Helios Techno recognizes that maintaining and increasing competitive superiority are the sources of corporate value. Based on this thinking, Helios Techno has established the following business development strategy that has the objective of providing products and services with even greater added value.

2. Summary of the business development strategy

The business operations of Helios Techno will be based on an accurate understanding of the fundamental changes taking place in the structure of society and industries due to a broad range of progress involving artificial intelligence and many other fields of advanced technologies. These management and investment actions have two primary strategic goals. First is the creation and growth of innovative businesses that generate substantial added value. Second is building a corporate group able to achieve more growth centered on the core East Asian market. The role of Helios Techno as a holding company is to supply management and business resources to the businesses of the Helios Techno Group.

The business development strategy has the following goals.

- 1) Maintain soundness and achieve growth of existing businesses
- 2) Build a stronger foundation for the group’s business operations
- 3) Develop new businesses for the group by (a) revitalizing current businesses and (b) creating new businesses

More strategic investments will be made in East Asia in business sectors that have good prospects for becoming new core businesses of the Helios Techno Group. There are four primary business sectors for these investments: (a) semiconductors, (b) medical and healthcare activities, (c) telecommunications, and (d) artificial intelligence. Strategic investments will be made to target opportunities in other sectors as well.

To create new core businesses, Helios Techno will use a diverse array of business and investment strategies, including but not limited to alliances with other companies. The following basic conditions have been established for potential new core businesses.

- 1) A management team with a strong commitment to business creation and growth
- 2) A business based on assumptions about the future structure of society and industry as well as about the future of the business itself
- 3) A well-defined and realistic business model
- 4) Ownership of key technologies for the success of the business model and growth
- 5) A strategy for leveraging internal business growth with east Asia as the primary market
- 6) Synergies that enable the creation and growth of the business to utilize a leveraging effect to contribute to growth of the entire Helios Techno Group
- 7) Contributions to the effective use of people, capital, knowledge, environmental resources, and other social and economic resources

For information about an action taken by Helios Techno based on this business development strategy, see the press release dated today titled “Notice of Sale of Subsidiary.”

3. Reason for establishment of CCD Techno (Summary)

The semiconductor industry initially used a vertically integrated business model extending from the development and design to the fabrication of devices that are used in a company’s own systems. Subsequently, in response to demands from the marketplace and customers for higher efficiency, the semiconductor industry shifted to a horizontally divided business model that separated systems and semiconductor operations. This is the business model that is used today. Major European and U.S. semiconductor companies have used the business model of specializing in semiconductor development and design and not fabricating devices internally (the so-called fabless model) to become global leaders in the industry and meet the demands of customers.

However, success in the semiconductor industry today requires the ability to develop, design and supply devices created exclusively for a company’s internal system in order to differentiate products and services from those of competitors. This is clearly evident in the strategies of Google, Apple, Facebook, Amazon and other large users of semiconductors. This trend is already gaining momentum. Japan has considerable expertise and accomplishments involving the development and design of devices for a specific purpose. As a result, Helios Techno believes that Japan is in an excellent position to play a new and greater role in the global semiconductor industry.

Helios Techno has created this business development strategy for the purpose of contributing to the establishment of a new vertically integrated business model by making extensive use of Japan’s semiconductor development and design knowledge and technologies.

Helios Techno is establishing NewCo for the purpose of transforming the business development strategy into actions in order to accomplish the goals of the strategy. Candidates to become this company’s first directors (the founding members) and the basic agreement concerning this company are as follows.

4. Basic agreement for the new company (Summary)

The following basic agreement has been signed by Helios Techno and the candidates to become the first directors of NewCo. This agreement states that the primary objective of this company is the establishment of a semiconductor development and design infrastructure for the supply of semiconductors used for a single purpose in order to meet the specific and individual requirements of companies in Japan and other countries. Operations will extend from application-specific ICs (ASIC) to solution-specific ICs (SSIC).

Profile of the NewCo (Tentative)

Name: CCD Techno Co., Ltd.

Shareholders: Helios Techno Holding Co., Ltd. and Directors of CCD Techno Co., Ltd.

Head office: 9F, Kodemacho Shin-Nihonbashi Building, 4-9 Nihonbashi Kodemacho,
Chuo-ku, Tokyo
Start of operations: January 2020
Main activities: Planning, development and design of semiconductors and provision of associated
services

NewCo Director Candidates

1) Satoru Oyama, Representative Director and COO

Mr. Oyama played leading roles in the creation of semiconductor business strategies at Tokyo Electron Limited and Fujitsu Limited. He has also performed electronics market research and analysis at European and U.S. investment banks and IHS Markit (the world's largest information and research firm). He is currently the representative director of Grossberg LLC.

2) Kazumi Yoshida, Representative Director and CTO

Mr. Yoshida is an R&D partner with experience at major semiconductor companies such as Qualcomm Inc. and Broadcom Inc.

Early in his career, he was involved with the development and design of specialty telecommunications systems for the public-service sector at Panasonic Corporation. He then became an independent adviser for large systems companies in Japan and other countries for the provision of assistance concerning the development and design of semiconductors and the semiconductor business. He has also provided support to many high-tech startup companies. Through these activities, he has earned an excellent reputation in the business, government and academic sectors. Mr. Yoshida is currently the representative director of Culture Convergence Design Co., Ltd.

3) Christos Makiyama, Director, Executive for Electronic Design Automation and Intellectual Property

Mr. Makiyama has participated in the launch and growth of Helic, Inc., a U.S. semiconductor design tool vendor, and many other semiconductor and telecommunications technology business in the United States, Europe and Israel. He has relationships with a large number of technology companies worldwide. Mr. Makiyama is currently the representative director of Silicon Planet Corporation and a director of the Greek Chamber of Commerce in Japan.

4) Katsuhiko Iwase, Director, Executive for Design and Fabrication Processes

Mr. Iwase has experience in leading positions concerning the design and development of large field-programmable gate arrays (FPGA) and ASICs. He played leading roles in the design of the Sony-CMOS sensor FPGA, the development of the baseband circuit for NTT's 400MHz wireless communication equipment and other projects. This experience gives him considerable expertise involving both the development and design of semiconductors and the fabrication of semiconductor devices.

5. Outlook

The new business development strategy and new company will have only a negligible effect on the consolidated performance of Helios Techno in the fiscal year ending in March 2020. An announcement will be made promptly if Helios Techno determines that there is any information that requires disclosure.