



**Summary of Consolidated Financial Results for the Second Quarter
of Fiscal Year Ending March 31, 2022
(Six Months Ended September 30, 2021)**

[Japanese GAAP]

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Scheduled date of filing of Quarterly Report: November 9, 2021

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 5, 2021 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, 2021
(April 1, 2021 – September 30, 2021)**

(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, 2021	3,601	-	(74)	-	(36)	-	(21)	-
Six months ended Sep. 30, 2020	3,195	(59.1)	(169)	-	(135)	-	(191)	-

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2021: 53 (-%)

Six months ended Sep. 30, 2020: (119) (-%)

	Net income per share (basic)		Net income per share (diluted)	
	Yen		Yen	
Six months ended Sep. 30, 2021	(1.20)		-	
Six months ended Sep. 30, 2020	(10.55)		-	

Note: Beginning with the first quarter of the fiscal year ending on March 31, 2022, Helios Techno Holding is applying Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020). All figures for the six months ended September 30, 2021 incorporate this accounting standard and comparisons with the first six months of the previous fiscal year are omitted.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Sep. 30, 2021	15,824	12,953	81.9
As of Mar. 31, 2021	15,040	13,021	86.6

Reference: Equity (million yen)

As of Sep. 30, 2021: 12,953

As of Mar. 31, 2021: 13,021

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, 2021	-	0.00	-	7.00	7.00
Fiscal year ending Mar. 31, 2022	-	0.00	-	-	-
Fiscal year ending Mar. 31, 2022 (forecast)	-	-	-	8.00	8.00

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

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(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	11,406	-	649	-	664	-	471	-	26.00

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

Beginning with the first quarter of the fiscal year ending on March 31, 2022, Helios Techno Holding is applying Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020). Figures for the consolidated forecast incorporate this accounting standard and year-on-year changes are omitted.

*** 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: Yes

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, 2021:	22,806,900 shares	As of Mar. 31, 2021:	22,806,900 shares
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2) Number of treasury shares at the end of period

As of Sep. 30, 2021:	4,674,441 shares	As of Mar. 31, 2021:	4,687,914 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2021:	18,124,360 shares	Six months ended Sep. 30, 2020:	18,111,956 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 Helios Techno Holding. Actual results are affected by various factors and may differ substantially. For discussion of the assumptions and other factors considered by Helios Techno Holding in preparing the above projections, please refer to page 4 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 continued to be negatively affected by the spread of COVID-19 infections as the government’s repeated declaration of a state of emergency forced economic activities to slow down. While vaccination progressed among those who are interested, the number of new cases surged due to the spread of highly infectious variants.

In the Asian market, particularly China, the Helios Techno Holding Group’s main market, the successful early containment of COVID-19 put economic activities on a steady recovery track, despite ongoing infections. However, the outlook continued to be uncertain with many concerns such as the global shortage of semiconductors and the prolonged U.S.-China trade issues.

Net sales of the Group for the period under review were 3,601 million yen (compared with net sales of 3,195 million yen a year earlier). Operating loss was 74 million yen (compared with operating loss of 169 million yen). Recurring loss was 36 million yen (compared with recurring loss of 135 million yen). Loss attributable to owners of parent was 21 million yen (compared with loss attributable to owners of parent of 191 million yen).

Beginning with the first quarter of the fiscal year ending on March 31, 2022, Helios Techno Holding is applying Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020). As a result, revenue is accounted for differently from that for the first half of the previous fiscal year. Therefore, in Explanation of Results of Operations, the amount of increase or decrease and year-on-year percentage change are not stated.

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

i) Lamp Business

In the Lamp Business, the number of shipments of general lighting lamps largely remained at the expected level. On the other hand, the number of shipments of light source units for exposure equipment, our core industrial lamp products, fell short of the plan. Among the factors behind the failure to ship the expected volume of products were delays in the completion of final products caused by semiconductor and material shortages.

Additionally, industrial LEDs are expected to be used as a light source in a wide range of industrial fields, including many kinds of inspection and security equipment. While continuing to advance practical applications of the products with various companies, we are making company-wide efforts to develop this sector into a pillar of our future business.

Consequently, the segment sales for the period under review were 1,064 million yen (compared with segment sales of 1,227 million yen a year earlier) with a segment loss of 51 million yen (compared with a segment profit of 57 million yen a year earlier).

ii) Manufacturing Equipment Business

As for light source units for exposure equipment, capital investments were brought forward due to the increased production of LCD panels. On the other hand, the number of shipments did not reach the expected level and fell short of the plan because some projects were postponed due to customer circumstances. Those postponed include planned launching activities for alignment layer manufacturing equipment and the introduction of inkjet printing systems considered by customers for research, prototyping, or mass production.

Consequently, the segment sales for the period under review was 2,546 million yen (compared with segment sales of 1,974 million yen a year earlier) with a segment profit of 164 million yen (compared with segment profit of 3 million yen).

(2) Explanation of Financial Position

i) Assets, liabilities and net assets

Assets

Current assets increased 687 million yen from the end of the previous fiscal year to 12,979 million yen. This was mainly due to a 1,161 million yen increase in cash and deposits with banks, a 125 million yen increase in electronically recorded monetary claims – operating and a 253 million yen increase in work in process, which were partially offset by a 858 million yen decrease in notes and accounts receivable, and contract assets.

Fixed assets increased 96 million yen from the end of the previous fiscal year to 2,845 million yen. This was mainly due to a 108 million yen increase in investment securities and a 44 million yen increase in deferred tax assets included in investments and other assets, which were partially offset by a 24 million yen decrease in buildings and structures, net and a 28 million yen decrease in machinery, equipment and vehicles included in others, net of the property, plant and equipment.

As a result, total assets increased 783 million yen, or 5.2%, from the end of the previous fiscal year to 15,824 million yen.

Liabilities

Current liabilities increased 852 million yen from the end of the previous fiscal year to 2,622 million yen. This was mainly due to a 146 million yen increase in notes and accounts payable, a 172 million yen increase in electronically recorded obligations – operating, and a 703 million yen increase in contract liabilities, which were partially offset by a 157 million yen decrease in accrued income taxes.

Long-term liabilities decreased 0 million yen from the end of the previous fiscal year to 249 million yen.

As a result, total liabilities increased 852 million yen, or 42.2%, from the end of the previous fiscal year to 2,871 million yen.

Net assets

Net assets decreased 68 million yen, or 0.5%, from the end of the previous fiscal year to 12,953 million yen. This was mainly due to the payment of dividends from surplus of 126 million yen.

As a result, the equity ratio decreased 4.7 percentage points from the end of the previous fiscal year to 81.9% at the end of the period under review, mainly reflecting the increases in total assets and liabilities as described above.

ii) Cash flows

Cash flows from operating activities

Net cash provided by operating activities was 1,297 million yen, compared with net cash provided of 2,008 million yen one year earlier. The main factors were a 733 million yen decrease in notes and accounts receivable and contract assets, a 271 million yen increase in inventories, a 318 million yen increase in notes and accounts payable, a 703 million yen increase in contract liabilities, and income taxes paid of 200 million yen.

Cash flows from investing activities

Net cash used in investing activities was 23 million yen, compared with net cash used of 66 million yen one year earlier. The main factors were payment for purchase of property, plant and equipment of 42 million yen and proceeds from sale of property, plant, and equipment of 18 million yen.

Cash flows from financing activities

Net cash used in financing activities was 113 million yen, compared with net cash used of 9 million yen one year earlier. The main factors were a net increase in short-term borrowings of 70 million yen, repayment of long-term borrowings of 56 million yen, and cash dividends paid of 126 million yen.

As a result of the above, cash and cash equivalents as of the end of the period under review increased 1,161 million yen from the end of the previous fiscal year to 7,578 million yen.

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

There are no revisions to the full-year consolidated forecast released on May 7, 2021.

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

	FY3/21 (As of Mar. 31, 2021)	Second quarter of FY3/22 (As of Sep. 30, 2021)
Assets		
Current assets		
Cash and deposits with banks	6,453,163	7,614,912
Notes and accounts receivable	2,814,195	-
Notes and accounts receivable, and contract assets	-	1,955,328
Electronically recorded monetary claims - operating	286,765	412,629
Merchandise and finished goods	264,410	262,187
Work in process	1,507,938	1,761,574
Raw materials and supplies	824,499	844,949
Advance payments	38,406	18,128
Others	102,711	109,640
Allowance for doubtful accounts	(149)	(69)
Total current assets	12,291,943	12,979,281
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	775,290	750,596
Land	722,733	722,733
Others, net	552,259	523,442
Total property, plant and equipment	2,050,283	1,996,772
Intangible assets		
Others	20,529	19,161
Total intangible assets	20,529	19,161
Investments and other assets		
Others	722,438	873,780
Allowance for doubtful accounts	(44,421)	(44,314)
Total investments and other assets	678,017	829,465
Total fixed assets	2,748,830	2,845,400
Total assets	15,040,773	15,824,681

	<i>(Thousands of yen)</i>	
	FY3/21 (As of Mar. 31, 2021)	Second quarter of FY3/22 (As of Sep. 30, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable	462,501	608,683
Electronically recorded obligations - operating	73,254	245,710
Short-term borrowings	130,000	200,000
Current portion of long-term borrowings	113,416	63,190
Accrued income taxes	207,776	50,180
Provision for bonuses	151,071	150,244
Provision for product warranties	12,245	15,427
Provision for loss on construction contracts	1,280	1,280
Advances received	146,197	-
Contract liabilities	-	850,086
Others	471,554	437,270
Total current liabilities	1,769,297	2,622,072
Long-term liabilities		
Long-term borrowings	187,566	181,104
Others	62,393	68,443
Total long-term liabilities	249,959	249,547
Total liabilities	2,019,256	2,871,620
Net assets		
Shareholders' equity		
Common stock	2,133,177	2,133,177
Capital surplus	2,568,397	2,569,524
Retained earnings	9,277,183	9,128,616
Treasury shares	(1,173,730)	(1,170,357)
Total shareholders' equity	12,805,027	12,660,960
Accumulated other comprehensive income		
Unrealized holding gain on other securities	216,489	292,099
Total accumulated other comprehensive income	216,489	292,099
Total net assets	13,021,516	12,953,060
Total liabilities and net assets	15,040,773	15,824,681

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

	<i>(Thousands of yen)</i>	
	First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)	First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)
Net sales	3,195,079	3,601,413
Cost of goods sold	2,247,668	2,567,160
Gross profit	947,410	1,034,253
Selling, general and administrative expenses	1,117,292	1,108,587
Operating loss	(169,882)	(74,334)
Non-operating income		
Interest income	1,661	9
Dividend income	8,758	10,758
Subsidy income	20,910	26,916
Miscellaneous revenue	12,727	4,420
Total non-operating income	44,057	42,104
Non-operating expenses		
Interest expense	2,547	1,684
Foreign exchange loss	5,684	1,635
Commission for syndicated loans	1,089	1,089
Miscellaneous loss	66	55
Total non-operating expenses	9,389	4,465
Recurring loss	(135,214)	(36,695)
Extraordinary income		
Gain on sale of fixed assets	318	-
Total extraordinary income	318	-
Extraordinary loss		
Loss on COVID-19	72,110	-
Loss on retirement of fixed assets	1,296	2
Total extraordinary losses	73,407	2
Loss before income taxes	(208,302)	(36,697)
Income taxes-current	33,909	57,145
Income taxes-deferred	(51,129)	(72,109)
Total income taxes	(17,220)	(14,963)
Loss	(191,082)	(21,733)
Loss attributable to owners of parent	(191,082)	(21,733)

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

	<i>(Thousands of yen)</i>	
	First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)	First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)
Loss	(191,082)	(21,733)
Other comprehensive income		
Unrealized holding gain on other securities	71,561	75,610
Total other comprehensive income	71,561	75,610
Comprehensive income	(119,521)	53,876
Comprehensive income attributable to		
Owners of parent	(119,521)	53,876
Non-controlling interests	-	-

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

	First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)	First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)
Cash flows from operating activities		
Loss before income taxes	(208,302)	(36,697)
Depreciation and amortization	107,341	103,931
Increase (decrease) in accrued bonuses	(28,761)	(827)
Increase (decrease) in allowance for doubtful accounts	(38)	(186)
Increase (decrease) in provision for product warranties	(6,658)	3,181
Interest and dividend income	(10,419)	(10,767)
Subsidy income	(20,910)	(26,916)
Interest expense	2,547	1,684
Loss (gain) on sales of fixed assets	(318)	-
Loss on disposal of fixed assets	1,296	2
Decrease (increase) in notes and accounts receivable	1,705,014	-
Decrease (increase) in notes and accounts receivable and contract assets	-	733,109
Decrease (increase) in inventories	(355,104)	(271,861)
Decrease (increase) in other accounts receivable	(5,353)	15,134
Decrease (increase) in advance payments	(13,798)	20,278
Increase (decrease) in notes and accounts payable	(280,487)	318,637
Decrease/increase in consumption taxes receivable/payable	49,568	(15,299)
Increase (decrease) in other accounts payable	(31,520)	(33,292)
Increase (decrease) in advances received	815,107	-
Increase (decrease) in contract liabilities	-	703,889
Others	5,592	(49,516)
Subtotal	1,724,795	1,454,481
Interests and dividends received	10,419	10,767
Interests paid	(2,547)	(1,563)
Proceeds from subsidy income	20,910	26,916
Income taxes paid	(11,147)	(200,271)
Income taxes refund	266,066	7,518
Net cash provided by (used in) operating activities	2,008,496	1,297,849
Cash flows from investing activities		
Payment for purchase of property, plant and equipment	(65,695)	(42,156)
Proceeds from sale of property, plant, and equipment	318	18,961
Payment for purchase of intangible assets	(2,236)	(3,072)
Others	864	2,586
Net cash provided by (used in) investing activities	(66,748)	(23,681)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	150,000	70,000
Repayment of long-term borrowings	(50,016)	(56,688)
Repayment of lease obligations	(613)	-
Cash dividends paid	(108,645)	(126,832)
Net cash provided by (used in) financing activities	(9,274)	(113,520)
Effect of exchange rate change on cash and cash equivalents	(3,487)	1,101
Net increase (decrease) in cash and cash equivalents	1,928,987	1,161,748
Cash and cash equivalents at beginning of period	3,682,554	6,417,163
Cash and cash equivalents at end of period	5,611,541	7,578,912

(4) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Changes in Accounting Policies

Application of the Accounting Standard for Revenue Recognition

Helios Techno Holding started to apply the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) at the beginning of the first quarter of the current fiscal year. Based on this standard, revenue expected to be received in exchange for the provision of goods and services is recognized when the control of the goods and services is transferred to customers.

For sales of manufacturing equipment, revenue was previously recognized when the equipment was installed at the customer's site and confirmed to be operational. However, under the new standard, Helios Techno Holding will recognize revenue for a separate performance obligation as to adjustments and witnessing work at the customer's site after the equipment is confirmed to be operational.

For the application of the Accounting Standard for Revenue Recognition, in accordance with the transitional measures in the proviso to Paragraph 84 of this standard, the cumulative effect of the retrospective application of the new accounting standard, if it is applied prior to the first quarter of the current fiscal year, is added to or subtracted from retained earnings at the beginning of the first quarter of the current fiscal year. The new standard is then applied beginning with this amount of retained earnings. However, Helios Techno Holding has applied the method prescribed in Paragraph 86 of this standard and has not retrospectively applied the new accounting policy to contracts in which almost all revenue were recognized in accordance with the previous treatment prior to the beginning of the first quarter of the current fiscal year. In addition, pursuant to the method prescribed in item (1) of the supplementary provision of Paragraph 86 of the Accounting Standard for Revenue Recognition, Helios Techno Holding has accounted for contract changes made prior to the beginning of the first quarter of the current fiscal year in accordance with the contract terms after reflecting all of the contract changes. The cumulative effect of such changes was added to or subtracted from the balance of retained earnings at the beginning of the first quarter of the current fiscal year.

As a result, the application of the new standard resulted in reductions of 119,666 thousand yen in sales, 69,341 thousand yen in cost of goods sold, and 50,324 thousand yen in operating profit, recurring profit and profit before income taxes, respectively. There is no effect on retained earnings at the beginning of the current fiscal year.

Due to the application of the Accounting Standard for Revenue Recognition, the notes and accounts receivable that was presented in the current assets section of the consolidated balance sheet in the previous fiscal year is, from the first quarter of the current fiscal year, presented as notes and accounts receivable, and contract assets and the advances received that was presented in the current liabilities section is presented as contract liabilities. In accordance with the transitional treatment prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been made to the prior year's consolidated financial statements to conform to the new presentation. Furthermore, in accordance with the transitional treatment prescribed in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), Helios Techno Holding has not presented information on revenue from contracts with customers broken down for the first half of the previous fiscal year.

Application of the Accounting Standards for Measurement of Fair Value

Helios Techno Holding has applied the Accounting Standard for Measurement of Fair Value (ASBJ Statement No.30, July 4, 2019) and other standards from the beginning of the first quarter of the current fiscal year, and has applied the new accounting policies prescribed in the Accounting Standard for Measurement of Fair Value prospectively in accordance with the transitional measures prescribed in Paragraph 19 of the Accounting Standard for Measurement of Fair Value and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No.10, July 4, 2019). There is no effect of the application of these standards on the quarterly consolidated financial statements.

Segment Information

I. 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.

II. First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)

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

(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					
Japan	594,008	896,214	1,490,222	-	1,490,222
China	222,808	919,240	1,142,049	-	1,142,049
Asia (excluding China)	227,581	706,807	934,388	-	934,388
Others	10,788	23,965	34,753	-	34,753
Revenue from contracts with customers	1,055,186	2,546,227	3,601,413	-	3,601,413
Sales to external customers	1,055,186	2,546,227	3,601,413	-	3,601,413
Inter-segment sales and transfers	9,320	-	9,320	(9,320)	-
Total	1,064,506	2,546,227	3,610,733	(9,320)	3,601,413
Segment profit (loss)	(51,312)	164,003	112,691	(187,025)	(74,334)

Notes: 1. The minus 187,025 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

As described in Changes in Accounting Policies, Helios Techno Holding has applied the Accounting Standard for Revenue Recognition from the beginning of the first quarter of the current fiscal year and changed the accounting method for revenue recognition. The method for calculating profit or loss in business segments has been changed accordingly.

As a result, compared with the previous accounting method, net sales in the Manufacturing Equipment Business decreased by 119,666 thousand yen and segment profit decreased by 50,324 thousand yen.

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 Helios Techno Holding 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, 2022.

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" (ASBJ Practical Issues Task Force (PITF) No. 39, issued on March 31, 2020), Helios Techno Holding 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.