

Translation

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Consolidated Financial Results for the First Three Quarters of the Fiscal Year Ending September 2022 (Based on IFRS)

August 12, 2022

Company name: Hybrid Technologies Co., Ltd.

Listing exchange: Tokyo Stock Exchange

Securities code: 4260

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Scheduled date for filing quarterly securities report: August 12, 2022

Scheduled date for commencing dividend payments: -

Preparation of supplementary materials on quarterly financial results: Yes

Holding of quarterly financial results briefing session: No

(Yen amounts are rounded to the nearest million, unless otherwise noted.)

1. Consolidated financial results for the nine months ended June 30, 2022 (from October 1, 2021 to June 30, 2022)

(1) Consolidated Operating Results (Cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended												
June 30, 2022	1,708	43.0	246	176.8	264	214.3	214	243.9	214	243.9	210	261.2
June 30, 2021	1,195	(15.0)	89	(35.7)	84	(19.5)	62	(27.8)	62	(27.8)	58	34.5

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
June 30, 2022	21.27	20.06
June 30, 2021	10.29	-

(Note) Diluted earnings per share for the first three quarters ended June 30, 2021, is not presented because there were no dilutive shares with dilution effect.

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
As of	Millions of yen	Millions of yen	Millions of yen	%
June 30, 2022	2,912	2,102	2,102	72.2
September 30, 2021	1,343	571	571	42.5

2. Dividends

	Annual dividends				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended September 30, 2021	-	0.00	-	0.00	0.00
Fiscal year ending September 30, 2022	-	0.00	-		
Fiscal year ending September 30, 2022 (forecast)				0.00	0.00

(Note) Revisions to the forecast of dividends most recently announced: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2022
(from October 1, 2021, to September 30, 2022)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full fiscal year	2,274	33.6	248	122.5	252	138.1	204	170.9	204	170.9	19.76

(Notes) Revisions to the forecast of earnings most recently announced: None

*Notes

(1) Changes in significant subsidiaries during the nine months ended June 30, 2022 (changes in specified subsidiaries resulting in change in scope of consolidation): None

(2) Changes in accounting policies and changes in accounting estimates

- (i) Changes in accounting policies required by IFRS: None
- (ii) Changes in accounting policies other than (i) above: None
- (iii) Changes in accounting estimates: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)	As of June 30, 2022	10,979,648 Shares	As of September 30, 2021	7,443,748 shares
(ii) Number of treasury shares at the end of the period	As of June 30, 2022	- Shares	As of September 30, 2021	- shares
(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)	As of ended June 30, 2022	10,071,693 Shares	As of ended June 30, 2021	6,055,585 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The earnings outlook and other forward-looking statements contained in this document are based on information currently available to and certain assumptions that are thought to be reasonable by the Company. Accordingly, such statements should not be construed as a guarantee of achieving the results by the Company. Actual financial results and the like may differ materially due to various factors.

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1. Qualitative Information on the Quarterly Financial Results

(1) Explanation of Operating Results

The overview of the Group's financial position, operating results and cash flow (hereinafter "operating results, etc." is as follows.

During the nine months ended June 30, 2022, the Japanese economy saw uncertain conditions continue for the medium- to long-term general economic outlook due to stagnant supply chain, crude oil price hikes and other changes in political and economic environments caused by the Russia and Ukraine situation, amid the lingering impact of the COVID-19 pandemic.

Even under such conditions, global digitalization has accelerated and companies around the world have started to establish sustainable businesses adopting the new environment with the spread of new lifestyles. As such, demand for the market related to hybrid-type services, in which the Group is engaged, has grown strongly. In addition, during the current fiscal period, in order to achieve the growth of its business over the medium and long term, the Company has established Hybrid Technologies Capital, a support project providing funds and engineer resources to start-ups with an aim to grow their businesses. As of the end of the third quarter ended June 30, 2022, provision of support to four companies has been decided. The purpose of the project is to promote digital transformation and accelerate business expansion of the supported companies through the provision of capital and engineer resources of the Company. Through such initiatives, the Company will, at the same time, also thrive to enhance services for growth markets for the Group and expand business domains.

As a result, the Group's revenue for the nine months ended June 30, 2022, was 1,708,043 thousand yen (up 43.0% year-on-year), operating profit was 245,880 thousand yen (up 176.8% year-on-year), profit before tax was 264,185 thousand yen (up 214.3% year-on-year) and profit attributable to owners of parent was 214,259 thousand yen (up 243.9% year-on-year).

Descriptions by segment are omitted as the Company has a single operating segment of hybrid-type services.

(2) Explanation of Financial Position

Assets, liabilities and equity as of June 30, 2022, were as follows.

(Assets)

Total assets as of June 30, 2022, increased by 1,568,635 thousand yen from the end of the previous fiscal year to 2,911,526 thousand yen. This was mainly attributable to cash and cash equivalents increasing by 1,344,333 thousand yen, trade and other receivables increasing by 57,386 thousand yen, and other financial assets increasing by 142,984 thousand yen.

(Liabilities)

Total liabilities as of June 30, 2022, increased by 37,812 thousand yen from the end of the previous fiscal year to 809,852 thousand yen. This was mainly attributable to trade and other payables increasing by 49,392 thousand yen and other current liabilities decreasing by 17,089 thousand yen.

(Equity)

Total equity as of June 30, 2022, increased by 1,530,823 thousand yen from the end of the previous fiscal year to 2,101,673 thousand yen. This was mainly attributable to share capital increasing by 668,046 thousand yen and capital surplus increasing by 655,851 thousand yen.

(3) Explanation of Cash Flows

Balance of cash and cash equivalents ("net cash") as of June 30, 2022, increased by 1,344,333 thousand yen from the end of the previous fiscal year to 1,844,394 thousand yen. The status of cash flows and their contributing factors are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities during the nine months ended June 30, 2022 was 246,137 thousand yen (96,781 thousand yen provided for the same period of the previous year). This was mainly attributable to recording of profit before tax of 264,185 thousand yen, depreciation and amortization of 95,625 thousand yen and finance income of 76,619 thousand yen.

(Cash flows from investing activities)

Net cash used in investing activities during the nine months ended June 30, 2022, was 151,644 thousand yen (482,399 thousand yen used for the same period of the previous year). This was mainly attributable to recording of purchase of property, plant and equipment of 16,572 thousand yen and purchase of investment securities of 134,310 thousand yen.

(Cash flows from financing activities)

Net cash provided by financing activities during the nine months ended June 30, 2022, was 1,219,985 thousand yen (310,837 thousand yen provided for the same period of the previous year). This was mainly attributable to recording of proceeds from issuance of new shares of 1,267,132 thousand yen.

(4) Explanations on Consolidated Earnings Forecast and Other Forecast Information

Operating profit during the nine months ended June 30, 2022, was almost the same as the forecast of consolidated earnings forecast of the full fiscal year announced in the “Notice Concerning Revisions to the Earnings Forecast for the Fiscal Year Ending September 30, 2022” announced on May 13, 2022. Although profit before tax and profit exceeded the forecast, the Company plans to conduct investment in human resources, sales promotion activities, capital expenditures, etc. in the fourth quarter ending September 30, 2022, for the business growth in the next fiscal year. Due to the above, the Company has yet to decide that revisions to the consolidated earnings forecast for the full fiscal year is necessary at present. Therefore, no revision is made to the consolidated earnings forecast for the full fiscal year.

The current consolidated earnings forecast is calculated based on the information available as of the date of the filing of this summary of financial results. However, the Company will promptly announce revisions if they are deemed necessary.

2. Quarterly Consolidated Financial Statement and Primary Notes

(1) Quarterly Consolidated Statement of Financial Position

(Unit: Thousand yen)

	As of September 30, 2021	As of June 30, 2022
Assets		
Current assets		
Cash and cash equivalents	500,061	1,844,394
Trade and other receivables	221,468	278,855
Other financial assets	-	132
Other current assets	104,946	143,139
Total current assets	826,476	2,266,520
Non-current assets		
Property, plant and equipment	44,883	43,788
Right-of-use assets	379,453	375,106
Intangible assets	20,646	20,350
Other financial assets	44,683	187,535
Deferred tax assets	16,491	7,358
Other non-current assets	10,259	10,869
Total non-current assets	516,415	645,006
Total assets	1,342,891	2,911,526
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	136,409	185,801
Borrowings	30,000	30,000
Lease liabilities	89,976	104,401
Other financial liabilities	41,653	41,831
Income taxes payable	23,852	28,820
Provisions	5,682	11,069
Other current liabilities	97,350	80,262
Total current liabilities	424,922	482,183
Non-current liabilities		
Lease liabilities	338,416	318,820
Provisions	8,702	8,850
Total non-current liabilities	347,119	327,670
Total liabilities	772,041	809,852
Equity		
Share capital	225,297	893,343
Capital surplus	227,772	883,623
Retained earnings	61,533	275,792
Other components of equity	56,248	48,916
Total equity attributable to owners of parent	570,850	2,101,673
Total equity	570,850	2,101,673
Total liabilities and equity	1,342,891	2,911,526

(2) Quarterly Consolidated Statement of Profit or Loss and Quarterly Consolidated Statement of Comprehensive Income
(Quarterly Consolidated Statement of Profit or Loss)

(Unit: Thousand yen)

	The nine months ended June, 2021	The nine months ended June, 2022
Revenue	1,194,834	1,708,043
Cost of sales	(756,314)	(1,040,433)
Gross profit	438,519	667,609
Selling, general and administrative expenses	(370,450)	(427,345)
Other income	28,235	14,921
Other expenses	(7,490)	(9,305)
Operating profit	88,814	245,880
Finance income	10,921	27,824
Finance costs	(15,676)	(9,519)
Profit before tax	84,058	264,185
Income tax expense	(21,757)	(49,926)
Profit	62,301	214,259
Profit attributable to		
Owners of parent	62,301	214,259
Profit	62,301	214,259
Earnings per share		
Basic earnings per share (yen)	10.29	21.27
Diluted earnings per share (yen)	-	20.06

(Quarterly Consolidated Statement of Comprehensive Income)

(Unit: Thousand yen)

	The nine months ended June 30, 2021	The nine months ended June 30, 2022
Profit	62,301	214,259
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(4,188)	(4,379)
Total of items that may be reclassified to profit or loss	(4,188)	(4,379)
Other comprehensive income, net of tax	(4,188)	(4,379)
Comprehensive income	58,113	209,879
Comprehensive income attributable to		
Owners of parent	58,113	209,879
Comprehensive income	58,113	209,879

(3) Quarterly Consolidated Statement of Changes in Equity
The nine months ended June 30, 2021

(Unit: Thousand yen)

	Equity attributable to owners of parent							Total	Total
	Share capital	Capital surplus	Retained earnings	Other components of equity			Total		
				Exchange differences on translation of foreign operations	Share acquisition rights	Total			
Balance as of October 1, 2020	40,000	35,000	(13,599)	6,897	39,770	46,667	108,068	108,068	
Profit	-	-	62,301	-	-	-	62,301	62,301	
Other comprehensive income	-	-	-	(4,188)	-	(4,188)	(4,188)	(4,188)	
Total comprehensive income	-	-	62,301	(4,188)	-	(4,188)	58,113	58,113	
Issuance of new shares	185,297	185,297	-	-	-	-	370,593	370,593	
Share-based payment transactions	-	-	-	-	10,833	10,833	10,833	10,833	
Total transactions with owners	185,297	185,297	-	-	10,833	10,833	381,427	381,427	
Balance as of June 30, 2021	225,297	220,297	48,701	2,709	50,603	53,313	547,607	547,607	

The nine months ended June 30, 2022

(Unit: Thousand yen)

	Equity attributable to owners of parent							Total	Total
	Share capital	Capital surplus	Retained earnings	Other components of equity			Total		
				Exchange differences on translation of foreign operations	Share acquisition rights	Total			
Balance as of October 1, 2021	225,297	227,772	61,533	396	55,852	56,248	570,850	570,850	
Profit	-	-	214,259	-	-	-	214,259	214,259	
Other comprehensive income	-	-	-	(4,379)	-	(4,379)	(4,379)	(4,379)	
Total comprehensive income	-	-	214,259	(4,379)	-	(4,379)	209,879	209,879	
Issuance of new shares	644,000	635,944	-	-	-	-	1,279,944	1,279,944	
Share-based payment transactions	-	2,937	-	-	11,866	11,866	14,803	14,803	
Exercise of share acquisition rights	24,046	16,969	-	-	(14,819)	(14,819)	26,196	26,196	
Total transactions with owners	668,046	655,851	-	-	(2,953)	(2,953)	1,320,944	1,320,944	
Balance as of June 30, 2022	893,343	883,623	275,792	(3,983)	52,899	48,916	2,101,673	2,101,673	

(4) Quarterly Consolidated Statement of Cash Flows

(Unit: Thousand yen)

	he nine months ended June 30, 2021	The nine months ended June 30, 2022
Cash flows from operating activities		
Profit before tax	84,058	264,185
Depreciation and amortization	89,247	95,625
Impairment losses	6,650	-
Share-based payment expenses	10,833	14,803
Finance income	(1,976)	(76,619)
Finance costs	15,676	9,519
Decrease (increase) in trade and other receivables	(55,627)	(50,816)
Increase (decrease) in trade and other payables	(2,352)	32,875
Increase (decrease) in provisions	(1,279)	4,671
Other	(15,577)	(4,329)
Subtotal	129,653	289,914
Interest and dividends received	484	466
Interest paid	(15,530)	(9,337)
Income taxes paid	(17,826)	(34,907)
Net cash provided by (used in) operating activities	96,781	246,137
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,447)	(16,572)
Purchase of intangible assets	(10,082)	-
Purchase of investment securities	-	(134,310)
Payments for acquisition of businesses	(471,698)	-
Other	4,828	(763)
Net cash provided by (used in) investing activities	(482,399)	(151,644)
Cash flows from financing activities		
Repayments of lease liabilities	(59,756)	(73,343)
Proceeds from issuance of new shares	370,593	1,267,132
Proceeds from exercise of share acquisition rights	-	26,196
Net cash provided by (used in) financing activities	310,837	1,219,985
Net increase (decrease) in cash and cash equivalents	(74,781)	1,314,478
Cash and cash equivalents at beginning of period	485,761	500,061
Effect of exchange rate changes on cash and cash equivalents	7,668	29,855
Cash and cash equivalents at end of period	418,648	1,844,394

(5) Notes to Quarterly Consolidated Financial Statement

(Notes on Going Concern Assumption)

Not applicable.

(Changes in Accounting Policies)

Not applicable.

(Changes in Accounting Estimates)

Not applicable.

(Segment Information)

The descriptions are omitted as the Group has a single operating segment.