

## Translation

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### Consolidated Financial Results for the Fiscal Year Ended September 2022 (Based on IFRS)

November 14, 2022

Company name: Hybrid Technologies Co., Ltd. Listing exchange: Tokyo Stock Exchange  
 Securities code: 4260 URL: <https://hybrid-technologies.co.jp/>  
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 Scheduled date for annual general meeting of shareholders: December 26, 2022  
 Scheduled date for filing securities report: December 27, 2022  
 Scheduled date for commencing dividend payments: -  
 Preparation of supplementary materials on financial results: Yes  
 Holding of financial results briefing session: Yes (for institutional investors and analysts, for retail investors)

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

#### 1. Consolidated financial results for the fiscal year ended September 2022 (from October 1, 2021 to September 30, 2022)

##### (1) Consolidated Operating Results (Cumulative)

(Percentages indicate year-on-year changes.)

Fiscal year ended	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	%
September 30, 2022	2,408	41.5	288	158.4	310	193.0	250	232.2	250	232.2	230	234.8
September 30, 2021	1,702	(1.9)	111	9.8	106	66.4	75	70.3	75	70.3	69	58.9

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
	Yen	Yen	%	%	%
September 30, 2022	24.23	22.73	18.5	14.4	12.0
September 30, 2021	11.73	—	22.1	7.5	6.5

(Note) Diluted earnings per share for the fiscal year ended September 2021 is not presented because there were no dilutive shares with dilution effect.

##### (2) Consolidated Financial Position

As of	Total assets	Net assets	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Book-value per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
September 30, 2022	2,965	2,125	2,125	71.7	193.58
September 30, 2021	1,343	571	571	42.5	76.69

##### (3) Consolidated Cash Flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
September 30, 2022	345	(248)	1,184	1,809
September 30, 2021	209	(486)	279	500

## 2. Dividends

	Annual dividends					Total dividends	Payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	1st quarter- end	2nd quarter- end	3rd quarter- end	Fiscal year- end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended September 30, 2021	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ended September 30, 2022	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending September 30, 2023 (forecast)	-	0.00	-	0.00	0.00			

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2023 (from October 1, 2022, to September 30, 2023)

(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	3,219	33.7	400	39.0	389	25.4	339	36.0	339	36.0	30.91

### \*Notes

(1) Changes in significant subsidiaries during the fiscal year ended September 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 September 30, 2022	10,979,648 Shares	As of September 30, 2021	7,443,748 shares
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(ii) Number of treasury shares at the end of the period

As of September 30, 2022	- Shares	As of September 30, 2021	- shares
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(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Fiscal year ended September 30, 2022	10,300,548 Shares	Fiscal year ended September 30, 2021	6,405,478 shares
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### (Reference) Overview of Non-consolidated Financial Results

#### 1. Non-consolidated financial results for the fiscal year ended September 2022 (from October 1, 2021 to September 30, 2022)

(1) Non-consolidated Operating Results (Cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended September 30, 2022	837	33.8	76	34.3	142	38.8	94	50.0
September 30, 2021	625	0.8	56	(1.6)	102	43.4	63	24.9

	Basic Earnings per share	Diluted earnings per share
Fiscal year ended September 30, 2022	Yen 9.18	Yen 8.61
September 30, 2021	9.84	-

(Note) Diluted earnings per share for the fiscal year ended September 2021 is not presented because there were no dilutive shares with dilution effect.

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2022	2,834	2,024	71.4	184.36
September 30, 2021	1,248	615	49.3	82.67

(Reference) Total shareholders' equity: As of September 30, 2022: 2,024 million yen

As of September 30, 2021: 615 million yen

\* Financial results reports are exempt from audit 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. For the conditions forming the assumptions on which earnings forecasts are based and explanatory notes for use of earnings forecasts, refer to "1. Overview of Operating Results, etc., (4) Future Outlook" on page 3 of the Attachment.

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## 1. Overview of Operating Results, etc.

### (1) Overview of Operating Results for Current Fiscal Year

During the fiscal year ended September 30, 2022, the Japanese economy saw uncertain outlook for the future despite expectations for normalization of economic activities to progress partially with the various policies and to gradually recover with the downturn of overseas business condition, caused by factors including global financial restraints, being a risk to hold down the Japanese business condition, while the lingering impact of the COVID-19 pandemic.

Under such conditions, as for the information service industry, in which the group is engaged, according to the Preliminary Report on the Survey of Selected Service Industries for August 2022 (Ministry of Economy, Trade and Industry), both net sales and number of regular employees favorably grew with net sales of “Order of Software” within the information service industry for August 2022 was up 5.8% year-on-year recording an increase for fifth consecutive months and the number of regular employees in the information service industry was up 4.0% continuing to record an increase since June 2021. While the entire information service industry showing such performance, the group concluded a memorandum regarding education and scientific technology support with The University of Da Nang in Vietnam, where growth of digital transformation is pursued nationwide, to train and secure excellent human resource in Vietnam, and now the group can conduct operations requiring more advanced technologies and can provide services in line with clients’ needs. In addition, it has proceeded service support, human resource support, project cooperation in the security field by concluding a memorandum of cooperation with the National Cyber Security Center of Vietnam and has established a structure that pursues sustainable growth unique to the company while contributing to solving the digital transformation issues in Japan.

As a result, the Group’s revenue for the fiscal year ended September 30, 2022, was 2,407,912 thousand yen (up 41.5% year-on-year), operating profit was 287,840 thousand yen (up 158.4% year-on-year), profit before tax was 310,064 thousand yen (up 193.0% year-on-year) and profit attributable to owners of parent was 249,615 thousand yen (up 232.2% year-on-year).

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

### (2) Overview of Financial Position for Current Fiscal Year

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

#### (Assets)

Total assets as of September 30, 2022 increased by 1,622,174 thousand yen from the end of the previous fiscal year to 2,965,065 thousand yen.

Current assets increased by 1,467,623 thousand yen from the end of the previous fiscal year to 2,294,099 thousand yen. The increase of current assets was mainly attributable to cash and cash equivalents increasing by 1,308,901 thousand yen and trade and other receivables increasing by 80,706 thousand yen.

Non-current assets increased by 154,551 thousand yen from the end of the previous fiscal year to 670,966 thousand yen. The increase of non-current assets was mainly attributable to investment securities increasing by 177,840 thousand yen.

#### (Liabilities)

Total liabilities as of September 30, 2022 increased by 67,551 thousand yen from the end of the previous fiscal year to 839,592 thousand yen.

Current liabilities increased by 102,659 thousand yen from the end of the previous fiscal year to 527,581 thousand yen. The increase of current liabilities was mainly attributable to trade and other payables increasing by 70,427 thousand yen.

Non-current liabilities decreased by 35,108 thousand yen from the end of the previous fiscal year to 312,011 thousand yen. The decrease of non-current liabilities was mainly attributable to lease liabilities decreasing by 33,792 thousand yen.

#### (Net assets)

Net assets as of September 30, 2022 increased by 1,554,623 thousand yen from the end of the previous fiscal year to 2,125,473 thousand yen. This was mainly attributable to share capital increasing by 668,046 thousand yen and capital surplus increasing by 655,960 thousand yen.

### (3) Overview of Cash Flows for Current Fiscal Year

Balance of cash and cash equivalents (“net cash”) as of September 30, 2022 increased by 1,308,901 thousand yen from the end of the previous fiscal year to 1,808,962 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 fiscal year ended September 30, 2022 was 344,804 thousand yen (209,336 thousand yen provided for the same period of the previous year). This was mainly attributable to recording of profit before tax of 310,064 thousand yen and depreciation and amortization of 128,581 thousand yen as well as increase in trade and other receivables of 69,421 thousand yen.

#### (Cash flows from investing activities)

Net cash used in investing activities during the fiscal year ended September 30, 2022, was 247,791 thousand yen (486,016 thousand yen used for the same period of the previous year). This was mainly attributable to recording of payments into time deposits of 33,376 thousand yen and purchase of investment securities of 182,639 thousand yen.

#### (Cash flows from financing activities)

Net cash provided by financing activities during the fiscal year ended September 30, 2022, was 1,183,913 thousand yen (279,342 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) Future Outlook

For the assumption of the domestic economic conditions in Japan, even though uncertainty remains with the impact of matters including the COVID-19 pandemic and the risk of foreign exchange fluctuations, the market of the hybrid-type services, in which the Group is engaged, is considered to continue the steady growth with the increased demands for digital transformation, etc. Considering such conditions, for the Group’s consolidated earnings for the fiscal year ending September 30, 2023, the Company forecasts revenue of 3,218,694 thousand yen (up 33.7% year-on-year), operating profit of 400,240 thousand yen (up 39.0% year-on-year), profit before tax of 388,963 thousand yen (up 25.4% year-on-year) and profit of 339,400 thousand yen (up 36.0% year-on-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. The actual results may differ to the forecast figures due to various factors in the future. However, the Company will promptly announce if an event that will impact the Group’s earnings occurs.

### (5) Basic Policy Regarding Distribution of Profit

The Company’s management policy is to conduct distribution that maximize shareholder interests and allocation to internal reserve to correspond to capital demands towards expansion of earnings and business.

## 2. Basic Policy Regarding Selection of Accounting Standards

The Group adopts International Financial Reporting Standards (IFRS) since the fiscal year ended September 30, 2020 with the transition date of October 1, 2018 in order to increase international comparability of financial information in the capital market and convenience.

### 3. Consolidated Financial Statements and Primary Notes

#### (1) Consolidated Balance Sheets

(Unit: Thousand yen)

	As of September 30, 2021	As of September 30, 2022
<b>Assets</b>		
Current assets		
Cash and cash equivalents	500,061	1,808,962
Trade and other receivables	221,468	302,175
Other financial assets	-	34,184
Other current assets	104,946	148,778
Total current assets	826,476	2,294,099
Non-current assets		
Property, plant, and equipment	44,883	41,983
Right-of-use assets	379,453	359,757
Intangible assets	20,646	20,150
Investment securities	-	177,840
Other financial assets	44,683	59,372
Deferred tax assets	16,491	858
Other non-current assets	10,259	11,005
Total non-current assets	516,415	670,966
Total assets	1,342,891	2,965,065
<b>Liabilities and net assets</b>		
Liabilities		
Current liabilities		
Trade and other payables	136,409	206,836
Borrowings	30,000	20,000
Lease liabilities	89,976	102,401
Other financial liabilities	41,653	42,953
Income taxes payable	23,852	33,457
Provisions	5,682	6,423
Other current liabilities	97,350	115,510
Total current liabilities	424,922	527,581
Non-current liabilities		
Lease liabilities	338,416	304,624
Provisions	8,702	7,387
Total non-current liabilities	347,119	312,011
Total liabilities	772,041	839,592
Net assets		
Share capital	225,297	893,343
Capital surplus	227,772	883,732
Retained earnings	61,533	311,147
Other components of equity	56,248	37,250
Total equity attributable to owners of parent	570,850	2,125,473
Total net assets	570,850	2,125,473
Total liabilities and net assets	1,342,891	2,965,065

(2) Consolidated Statements of Income and Comprehensive Income  
(Consolidated Statements of Income)

(Unit: Thousand yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Revenue	1,702,058	2,407,912
Cost of sales	(1,050,293)	(1,464,260)
Gross profit	651,766	943,652
Selling, general and administrative expenses	(562,165)	(659,397)
Other income	29,268	17,633
Other expenses	(7,491)	(14,047)
Operating profit	111,378	287,840
Finance income	13,522	34,905
Finance expenses	(19,079)	(12,681)
Profit before tax	105,821	310,064
Income taxes	(30,689)	(60,449)
Profit	75,132	249,615
Profit attributable to		
Owners of parent	75,132	249,615
Profit	75,132	249,615
Earnings per share		
Basic earnings per share (yen)	11.73	24.23
Diluted earnings per share (yen)	-	22.73



## (Consolidated Statements of Comprehensive Income)

(Unit: Thousand yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Profit	75,132	249,615
Other comprehensive income		
Items that will not be reclassified to profit and loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	-	(8,595)
Total of items that will not be reclassified to profit and loss	-	(8,595)
Items that may be reclassified to profit and loss		
Exchange differences on translation of foreign operations	(6,501)	(11,225)
Total of items that may be reclassified to profit and loss	(6,501)	(11,225)
Other comprehensive income, net of tax	(6,501)	(19,820)
Comprehensive income	<u>68,631</u>	<u>229,795</u>
Comprehensive income attributable to		
Owners of parent	<u>68,631</u>	<u>229,795</u>
Comprehensive income	<u>68,631</u>	<u>229,795</u>

(3) Consolidated Statements of Changes in Net assets  
Fiscal year ended September 30, 2021

(Unit: Thousand yen)

	Equity attributable to owners of parent							
	Share capital	Capital surplus	Retained earnings	Other components of equity			Total	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	-	-	75,132	-	-	-	75,132	75,132
Other comprehensive income	-	-	-	(6,501)	-	(6,501)	(6,501)	(6,501)
Total comprehensive income	-	-	75,132	(6,501)	-	(6,501)	68,631	68,631
Issuance of new shares	185,297	185,297	-	-	-	-	370,593	370,593
Share-based payment transactions	-	-	-	-	23,558	23,558	23,558	23,558
Forfeiture of share acquisition rights	-	7,476	-	-	(7,476)	(7,476)	-	-
Total transactions with owners	185,297	192,772	-	-	16,082	16,082	394,151	394,151
Balance as of September 30, 2021	225,297	227,772	61,533	396	55,852	56,248	570,850	570,850

Fiscal year ended September 30, 2022

(Unit: Thousand yen)

	Equity attributable to owners of parent								
	Share capital	Capital surplus	Retained earnings	Other components of equity			Total	Total	
				Exchange differences on translation of foreign operations	Share acquisition rights	Financial assets measured at fair value through other comprehensive income			
Balance as of October 1, 2021	225,297	227,772	61,533	396	55,852	-	56,248	570,850	570,850
Profit	-	-	249,615	-	-	-	-	249,615	249,615
Other comprehensive income	-	-	-	(11,225)	-	(8,595)	(19,820)	(19,820)	(19,820)
Total comprehensive income	-	-	249,615	(11,225)	-	(8,595)	(19,820)	229,795	229,795
Issuance of new shares	644,000	635,944	-	-	-	-	-	1,279,944	1,279,944
Share-based payment transactions	-	3,046	-	-	15,625	-	15,625	18,671	18,671
Exercise of share acquisition rights	24,046	16,969	-	-	(14,819)	-	(14,819)	26,196	26,196
Other	-	-	-	-	16	-	16	16	16
Total transactions with owners	668,046	655,960	-	-	822	-	822	1,324,828	1,324,828
Balance as of September 30, 2022	893,343	883,732	311,147	(10,829)	56,674	-	37,250	2,125,473	2,125,473

## (4) Consolidated Statements of Cash Flows

(Unit: Thousand yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Cash flows from operating activities		
Profit before tax	105,821	310,064
Depreciation and amortization	118,937	128,581
Impairment losses	6,650	-
Share-based payment expenses	23,558	18,671
Finance income	(2,453)	(89,098)
Finance expenses	19,079	12,681
Decrease (increase) in trade and other receivables	(31,709)	(69,421)
Increase (decrease) in trade and other payables	8,254	49,985
Increase (decrease) in provisions	1,460	741
Other	386	27,766
Subtotal	249,982	389,970
Interest and dividends received	445	916
Interest paid	(18,891)	(12,446)
Income taxes paid	(22,199)	(33,636)
Net cash provided by (used in) operating activities	209,336	344,804
Cash flows from investing activities		
Payments into time deposits	-	(33,376)
Purchase of property, plant, and equipment	(7,362)	(26,069)
Purchase of intangible assets	(11,179)	(555)
Purchase of investment securities	-	(182,639)
Payments for acquisition of businesses	(471,698)	-
Other	4,222	(5,151)
Net cash provided by (used in) investing activities	(486,016)	(247,791)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(10,000)	(10,000)
Proceeds from issuance of new shares	370,593	1,267,132
Repayments of lease liabilities	(81,252)	(99,431)
Proceeds from exercise of share acquisition rights	-	26,196
Other	-	16
Net cash provided by (used in) financing activities	279,342	1,183,913
Net increase (decrease) in cash and cash equivalents	2,662	1,280,926
Cash and cash equivalents at beginning of period	485,761	500,061
Effect of exchange rate changes on cash and cash equivalents	11,637	27,975
Cash and cash equivalents at end of period	500,061	1,808,962

(5) Notes to 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.

(Per Share Information)

The basis for calculating basic earnings per share and diluted earnings per share are as follows.

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Profit attributable to owners of parent (thousand yen)	75,132	249,615
Profit not attributable to common shareholders of parent (thousand yen)	-	-
Profit used in calculating basic earnings per share and diluted earnings per share (thousand yen)	75,132	249,615
Weighted average number of common shares (shares)	6,405,478	10,300,548
Increased number of common shares		
Share acquisition rights (shares)	-	680,559
Weighted average number of common shares after adjustment for dilution (shares)	-	10,981,107
Basic earnings per share (yen)	11.73	24.23
Diluted earnings per share (yen)	-	22.73

(Note) Diluted earnings per share for the fiscal year ended September 2021 is not presented because there were no dilutive shares with dilution effect.