



Hybrid Technologies Co., Ltd.

(TSE Growth Securities Code: 4260)

Fiscal Year Ending September 30, 2023 (First Quarter)

Financial Results Briefing Materials

February 14, 2023

Highlights of the First Quarter of Fiscal Year Ending September 30, 2023

Casley Consulting, Inc. Became a Subsidiary

Topics for the First Quarter

Growth Strategy

Overview of Company/Business



Executive Summary

Highlights of the First Quarter of Fiscal Year Ending September 30, 2023

- Revenue increased by **38%** year-on-year, with revenue for stock services increasing by **23%** year-on-year.
- Operating profit increased by 17 million yen year-on-year, from 49 million to **66 million yen (+35%)**.
- The number of long-term stock service projects, which is a major KPI, was **50**, while the average price per stock service project was **3,622 thousand yen**.
- Acquired partner certification from Salesforce, which provides CRM tools, enabling proposals and development using Salesforce.

Revenue

694 million yen **+38%** ↗
(YoY)

Gross Profit

256 million yen **+44%** ↗
(YoY)

Operating Profit

66 million yen **+35%** ↗
(YoY)

Subsequent Events

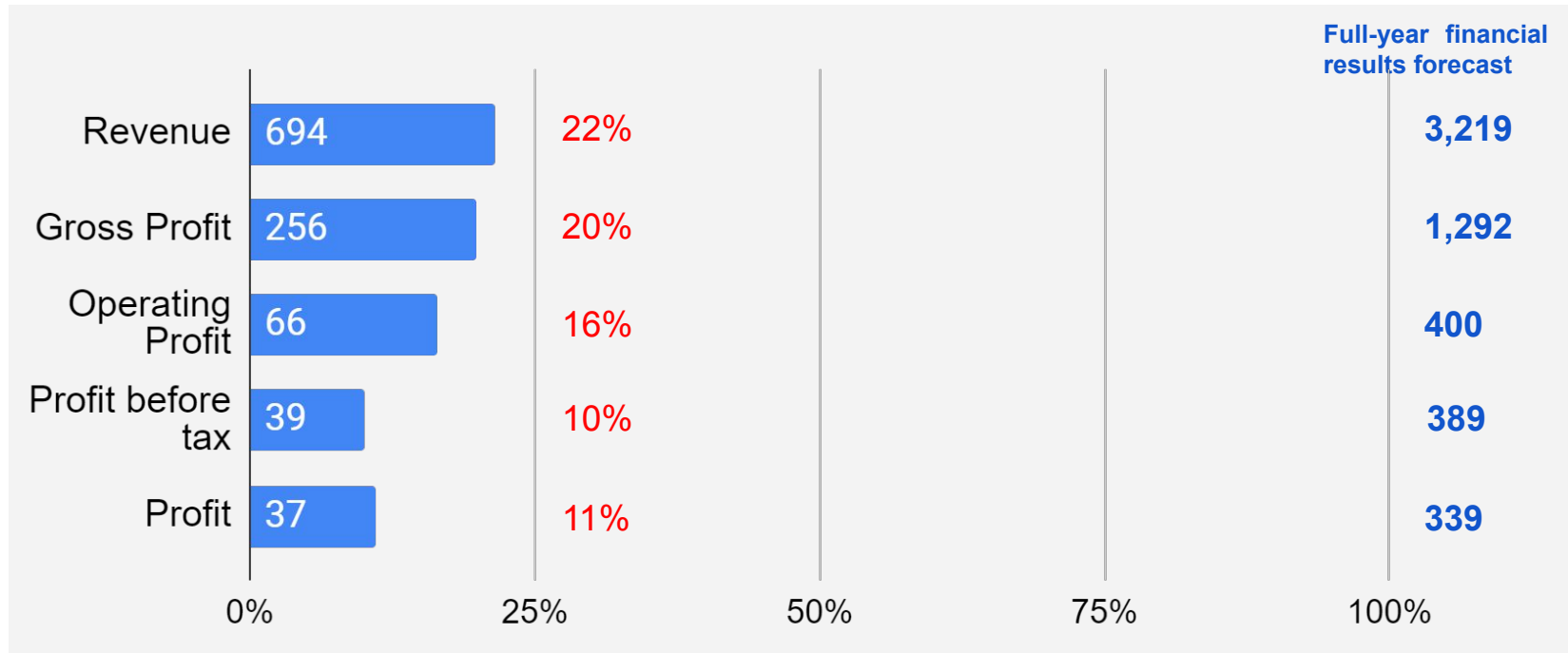
- At the Board of Directors meeting held on January 31, 2023, the Company resolved to acquire the shares of Casley Consulting, Inc. and make it a subsidiary, and concluded a share transfer agreement as of the same date. For details, see page 14 of this document. A portion of the expenses related to this transaction was recorded in the first quarter.



Progress Rate vs. Financial Results Forecast for the Fiscal Year Ending September 2023

- Both revenue and operating profit progressed as expected as of the first quarter.
- Recorded finance expenses of 28 million yen (foreign exchange loss due to the appreciation of the yen, etc.) resulting in profit before tax of 39 million yen and profit of 37 million yen.

(unit: millions of yen)



Financial Highlights

- In the first quarter, revenue **increased by 191 million yen (+38%)** year-on-year to **694 million yen**. This is attributable to the expanded scale of existing projects with the accelerating assignment of personnel in upstream processes.
- Gross profit **increased by 78 million yen (+44%)** year-on-year to **256 million yen**. This is attributable to the absorption of increased fixed costs due to office expansion and relocation for a Vietnam development site resulting from an increase in revenue. Gross profit margin improved by 1 percentage point to **37%**.
- However, the selling, general and administrative expenses ratio increased by 2.4 percentage points due to an increase in recruitment expenses and labor costs due to the hiring of sales personnel, project managers, and designers for long-term growth, and an increase in sales promotion expenses from growing office floors in Japan and other factors.
- As a result, operating profit **increased by 17 million yen** year-on-year to **66 million yen (+35%)**.
- Finance expenses of 28 million yen (foreign exchange loss due to the appreciation of the yen, etc.) were recorded, and profit **decreased by 4 million yen** year-on-year to **37 million yen (-10%)**.

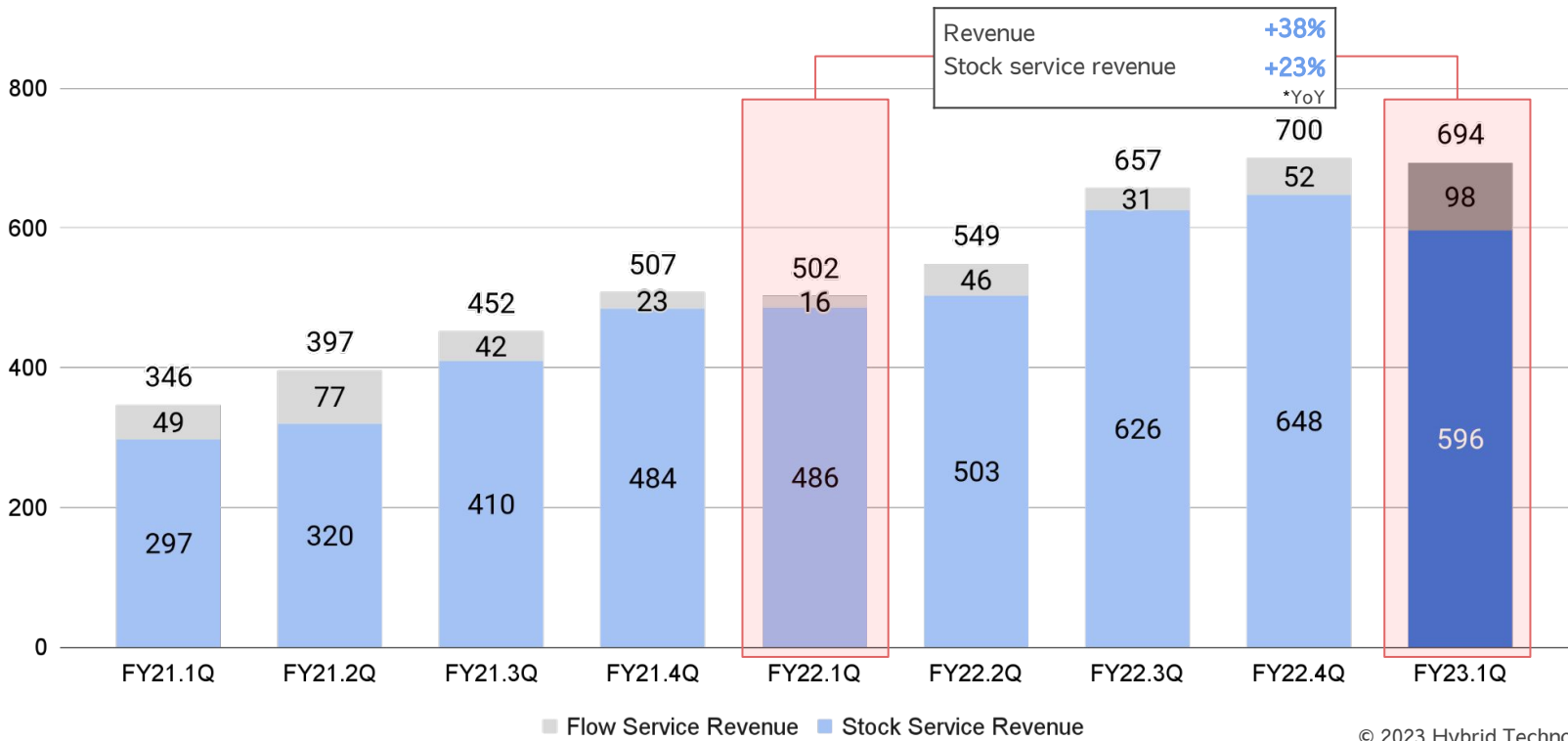
(unit: millions of yen)

	FY2022 Q1		FY2023 Q1		YoY	Full-year financial results forecast	
	Amount	Proportion of Sales	Amount	Proportion of Sales		Amount	Progress rate
Revenue	502	-	694	-	+38%	3,219	22%
Gross Profit	178	36%	256	37%	+44%	1,292	20%
Operating Profit	49	10%	66	9%	+35%	400	16%
Profit before tax	50	10%	39	6%	-22%	389	10%
Profit	42	8%	37	5%	-10%	339	11%



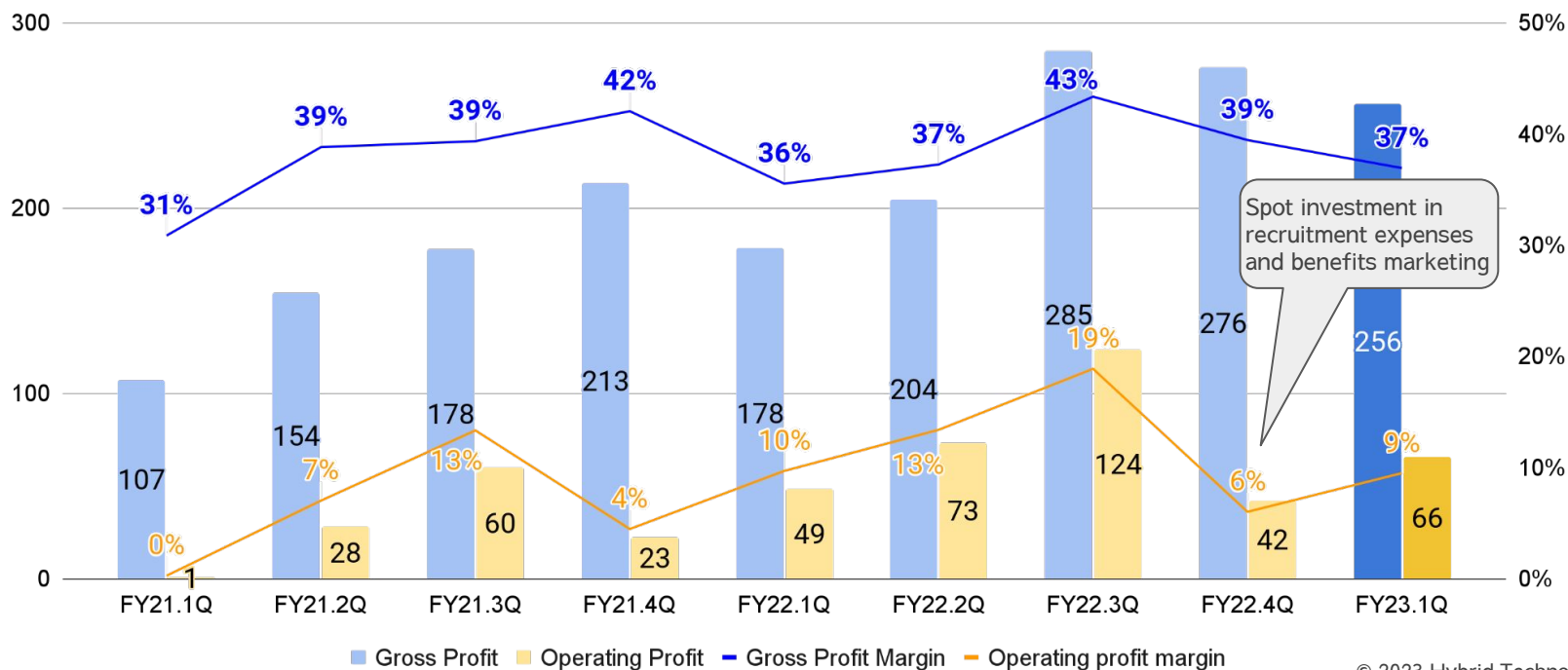
Changes by Quarter: Revenue

- Revenue **increased by 38%** year-on-year, with sales revenue for core stock services **increasing by 23%** year-on-year.
- With the appreciation of the yen into the first quarter, sales of the Company's stock services, which are mainly contracts denominated in USD, decreased when converted to Japanese yen.
- During the yen's depreciation phase from the second half of the previous fiscal year, demand for flow service contracts with a fixed contract amount in Japanese yen increased due to customer concerns that stock service contracts mainly denominated in USD would lead to an increase in costs when converted to Japanese yen.



Changes by Quarter: Gross Profit, Operating Profit

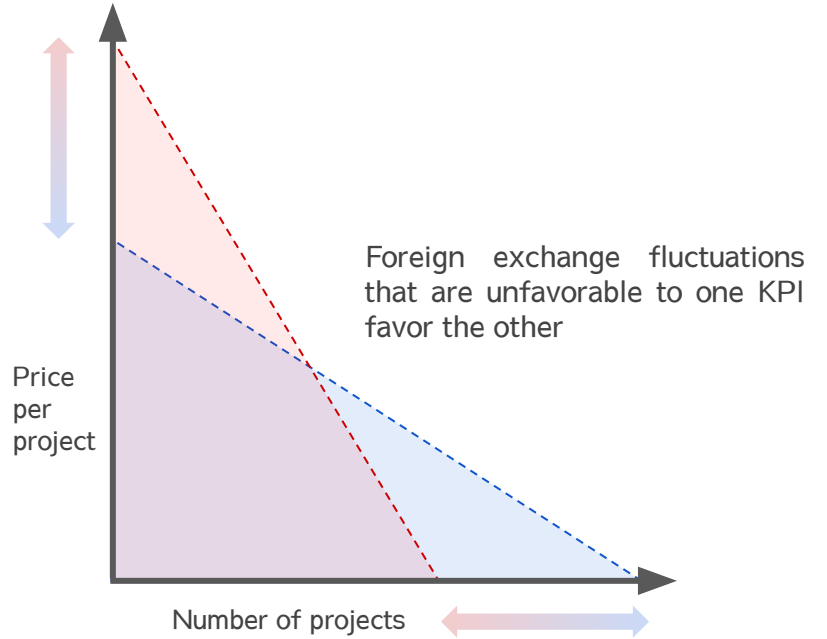
- Cost of sales were recorded in advance due to an increase in personnel expenses due to promoting the hiring of engineers through recruitment campaign in Vietnam, etc. in the previous fourth quarter, and an increase in fixed costs associated with expanding office floor space of the Vietnamese subsidiary. As a result, gross profit was **256 million yen** (gross profit margin was **37%**, the same level as the same period of the previous year).
- Operating profit was **66 million yen** (operating profit margin was **9%**) as a result of absorbing increases in recruitment expenses and labor costs due to the increase in Japan office floors, hiring sales personnel, project managers, designers, etc., as well as an increase in sales, general and administrative expenses, including sales promotion expenses.



Major KPIs and Approach to Foreign Exchange Impact

- The number of stock service projects and their average price per project mainly denominated in USD are inversely correlated with foreign exchange fluctuations.
- From the dual perspectives of building up a stable count of long-term stock service projects and improving overall average price per project, our goal is comprehensive growth in our core stock service business.

	Number of stock service projects	Average Price Per Stock Service
Strong yen	Decreased price per project provided when converted to Japanese yen ↓ Increased price competitiveness Accelerated prospect of new orders	Reduced revenue when converted to Japanese yen ↓ Decreased price per project
Weak yen	Increased price per project provided when converted to Japanese yen ↓ Reduced price competitiveness Accelerated prospect of new orders	Increased revenue when converted to Japanese yen ↓ Increased Price per Project

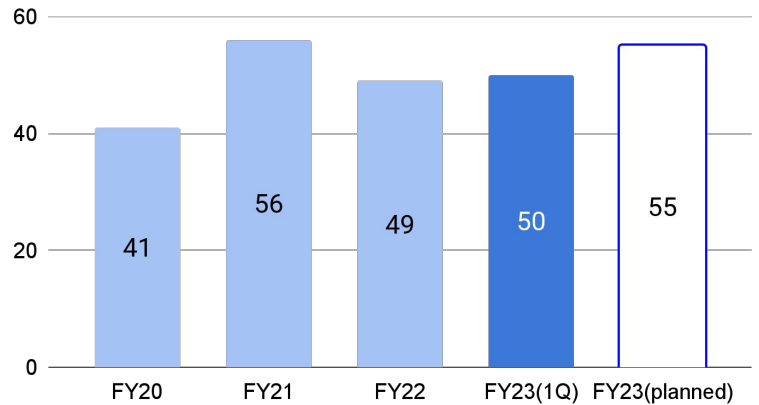


Major KPI: Number of Stock Service Projects

- As of the end of the first quarter of the fiscal year ending September 30, 2023, there were 50 long-term stock service projects with contracts of six months or more.
- During the yen's depreciation phase from the second half of the previous fiscal year, demand for flow service contracts with a fixed contract amount in Japanese yen increased due to customer concerns that stock service contracts mainly denominated in USD would lead to an increase in costs when converted to Japanese yen. The number of stock service contracts increased only slightly.
- We will propose a transition to a stock service contract to capture the demand for maintenance and enhancement expected after development completion for flow service projects, which temporarily increased, aiming to strengthen our stable revenue base.
- We will focus on acquiring new stock service projects going forward through increased price competitiveness from Japanese yen conversion costs thanks to the trend to a stronger yen occurring earlier than we expected in our initial forecasts.

Changes in/Plans for Number of Stock Service Project

(unit: projects)



Progress in measures to increase stock service projects in FY2023

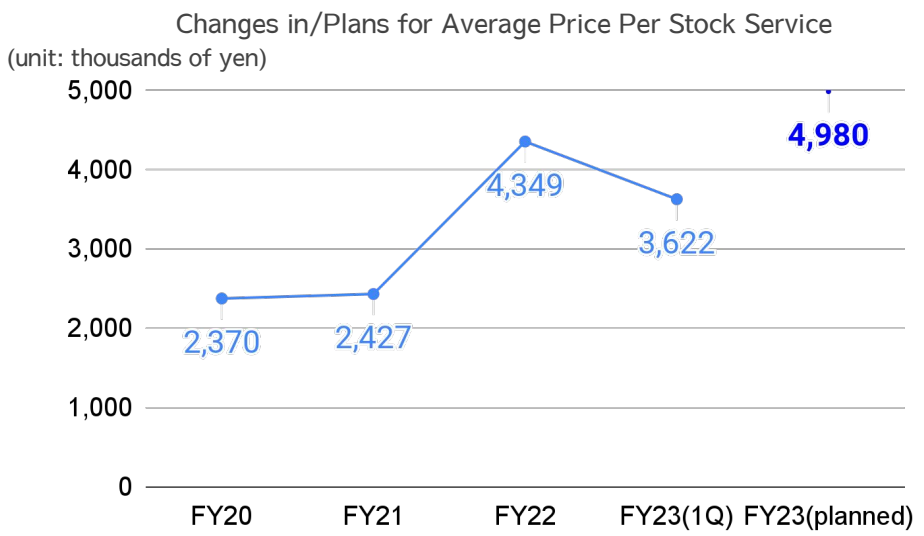
Flexible pricing measures	<ul style="list-style-type: none"> • During periods of a weak yen, proposing prices adjusted to foreign exchange rate for new inquiries
Expanding proposal system	<ul style="list-style-type: none"> • Progress in hiring for sales department, strengthening personnel • Improving proposal capabilities by project management personnel participating in proposals • Strengthening proposal capabilities by establishing a designer team
Developing major customers	<ul style="list-style-type: none"> • Ongoing proposal activities for multiple advisor referral projects



*Number of stock service projects: Number of long-term stock service projects with contracts of six months or more as of the end of the quarter (fiscal year)

Major KPI: Average Price Per Stock Service

- Although the average price per stock service was trending over 4,100 thousand yen until November, it was **3,622 thousand yen** as of December, the last month of the first quarter.
- Due to the completion of the release of a large-scale project at the end of November and shift to the maintenance phase, there was a temporary adjustment to development team scale until the start of a new development phase.
- The overall average price per project was temporarily lowered due to the small-scale launch in December of several customer projects that had been reserved for the Company due to concerns about the impact of the yen's depreciation. We aim to improve the average price per project by expanding the development system from the second quarter onward.
- Due to the shift to a stronger yen into December, the average price per project at the end of the quarter decreased due to a decrease in the price per project when converted to Japanese yen.



Progress in measures to increase average price per stock service in FY2023

<p>Strengthening proposal capabilities for upstream processes and improving utilization rates</p>	<ul style="list-style-type: none"> • Promoting intervention by upstream process personnel in proposals
<p>Expanding and strengthening supported fields</p>	<ul style="list-style-type: none"> • Increasing number of projects for UI design and image creation • Increasing utilization rate for designer teams
<p>Diversification of earnings structure</p>	<ul style="list-style-type: none"> • Orders for security services • Started proposing Salesforce projects

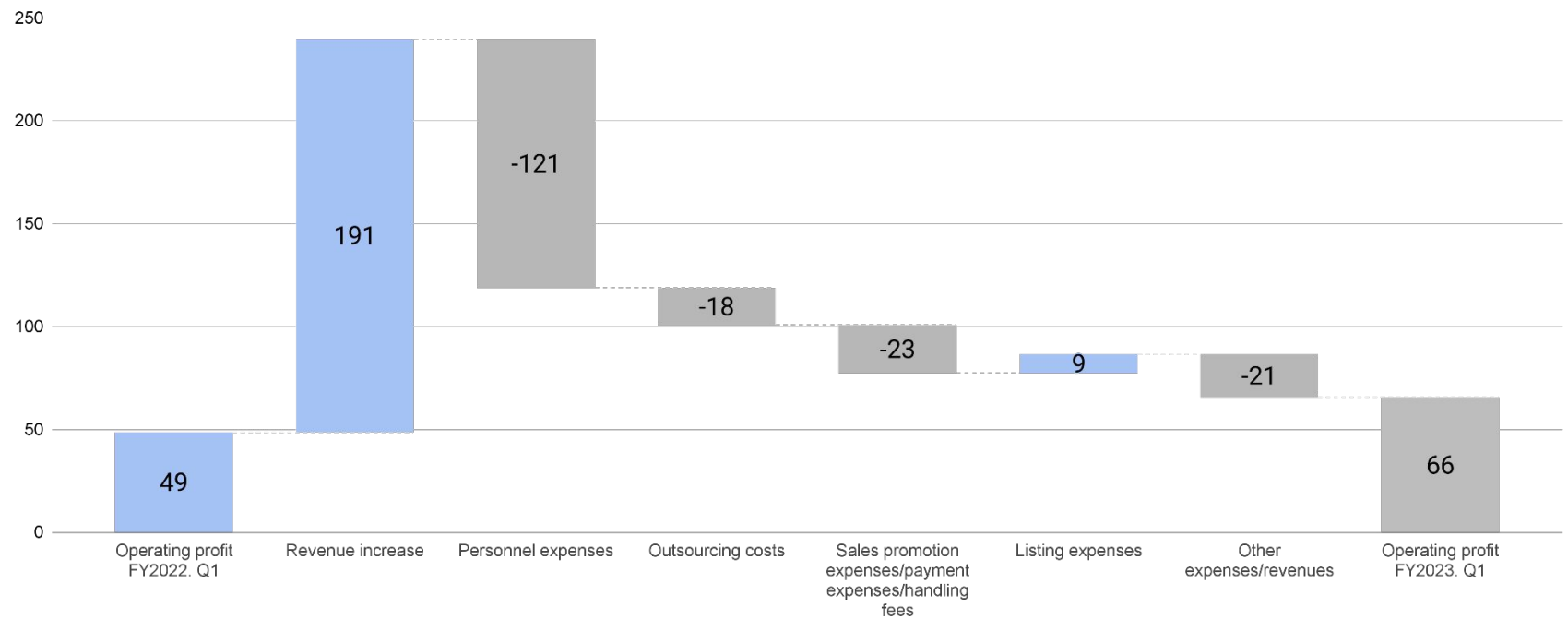


*Average price per stock service: Total sales revenue of stock service projects at the end of the quarter (end of the fiscal year) / number of projects

Operating Profit (Cumulative) Analysis

- Revenue in the first quarter **increased by 191 million yen** year-on-year **(+38%)**.
- Increase in sales-related personnel expenses **(+121 million yen)** due to personnel expenses of engineers hired from recruitment campaigns and strengthening sales system, and increase in expenses **(+18 million yen)** in response to an increase in the number of projects.
- Increase in sales promotion expenses due to the strengthening of marketing activities.
- This also includes an increase in fixed costs (rent, depreciation, etc.) due to the expansion of office floors both in Japan and at the Vietnamese subsidiary.

(unit: millions of yen)



- Equity-to-asset ratio is **70%**.
- Cash and cash equivalents amounted to **1.768 billion yen**, providing sufficient investment funds for future business growth opportunities.
- As of the end of the first quarter, there were nine investments via Hybrid Technologies Capital projects, and **209 million yen in investment securities** were recorded in non-current assets.

B/S

(unit: millions of yen)

	Borrowings 20
	Other current liabilities 477
	Non-current liabilities 431
Cash and cash equivalents 1,768	
Other current assets 507	Net assets 2,173
Non-current assets 826	
	Capital: 893 million
	Capital surplus: 884 million
	Retained earnings: 348 million
	Other components: 48 million

Investment securities: 209 million

C/F

(unit: millions of yen)

Cash flows from operating activities	24
Cash flows from investing activities	△27
Purchase of investment securities (30 million)	
Cash flows from financing activities	△25
Net increase (decrease) in cash and cash equivalents	△28
Cash and cash equivalents at beginning of period	1,809
Effect of exchange rate changes on cash and cash equivalents	△13
Cash and cash equivalents at end of period	1,768

Highlights of the First Quarter of Fiscal Year Ending September 30, 2023

Casley Consulting, Inc. Became a Subsidiary

Topics for the First Quarter

Growth Strategy

Overview of Company/Business



• On January 31, 2023, the Company resolved to acquire all shares of Casley Consulting, Inc. and make it a subsidiary.



Date of conclusion of share transfer agreement	January 31, 2023
Date of share acquisition (effective date)	April 3, 2023 (planned)
Share acquisition price	300 million yen
Acquired interest	100%
Source of funds for acquisition	Allocated from cash and deposits on hand
Impact on current fiscal year financial results	Under assessment

Acquisition objectives
Expected synergies

Securing project management personnel and personnel/cross-selling in mutual projects

The target company possesses a large number of experienced project management/consulting personnel and expertise in project management personnel development. It is joining the Group would create business synergies between the two companies and contribute to the Group's disruptive growth, leading to a decision to acquire the company's shares.

Specifically, it is expected that the stability and quality of the hybrid services that we provide to our customers will improve, and that we will be able to provide not only worker dispatching services but also our hybrid services to existing customers of the target company



- Casley Consulting, Inc. has strengths in upstream processes, including broad knowledge from applications to infrastructure, since all of its project management personnel are from engineering backgrounds.

Company name	Casley Consulting, Inc.
Date of establishment	December 1, 2020
Address	4-20-3 Ebisu, Shibuya-ku, Tokyo
Business lines	Worker dispatch business *Target business only
Capital	10 million yen
Sales	142 million *Fiscal year ended November 2022 / Target business only
Number of employees	15 *As of January 2023 / Target business only
Fiscal year end	November
Location	Tokyo



Executive Officer

Hirokazu Tanaka

Profile

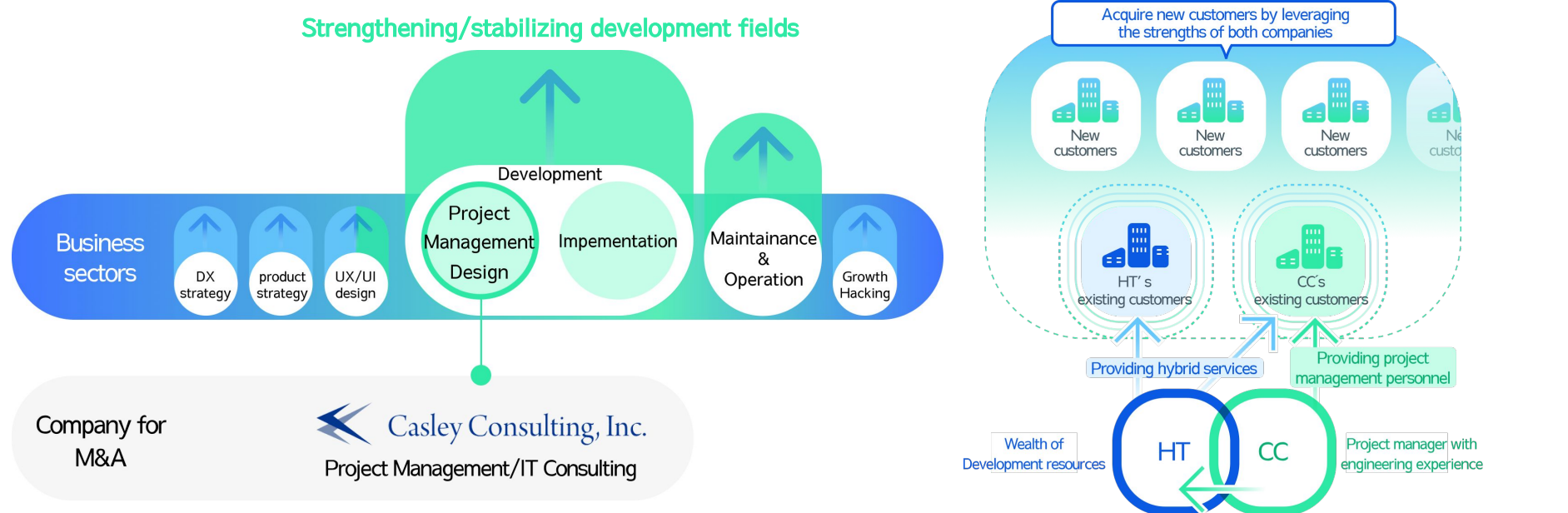
- 1994 Joined a major SI company. Was consistently engaged in contracted development project work both directly and indirectly, building a wide range of business knowledge from technology to management, as well as technical career development from programmer to project manager. After being appointed to a line management role in 1997, he worked as a supervisor, section manager, and office manager. Since 2006, he worked for 14 years in project management operations in human resources and transportation core systems.
- 2016 Joined Casley Consulting. Engaged in business management/project management of highway management core systems, handled various management positions, and contributed to the expansion of the company's related businesses (system engineering services/contracting).
- 2020 Appointed as an executive officer of Casley Consulting.

Comment from Tanaka

Since joining Casley Consulting, I have been working to expand the company's business by establishing the project manager dispatch field and creating synergistic effects with contracted work. My main responsibility has been in the field project manager dispatch business, where my goal is to not just sell system engineering services but to consult, and to provide valuable services from customer's perspective. I work hard every day to provide first-class management services to our customers with this approach. I will continue to focus on building a team of project managers that can contribute to maximizing the value of our customers' projects.



- Casley Consulting has strong technical capabilities backed by an organization composed of former engineers, broad knowledge from applications to infrastructure, and strengths in the upstream process from planning to team launch.
- While further stabilizing and deepening upstream processes in hybrid services, we expect synergies with abundant Vietnamese IT resources.
- In addition, we expect to provide our hybrid services (in addition to conventional worker dispatch business) to Casley Consulting's existing customers.

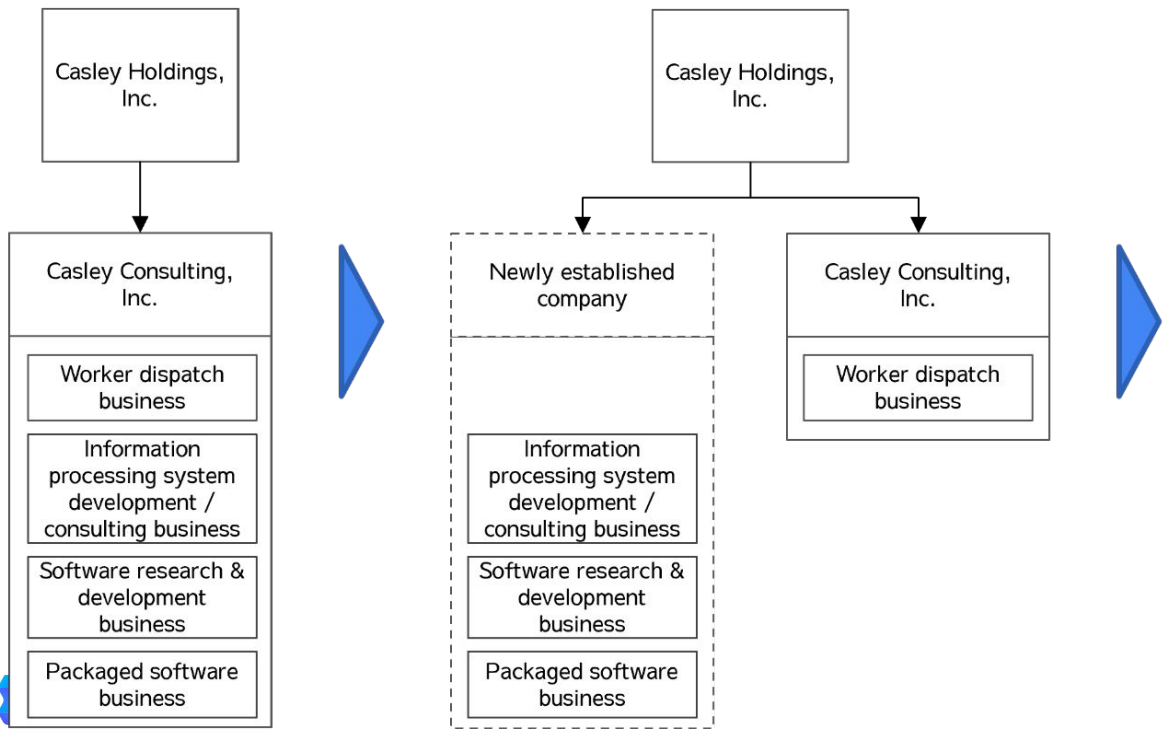


HT: Hybrid Technologies Co., Ltd.
CC: Casley Consulting, Inc.

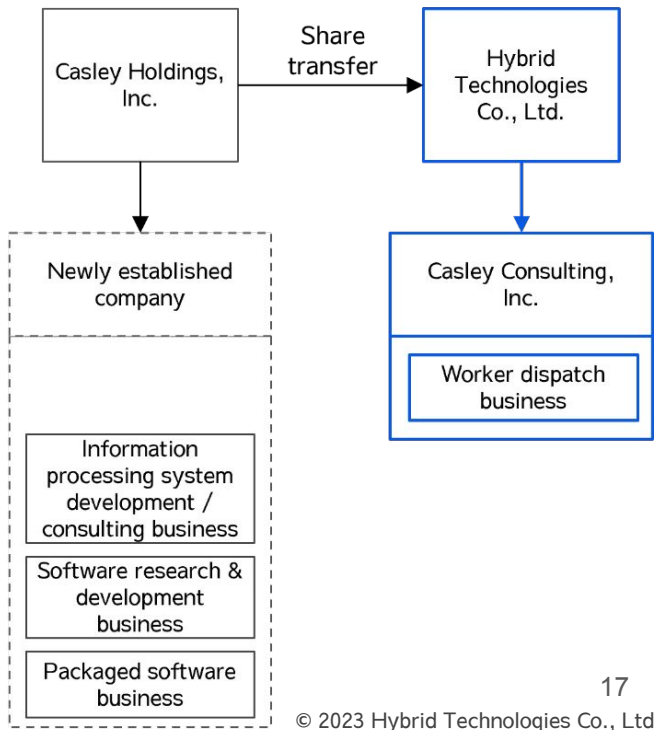
Casley Consulting, Inc. Became a Subsidiary

· Casley Holdings, Inc., which currently holds 100% of the target company's shares, will establish a new company and transfer all businesses, excluding the worker dispatch business, all past debts, personnel, etc. of the target company (to become a subsidiary of the Company) to the newly-established company.

(1) Company Spin-off



(2) Share transfer



Highlights of the First Quarter of Fiscal Year Ending September 30, 2023

Casley Consulting, Inc. Became a Subsidiary

Topics for the First Quarter

Growth Strategy

Overview of Company/Business



- Started providing cybersecurity services in September 2022.
- In the first quarter, we provided security tests for **four projects**, mainly existing customers.
- These services contributed to improving customer systems and service security in eight areas.

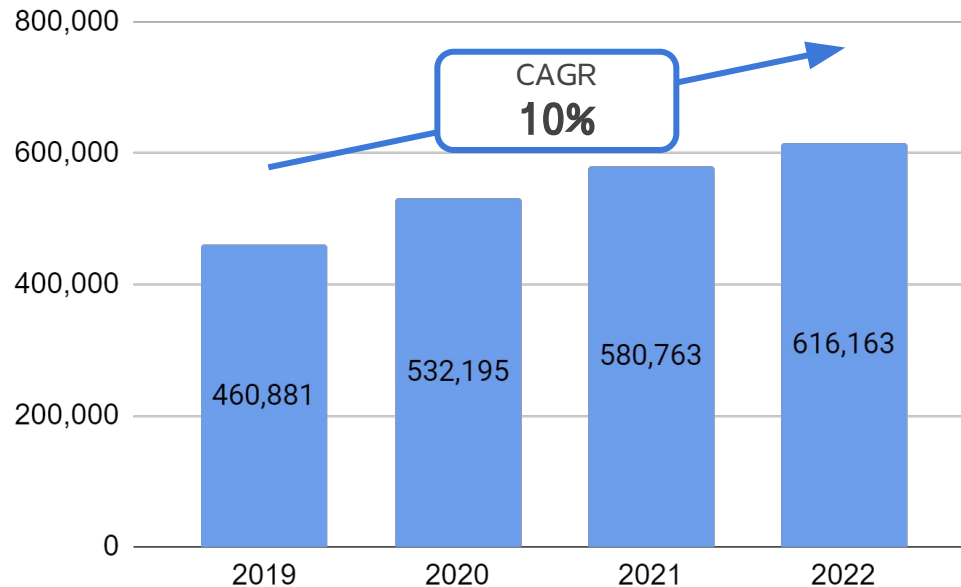
1. **Vulnerability assessments** to eliminate security risks such as information leaks
2. **Penetration testing** to check the customer environment's strength level and for security deficiencies
3. **Monitoring the customer's infrastructure** for patch application status, dangerous configurations, etc.
4. **Compliance tests** conforming to standards such as ISO/IEC 27001
5. Support for **creating internal systems** to design and maintain appropriate security for products and systems
6. **Code assistance/review** for meeting security standards
7. Support for formulating **security policies** for organizations and systems
8. Security training, **awareness training** through simulated cyberattacks, etc.



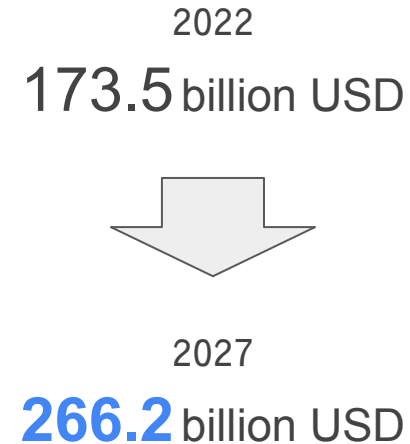
- Demand for cybersecurity services is increasing both in Japan and abroad, with the global market size expected to reach 266.2 billion USD in 2027.
- Offering cybersecurity services using Vietnamese professional talent in the Japanese domestic market addresses Japan's shortage of domestic professionals and soaring engineer prices.

Japan's Security Service Market*¹

(unit: millions of yen)



Global Cybersecurity Market*²



Source: ¹JNSA (2022), Information Security Market Survey 2021, Japan Network Security Association (JNSA) Research Group Security Market Survey Working Group

²Cyber Security Market by Component (Software, Hardware, and Services), Software (IAM, Encryption and Tokenization, and Other Software), Security Type, Deployment Mode, Organization Size, Vertical and Region - Global Forecast to 2027

- Certified as a consulting partner of Salesforce, a leading provider of customer relationship management (CRM) tools.
- Certified as a partner with expertise and experience in Salesforce, providing its implementation and operation support services.
- Certification allows us to use Salesforce to improve operational efficiency, propose business strategies, and support implementation.
- Our first Salesforce project received was to provide services to onoff inc., provider of the CRM tool “Repeatan.”



About Salesforce

Cloud-based software provider focused on its CRM tool, “Salesforce”

Salesforce tool market scale

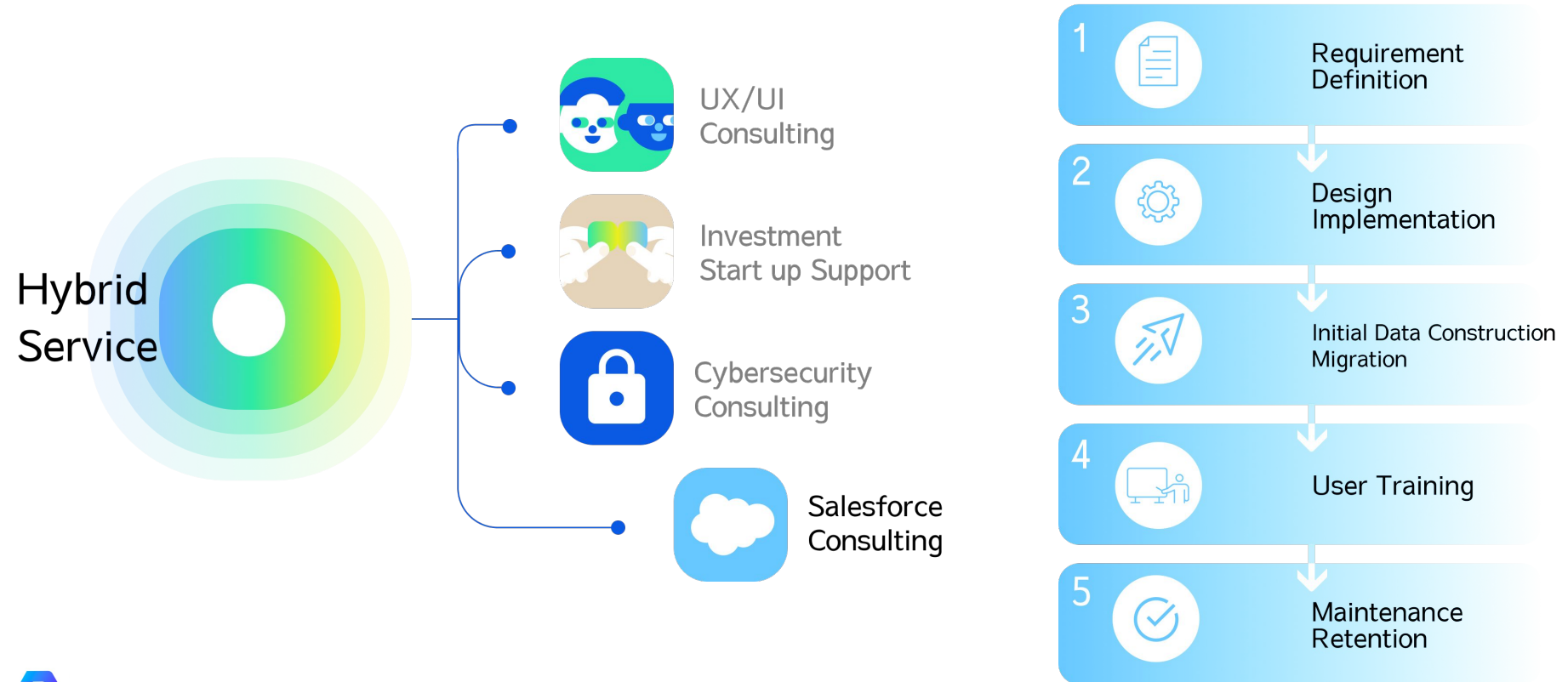
Forecasted sales from 2021 to 2026: **1.6 trillion USD**

New potential from this partnership

Proposing/supporting Salesforce introduction to customers
Sales/development support from Salesforce

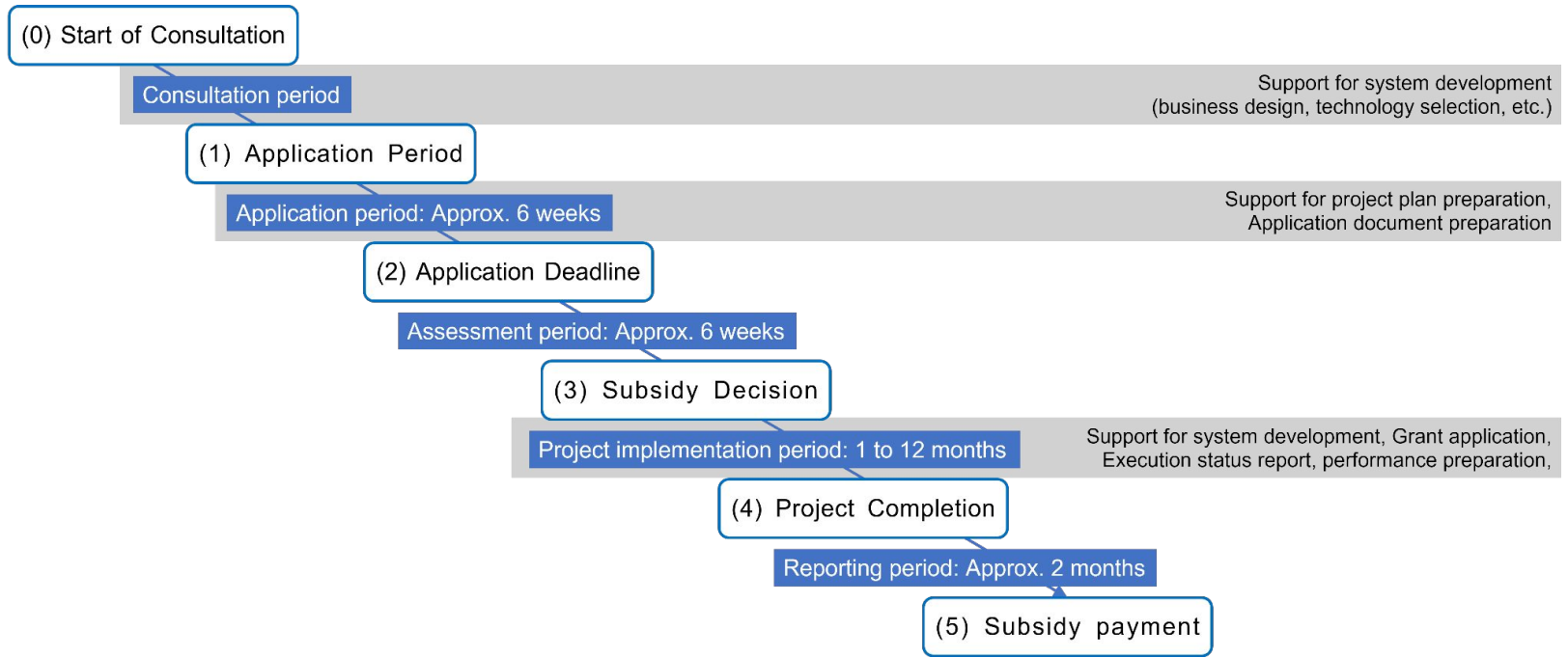


- Salesforce is a powerful solution aiding our provision of hybrid services going forward, and we plan to develop Salesforce implementation consulting.
- Establishing a support system from requirement definition to user retention.



Grant Application Consulting Services

- On January 30, 2023, in addition to our conventional system development support, we started a one-stop subsidy application consulting service that includes subsidy applications for the Manufacturing Subsidy and others, as well as funding support.
- In cooperation with administrative scriveners, management consultants, and partners able to provide non-subsidy funding, we provide one-stop support from subsidy utilization and funding to product development.



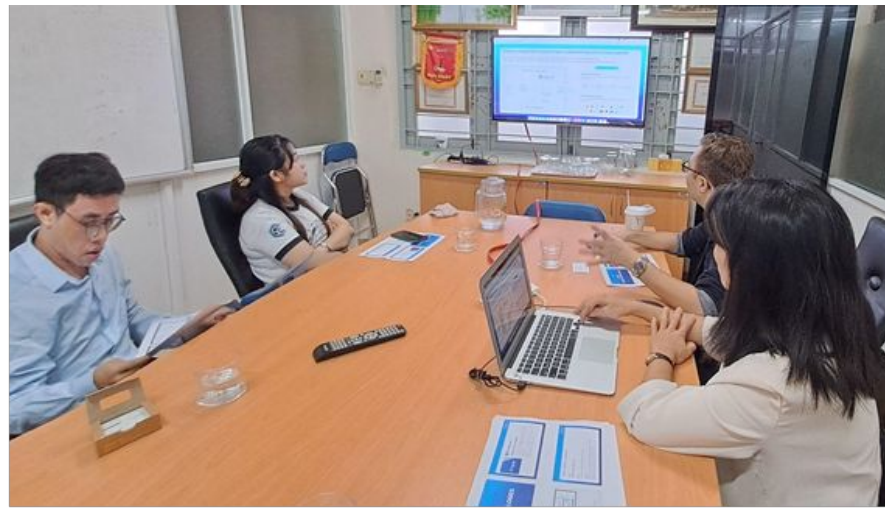
*Manufacturing Subsidy: A subsidy providing support of up to 40 million yen for capital investment made by small and medium-sized enterprises and small businesses for the development of innovative services, prototypes, and improvement of production processes.



Vietnam: Progress of Academic-Industrial Alliance

- We signed a new memorandum of understanding with Vietnam National University (Ho Chi Minh City) for an academic-industrial alliance.
- We agreed on accepting interns, sharing job offers information, and collaborating on design for training courses, etc.
- We will continue to expand recruitment channels for talented IT personnel through collaboration with Vietnamese educational institutions.

Signing of a memorandum of understanding with Vietnam National University
(Ho Chi Minh City)



- Currently, we have established alliances with nine universities in Vietnam regarding education and recruitment.



Hanoi

- VNU University of Engineering and Technology
- Hanoi University of Technology
- VNU University of Science
- Vietnam National University (Hanoi)

Da Nang

- Duy Tan University
- The University of Da Nang

Ho Chi Minh City

- Ho Chi Minh City University of Technology
- Ho Chi Minh City University of Science
- **Vietnam National University (Ho Chi Minh City)**

As of September 30, 2022

8 schools



Currently

9 schools



Expansion of Japan Office Floors

- The expansion of the Tokyo head office was completed on December 5, 2022.
- Based on the theme of "Fusion," we renovated the space into a single floor aim of fusing the concepts of "natural" and "tech design," "workplaces" and "refreshing spaces," and "communication" and "concentration."
- We established various meeting spaces for everything from individuals to large groups, encouraging collaboration with Vietnam and our customers.
- Increasing the number of seats to support our growing number of employees, pursuing a comfortable working environment.

Entrance

Office × Refreshing Area



- The main visual incorporates our message to customers, pages are redesigned and enhanced to more clearly convey service case examples and strengths, and the new site communicates our vision and the value we provide.
- We also reorganized the content, improved the UI of our investor relations section.



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Casley Consulting, Inc. Became a Subsidiary

Topics for the First Quarter

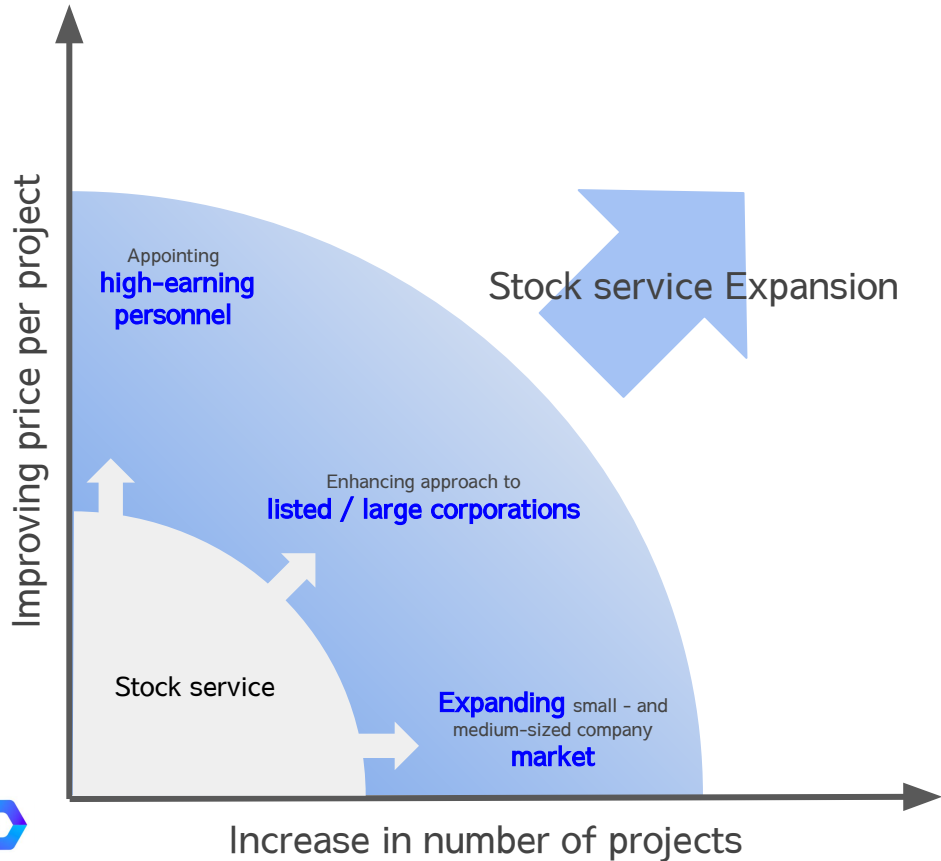
Growth Strategy

Overview of Company/Business



Growth Strategy: Growth of Existing Business

Growth by increasing the number of stock service projects, our main service, and improving average price.



Stock service Increase in number of projects

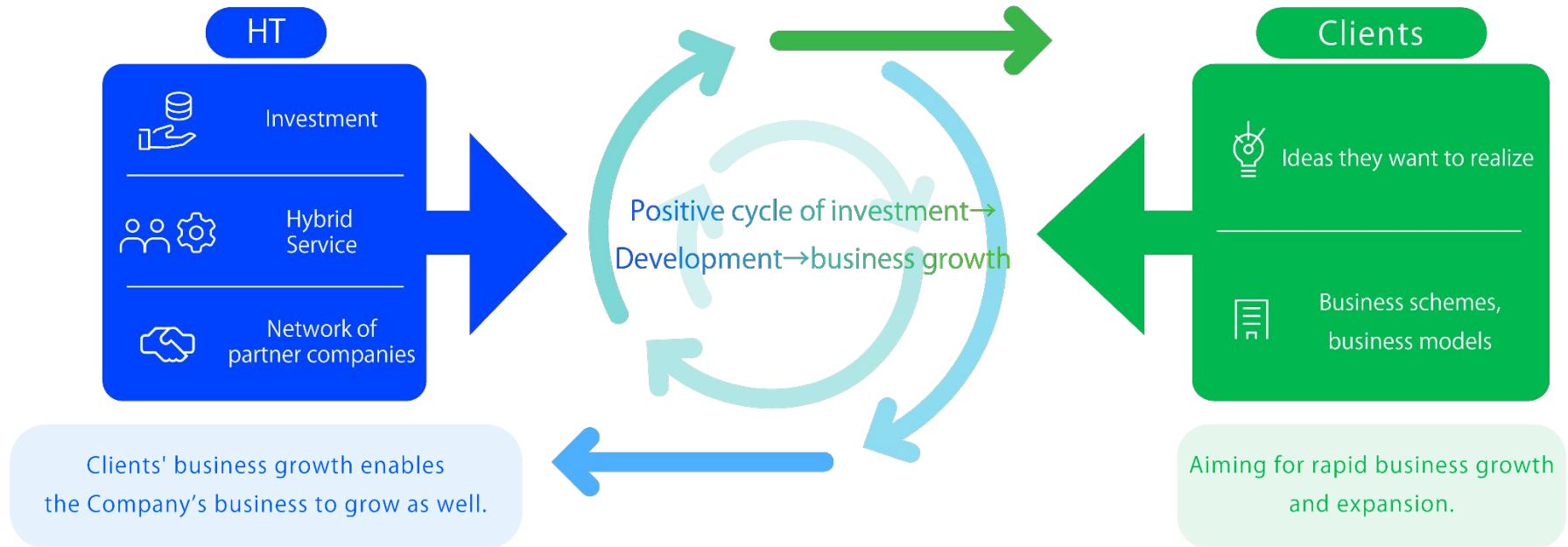
- Implement flexible pricing measures
- Expand the proposal system with more sales personnel
- Develop major customers in collaboration with advisors

Stock service Improving price per project

- Strengthen upstream processes proposal ability and improve utilization rate, leading to an increase in orders
- Establish UI/UX organization to expand our service capability
- Diversify profit structure by expanding service lineups



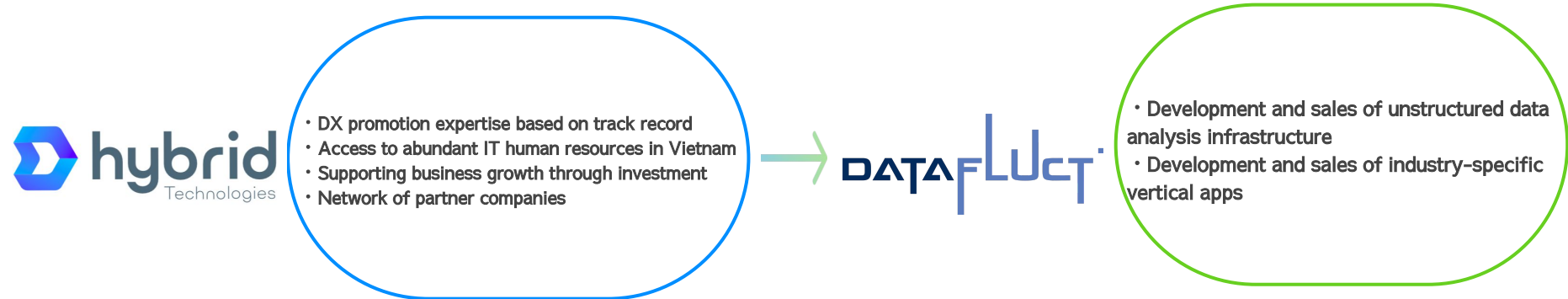
- Hybrid Technologies is developing Hybrid Technologies Capital, a new project supporting start-up businesses which was launched this fiscal year.
- In the fourth quarter, Hybrid Technologies provided support to three new companies through this project.



Covering all phases of investment, from seed to later, the Company will support a wide range of partners with whom there is potential for synergistic business growth.



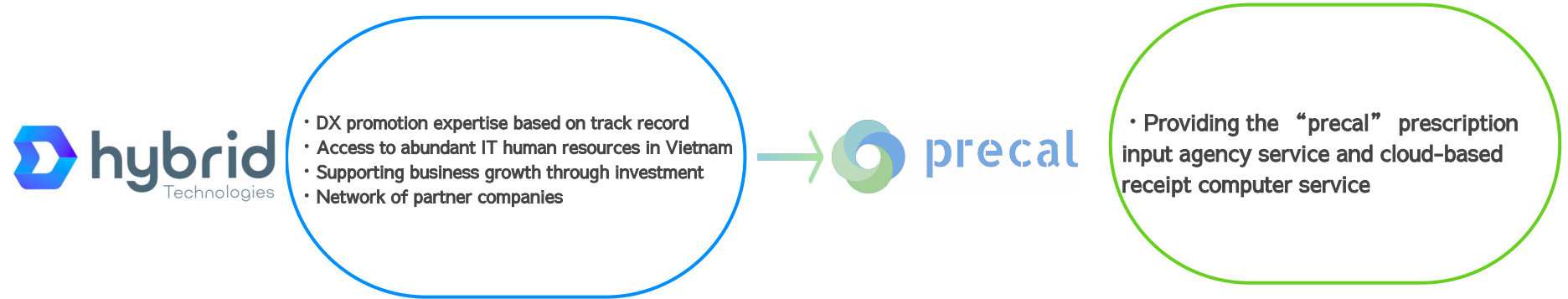
- Deciding support for DATAFLUCT Inc., which mainly sells unstructured data analysis platform products.
- Providing a data utilization platform using AI for large domestic companies that accumulate a wide variety of data.
- By supporting the development of DATAFLUCT products going forward, we will promote DX for companies that have introduced their products.



NEW VIEW

Promoting DX and data utilization in Japan through development and provision to customers of DATAFLUCT products that aid analyzing/utilizing unstructured data.

- Decided support for Precal Inc., which provides the prescription input agency service “precal”
- Conducts prescription input and administrative work, eliminating the burden on pharmacists and pharmacy staff.
- Using unique OCR technology that utilizes the founder's own knowledge as a pharmacist, the service realizes shortening the time, improving accuracy, and cost reduction.



NEW VIEW

DX promotion in pharmacy and pharmacist operations through development and provision of a receipt computer SaaS that reflects the knowledge accumulated through the provision of precal and the requests of end users.

*Receipt computer: A computer system that creates an itemized medical fee statement from a medical facility to a payment institution such as a health insurance association for the purpose of billing medical fees.



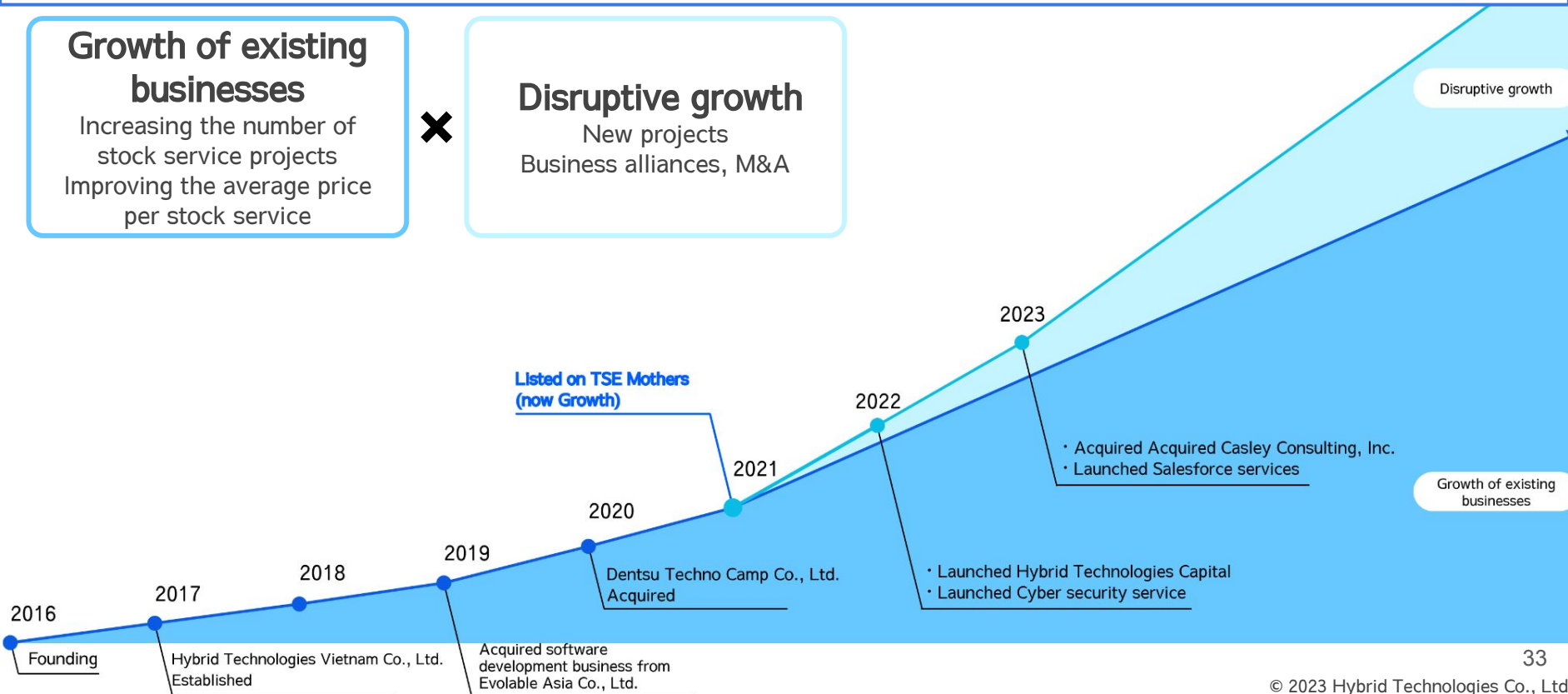
Growth Strategy

• The Company aims to achieve disruptive business growth, such as new projects and business alliances, while expanding the scale of the existing business by increasing the number of stock service projects and improving the average price per stock service.

Growth of existing businesses
Increasing the number of stock service projects
Improving the average price per stock service



Disruptive growth
New projects
Business alliances, M&A



We consider M&A strategies in two directions: growth of existing businesses (project number/average price increase) and business diversification.

M&A to increase the number and average prices of existing businesses

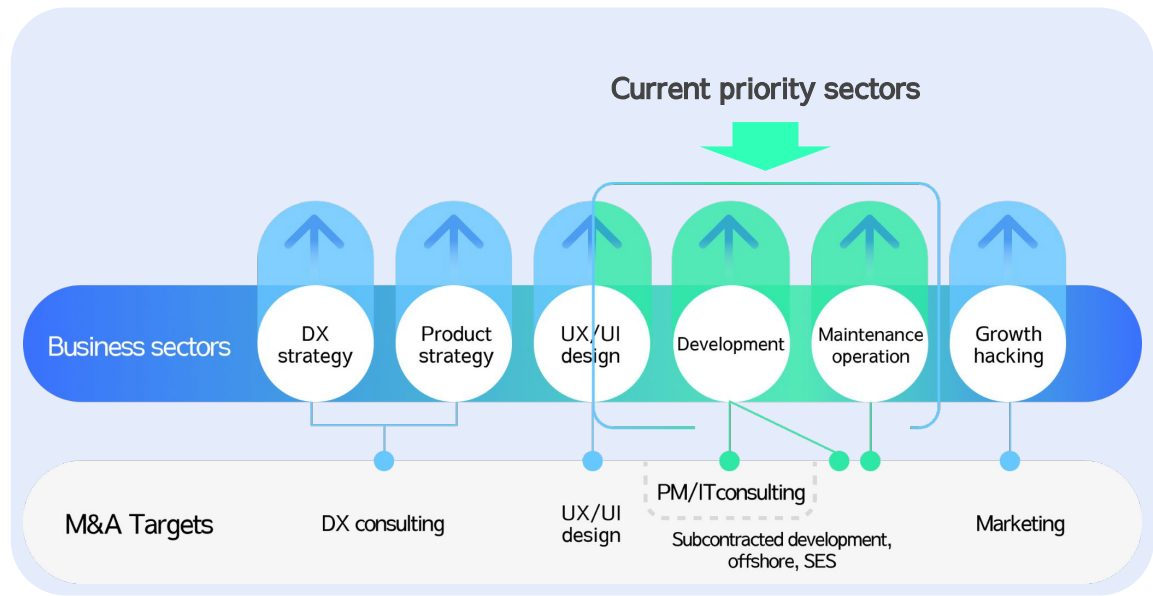
M&A that aims to diversify business



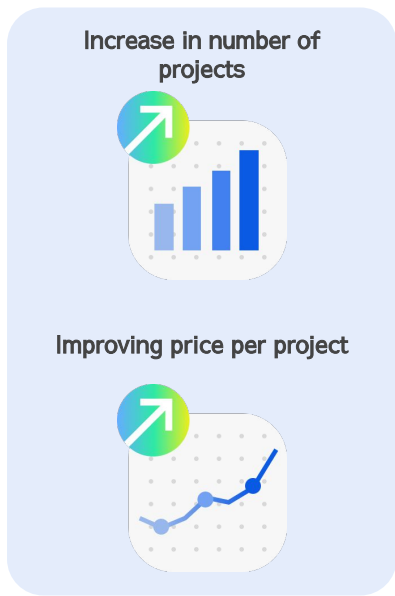
Growth strategy: M&A to Increase the Number and Average Prices of Existing Businesses

- Consider M&A that helps expand our current priority sectors such as recruitment in UX/UI design, development, maintenance and operation, DX strategy consulting, growth hacking, etc.
- Aim to establish further competitive advantage in the DX market and expand existing businesses.

Existing Business Development Sectors

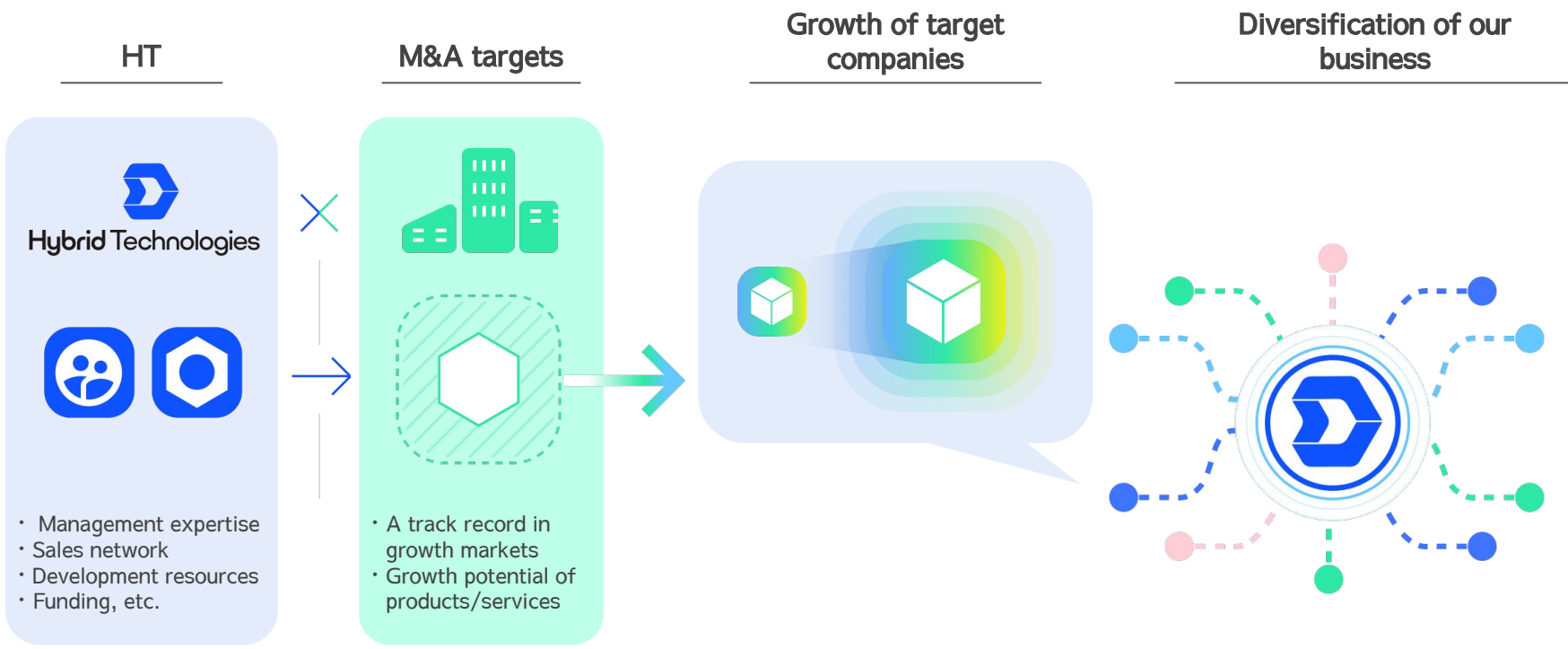


Expansion of Existing Business



Growth Strategy: M&A to Diversity Businesses

Utilizing Hybrid Technologies Capital's corporate network, we have established a certain level of positioning in growth industries; now we aim to achieve non-continuous growth by diversifying business through M&A of companies that can achieve rapid growth with our assets (management expertise, sales network, product development, funding, etc.).



We contribute to realizing a sustainable society through DX promotion projects that enable more efficient social activities and flexible working systems for a diverse workforce.

Environment

comfortable working environment for employees

Developing a comfortable office environment and defining flexible working hours

Reducing public transportation use by introducing remote work

The majority of our employees work remotely

Paperless

Promoting achieving paperless by introducing a digital contract signing system

Social

Promoting DX in Japan through our business development

Realizing more efficient social activities that resolve issues caused by the decline in Japan's labor force

Diversity of our group employees

Japanese: **8%**、Vietnamese: **91%**、Others: **1%**

Governance

Enhancing information security

Acquiring ISMS (ISO/IEC27001) information security management system certification

Acquiring ISTQB Platinum Partner certification for international software testing standards

Composition of officers

3 outside directors, and 3 outside auditors other than the 3 full-time directors

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Casley Consulting, Inc. Became a Subsidiary

Topics for the First Quarter

Growth Strategy

Overview of Company/Business



- Vision

New view with you

- Mission

We are always developing and continue to grow with our customers.

- Business

Using digital technology suited to customers, we carry out projects that increase their competitive advantage and improve society by delivering innovation not only to services but also to businesses.



<u>Company name</u>	<u>Date of establishment</u>	<u>Officers (as of December 31, 2022)</u>	
Hybrid Technologies Co., Ltd 〈Consolidated subsidiary〉 Hybrid Technologies Vietnam Co., Ltd.	April 28, 2016	CEO	Tran Van Minh
		Director/CFO	Kazuma Hirakawa
		Director	Yosuke Kubota
<u>Address</u>	<u>Capital (as of December 31, 2022)</u>	Outside Director	Yoshinobu Kinugasa
〈Tokyo head office〉	893.343 million yen	Outside Director	Mamoru Moriyasu
Ichigo Shinkawa Building 5F, 2-22-1 Shinkawa, Chuo Ward, Tokyo, 104-0033		Outside Director	Daichi Honma
〈Consolidated subsidiary/Vietnam〉		Full-time Auditor	Hidetsugu Takada
	<u>Number of employees (as of December 31, 2022)</u>	Outside Auditor	Takeshi Satomi
· Ho Chi Minh DOB office	575	Outside Auditor	Kazuo Yamada
7th Floor, Dongnhan Office Building, 90 Nguyen Dinh Chieu Street, Dakao Ward, District 1, Ho Chi Minh City	*Including employees of wholly owned subsidiary	Executive Officer	Kota Arai
· Hanoi CP office		Executive Officer	Wataru Takamura
12AF, Central Point, 219 Trung Kinh Street, Cau Giay District, Hanoi		Executive Officer	Tran Thanh Hai
· Da Nang VP office		Executive Officer	Tsuyoshi Hamamoto
7th floor, Vinh Trung Plaza, 255-257 Hung Vuong Street, Hai Chau 1 Ward, Hai Chau District, Da Nang			



**CEO**
Tran Van Minh

After representing the Vietnamese affiliate of a Japanese company and the Japanese arm of a major Vietnamese telecommunications company, he founded Hybrid Technologies in 2016.

**Director/CFO**
Kazuma Hirakawa

After passing the second stage Certified Public Accountant examination, he worked for an auditing firm and Malaysia-based consulting firm and as CFO of Evolvable Asia Co., Ltd., then was appointed as director and CFO of Hybrid Technologies in 2018.

**Director**
Yosuke Kubota

After joining Recruit Co., Ltd. as a new graduate in 2007, he was a sales manager and then worked for business promotion and sales promotion. In 2019, he was appointed as a director of Hybrid Technologies after serving as an executive officer.

**Executive Officer in charge of Sales Department**
Kota Arai

He was among the first batch of new graduates recruited by AirTrip Corp. in 2014 and was promoted to manager after a year and a half. As a section manager, he experienced the company's listing on the TSE First Section, then joined Hybrid Technologies in 2019, assuming the position of executive officer.

**Executive Officer in charge of Business Consulting Department**
Wataru Takamura

He started out as an engineer in 2004 and has been involved in website and app development since 2013. He has experience managing a team of around 200 people involved in app development for a major Japanese apparel company. Since 2018, he has been involved in offshore development in Vietnam.

**Executive Officer of Corporate Planning Department**
Tsuyoshi Hamamoto

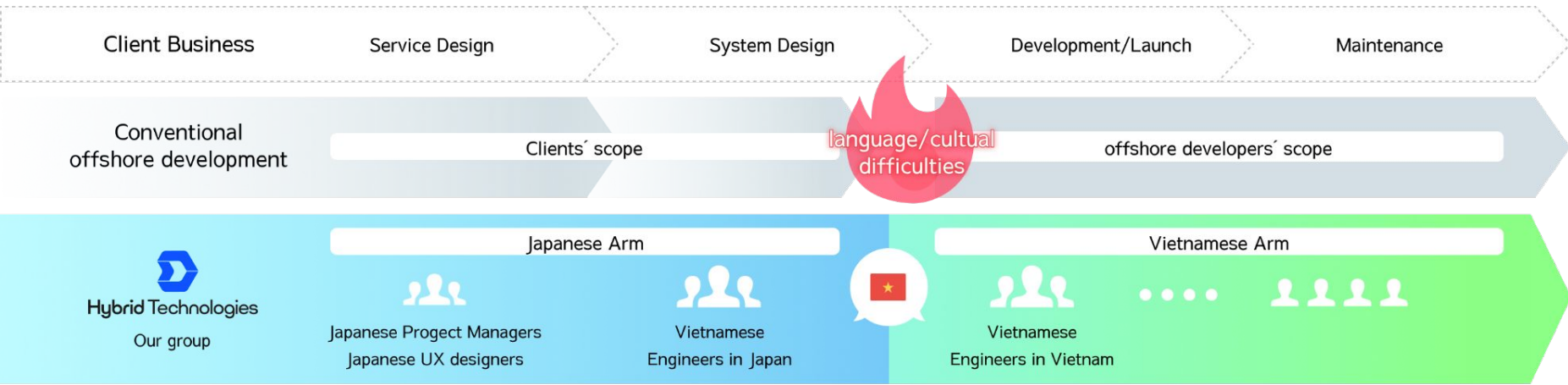
In 2012, he joined Mynavi Corporation after graduating, where he was in sales, business planning, and group management division, in which he engaged in overseas startup investment, M&A, etc. He joined Hybrid Technologies in 2022 to handle investment, M&A, etc.

**Executive Officer in charge of Delivery Division**
Tran Thanh Hai

After coming to Japan in 2004, he worked in software development. In 2016, he joined EVA Co., Ltd., serving as development manager at their Hanoi site, then joined Hybrid Technologies in 2020, where he was appointed as executive officer in charge of the Delivery Division.

Business Overview

With our Hybrid services, the Japanese side of the business plays a central role in handling upstream processes (service and system design for customers) while collaborating with engineer resources on the Vietnamese side to offer a full range of customer service, from upstream to downstream.



Vietnamese BrSEs based in Japan,
Bilingual in Japanese and Vietnamese

Bilingual Engineers support communication between Japan and Vietnam. Their IT knowledge as an engineer enables them to be more than an ordinary interpreter, boosting the development speed and quality.



We offer quasi-mandate-based stock services and service contract-based flow services according to customers' needs.

Service Category	Stock Service	Flow Service
Contract Type	Quasi-Mandate Contract	Service contract
Contract Term	1 year in principle (automatic renewal)	Variable by projects
Features	<ul style="list-style-type: none"> • Services providing customers with a dedicated development team • Agile approach ensuring that the number of team members and their skills meet customers' requirements • Automatically renewable one-year contract as a rule, but a shorter term (3 months or more) may be set as needed • Monthly revenue is generated by each project as long as the contract continues, enabling the formation of a stable revenue base 	<ul style="list-style-type: none"> • Services in which development is outsourced to us based on predefined requirements • Customers are guided to stock service contracts for post-implementation maintenance, additional development, etc.
Proportion of Sales*	94%	6%

*The proportions represent the percentage of revenue from stock services and flow services, respectively, in total revenue for the first three quarters of FY2022 .



Strengths of Our Business

We believe that the strengths of our business are the three points below. For details, see the following pages.

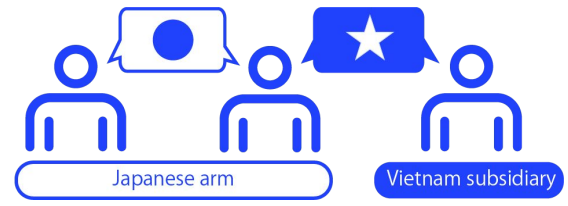
1. Japan-Vietnam synergy

Vietnam has an abundant labor force in its 20s to 40s and its government has set a target of producing 1.5 million IT human resources by 2030, making it highly suitable as a partner to offset Japan's labor force and IT personnel shortage.



2. Business model

By using Vietnamese engineers who understand Japanese business practices as a bridge between the Japanese side, which handles upstream processes, and Vietnamese side, which handles development and implementation, it is possible to cover all development processes, from upstream to downstream, while minimizing the drawbacks of offshore development.



3. Resource supplying capacity

Our recruiting network, which leverages our high profile within Vietnam, enables agile recruitment of personnel suited to the needs of each project, which is difficult in Japan.

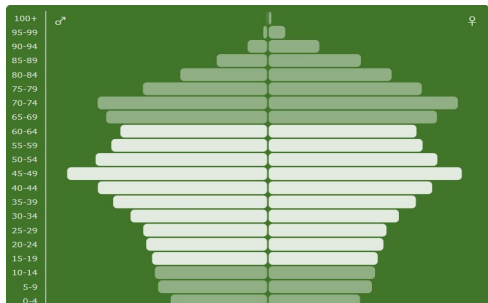
List of experienced developer candidates in Vietnam

20,000+

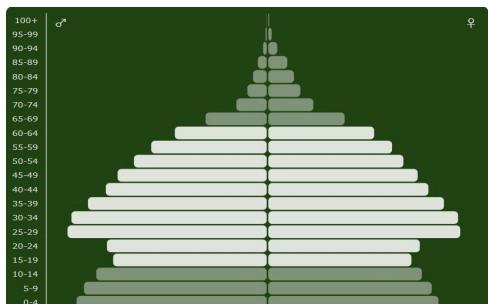


Strengths of Our Business 1: Japan-Vietnam Synergy (Demographics)

- Unlike Japan, which is facing the issue of a declining birthrate and aging society, Vietnam's total population is projected to continue growing in the future as of 2020.
- It is forecast that Vietnam's total population and working-age population will surpass those of Japan by around 2035, with the difference in working-age population estimated to be 15 million people in 2050.
- Vietnam's labor force and IT human resources, which will grow in tandem with the labor force, can offer a solution to Japan's labor shortage and the social issues arising from it.



population	2020		2050
Total	126.48million	-17% ↘	105.80million
(working-age*)	(74.82million)	(-28% ↘)	(53.66million)



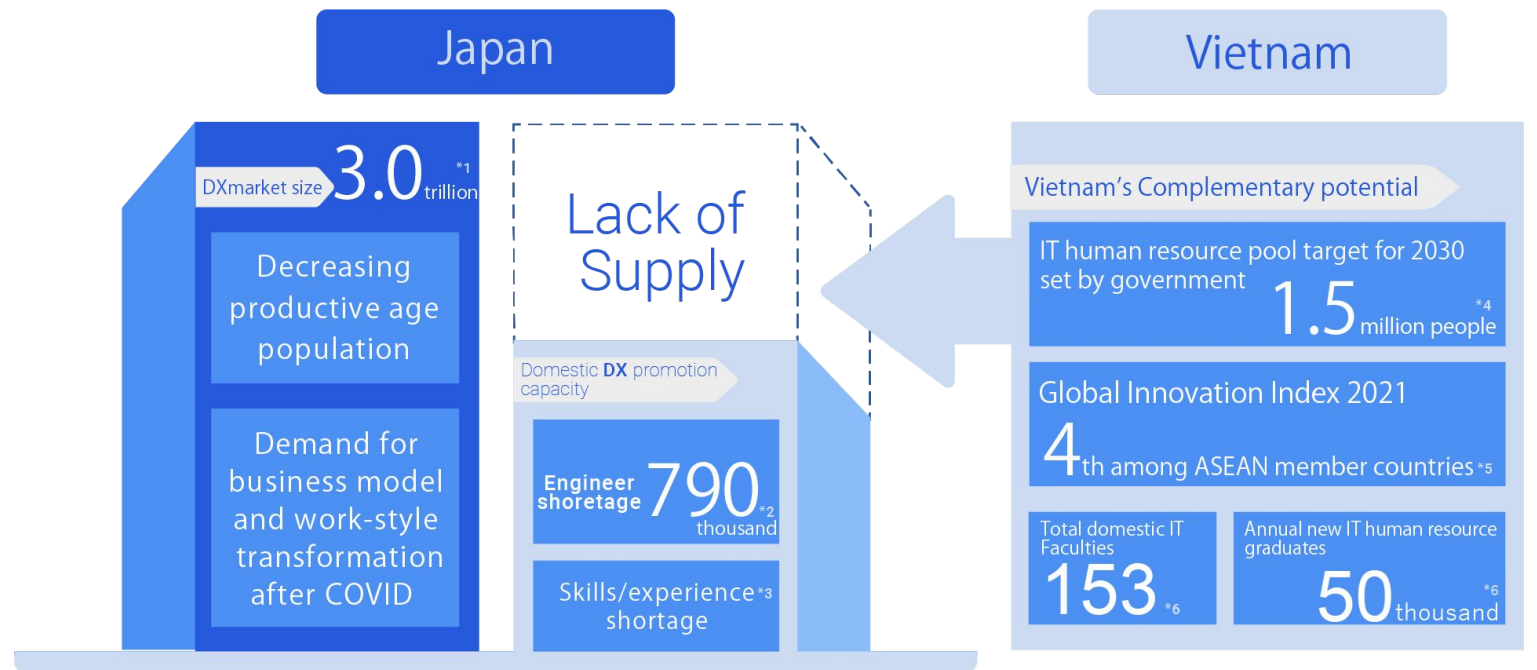
population	2020		2050
Total	97.34million	+13% ↗	109.61million
(working-age*)	(67.11million)	(+2% ↗)	(68.36million)



reference: United Nations Department of Economic and Social Affairs, Population Division (2019). World Population Prospects 2019, Online.
* This assumes that the population aged 15 to 64 is of working age.

Strengths of Our Business 1: Japan-Vietnam Synergy (Market Environment)

- While the DX market among Japanese companies is projected to grow to 3 trillion yen by 2030, the forecast is that there will be a shortage in the IT human resources and expertise needed to promote DX within Japan.
- Driven by government policy, Vietnam has abundant IT human resources and growth potential.

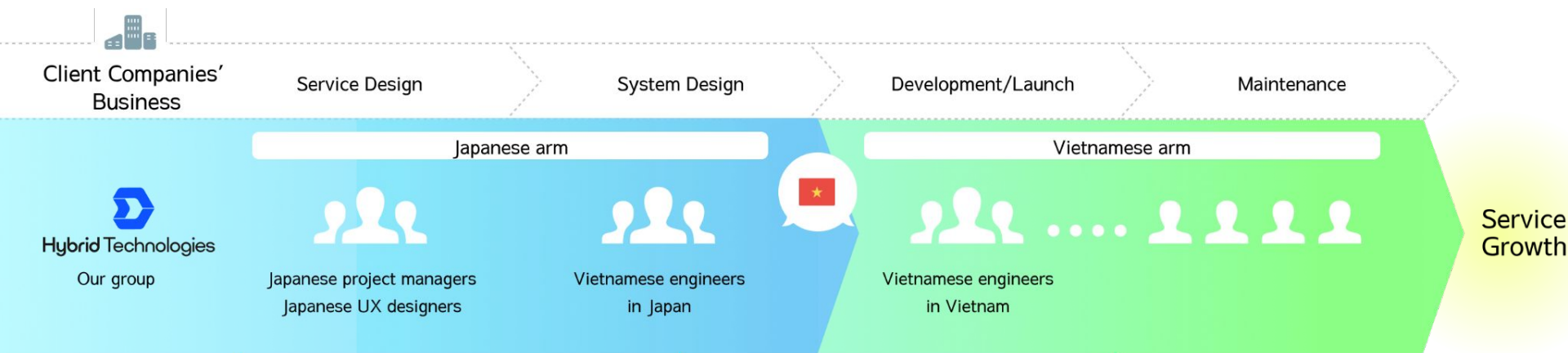


reference : 1. Fuji Chimera Research Institute, "2020 Outlook for Digital Transformation Market"
 2. Estimated based on a maximum productivity increase rate of 0.7% in a March 2019 survey report by the Mizuho Research Institute, commissioned by the Ministry of Economy, Trade and Industry.
 3. IT Knowledge Center, Information-Technology Promotion, Japan "IT Human Resources White Paper 2020" (survey results indicated that approximately 50% of companies with 300 or fewer employees answered that they had not been able to make progress in accumulating and internally developing in-house IT skills, and nearly 70% of companies had not worked on DX or did not know about it).
 4. LP(2020). Chiến lược quốc gia về phát triển doanh nghiệp công nghệ số Việt Nam. Hanoi: Socialist Republic of Viet Nam government News.
 5. WIPO (2021). Global Innovation Index 2021: Tracking Innovation through the COVID-19 Crisis. Geneva: World Intellectual Property Organization.
 6. TopDev(2020). Viet Nam IT Market Report 2020. Ho Chi Minh City: TopDev.



Strengths of Our Business (2): Business Model

By using Vietnamese engineers who understand Japanese business practices as a bridge between the Japanese side, which handles upstream processes, and Vietnamese side, which handles development and implementation, we cover all development processes, from upstream to downstream, while minimizing the drawbacks of offshore development.



1

Upstream Process Consulting

Highly experienced Japanese project managers/UX designers handle consulting and management from the service conception and design stages.

2

Communication in Native Language (Vietnamese)

Vietnamese engineers who understand Japanese business practices serve as bridges, which limits miscommunication and enables high quality.

3

Vietnam's Abundant IT Human Resources

Vietnam's IT human resources development enforced by the government, enables IT human resource security with agility and cost-effectiveness, both difficult in Japan.



- Our recruiting network, which leverages our high profile within Vietnam, enables agile recruitment of personnel suited to the needs of each project, which is difficult in Japan.
- Through Vietnamese IT personnel initiatives such as the recruitment campaign for 150 engineers conducted in FY 2022, the list of experienced developer candidates has grown to 26,000.

List of candidates
among new graduates in Vietnam*

2,200+

List of experienced developer
candidates in Vietnam

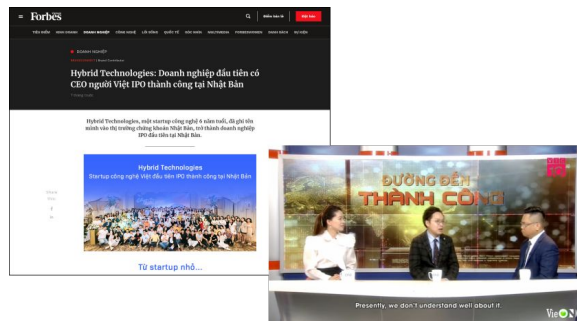
26,000+

*Developer candidates who past applied to Hybrid Technologies and have been registered in our recruitment system at the time of application; this allows us to approach candidates suitable to the development requirements of our customers. Figures are as of September 30, 2022.



Strengths of Our Business (3): Resource Supplying Capacity

- Our President and CEO Minh, has been featured in various media such as Forbes as the only Vietnamese representative of a company listed on the Tokyo Stock Exchange, and has a high level of attention in Vietnam, forming a network and system where excellent human resources gather.



CEO Minh's network based on his Unique background

He has advantages in recruitment thanks to his participation in the Vietnamese community in Japan, emotional connection only available with his Vietnamese background, and the sense of career path security offered.

High profile as the only Vietnamese CEO of a TSE-listed company

Our growth and development potential from being listed on the Tokyo Stock Exchange, lead by a Vietnamese CEO, has attracted attention from various media such as Forbes.

Referral hiring based on company name recognition and employee satisfaction

We have established a virtuous cycle of recruitment schemes, enjoying the highest name recognition of Japanese companies in Vietnam and proactive recommendation by our employees.

Business development in three major Vietnam cities

With offices in the major cities of Hanoi, Ho Chi Minh City, and Da Nang, we have strong business capability to hire a wide range of talented staff.

Alliances with 9 famous universities across three cities

Vietnam National University (Ho Chi Minh City and Hanoi) / Ho Chi Minh City University of Technology / Ho Chi Minh City University of Science / VNU University of Engineering and Technology / Hanoi University of Technology / Duy Tan University / The University of Da Nang / Vietnam National University, Hanoi University of Science





- This document contains forward-looking statements related to industry trends and Hybrid Technologies' business based on the Company's current plans, estimates, forecasts, and expectations.
- A variety of risks and uncertainties are inherent in the assertions made in these forward-looking statements. Known and unknown risks, uncertainties, and other factors may cause results to differ from the details included in the forward-looking statements.
- The Company's actual future business and performance may differ from the forward-looking statements contained in this document.
- The assertions related to forward-looking statements in this document are made by the Company based on the information that was available to use, and none of the forward-looking statements will be updated or revised to reflect future events or circumstances.