

Developing software to support client companies' digital transformation via a system based on Japan-Vietnam collaboration

This report is an English translation of part of the report issued on December 28, 2021.
For inquiries concerning the report, please contact info@stock-r.org

[4260 Hybrid Technologies Sector : Information & Communication]

Fiscal Year	Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
Sep. 2020	1,735	14.1	101	-10.6	63	-35.1	44	-50.6	8.3	20.2	0.0
Sep. 2021	1,702	-1.9	111	9.9	105	66.7	75	70.5	11.7	76.7	0.0
Sep. 2022 f	2,225	30.7	201	81.1	190	81.0	167	122.7	16.5	-	0.0

Note: Consolidated basis. Figures for the fiscal year ending September 2022 are the company's forecasts.

System Development Company with Its Development Centre in Vietnam

The Hybrid Technologies Group is comprised of Hybrid Technologies, Hybrid Technologies Vietnam Co., Ltd. (a Vietnamese subsidiary employing many engineers), and Hybrid Techno Camp Co., Ltd. (which ceased business activities at the end of June 2021 and is currently in liquidation).

The Group supports digital transformation implementation at client companies by providing a range of services covering upstream to downstream processes, with Hybrid Technologies in Japan mainly handling upstream processes such as service and system design while collaborating with engineers at its Vietnamese subsidiary to handle development, releasing, and application maintenance.

The solutions offered by the Group address the issues faced by client companies such as engineer shortages, development of business models leveraging digital technology, aging systems, digital transformation promotion, streamlining operations, increasing sales, and enhancing management and governance. The services it provides include operation improvement, sales support, customer relationship management, development services, cloud services, and app development, maintenance, and operation.

Combining Japanese and Vietnamese resources under the leadership of its Vietnamese president, the Group provides a lineup of "stock services" and "flow services," which are aligned with customers' issues and needs, and develops products. A distinguishing feature of Hybrid Technologies is that it pursues development by coordinating the efforts of a development team with around 30 Vietnamese personnel in Japan and a development unit in Vietnam.

While the sales composition varies by fiscal year, the majority of net sales are from stock services, which accounted for 93.9% in the fiscal year ended September 2020 and 88.8% in the fiscal year ended September 2021.

Hybrid Technologies (4260 TSE Mothers) - - - - - December 28,2021**Financial Statements**

Statement of income	Fiscal Year	Sep.2019		Sep.2020		Sep. 2021	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		1,520	100.0	1,735	100.0	1,702	100.0
Cost of sales		1,062	69.9	1,109	63.9	1,050	61.7
Gross profit		457	30.1	626	36.1	651	38.2
Selling, general and administrative expenses		344	22.6	551	31.8	562	33.0
Other income		0	-	32	-	29	-
Other expenses		0	-	5	-	7	-
Operating profit		113	7.4	101	5.8	111	6.5
Financial rprofit		8	-	4	-	13	-
Financial expences		25	-	41	-	19	-
Profit before income taxes		97	6.4	63	3.6	105	6.2
Profit attributable to owners of parent		89	5.9	44	2.5	75	4.4

Balance sheet	Fiscal Year	Sep.2019		Sep.2020		Sep. 2021	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		617	39.6	765	51.9	826	61.5
Cash and cash equivalent		284	18.2	485	32.9	500	37.3
Trade and other receivables		254	16.3	193	13.1	221	16.5
Non-current assets		942	60.4	709	48.1	516	38.5
Property, plant and equipment		123	7.9	75	5.1	44	3.3
Right-of-use assets		732	47.0	545	37.0	379	28.2
Other		87	5.6	89	6.0	93	6.9
Total assets		1,559	100.0	1,474	100.0	1,342	100.0
Current liabilities		889	57.0	835	56.6	424	31.6
Trade and other payables		597	38.3	578	39.2	136	10.1
Borrowings		50	3.2	40	2.7	30	2.2
Lease obligations		91	5.8	76	5.2	89	6.6
Non-current liabilities		695	44.6	531	36.0	347	25.9
Lease obligations		686	44.0	521	35.3	338	25.2
Owners' equity		-25	-	108	7.3	570	42.5
Equity attributable to owners of parent		-25	-	108	7.3	570	42.5

Statement of cash flows	Fiscal Year	Sep.2019	Sep.2020	Sep. 2021
		(mn yen)	(mn yen)	(mn yen)
Cash flows from operating activities		232	242	209
Depreciation		96	150	118
Cash flows from investing activities		-33	-4	-486
Cash flows from financing activities		0	-33	279
Dividends paid		-	-	-
Net increase in cash and cash equivalents		199	204	2
Cash and cash equivalents		284	485	500

Note:Consolidated basis.

Source: Prepared by Stock Research Center based on the notifiable prospectus.

About Stock Research Center

Stock Research Center is engaged in the preparation of analyst reports, mainly on companies that are not sufficiently covered by analysts, based on a neutral perspective, and broadly disclose the reports to the public with an aim to revitalize the stock market.

Note: Reports prepared by Stock Research Center are created in reference to the Ministry of Economy, Trade and Industry's Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation.



■ Supporting Members

Tokyo Stock Exchange, Inc.
Nomura Securities Co., Ltd.
Ernst & Young ShinNihon LLC
Deloitte Touche Tohmatsu LLC
H.S. Securities Co., Ltd.
TAKARA PRINTING CO., LTD.
A&A Partners

SMBC Nikko Securities Inc.
Mizuho Securities Co., Ltd.
ICMG Co., Ltd.
SBI SECURITIES Co., Ltd.
Ichiyoshi Securities Co., Ltd.
PRONEXUS INC.

Daiwa Securities Co. Ltd.
KPMG AZSA LLC
Grant Thornton Taiyo LLC
BDO Sanyu
Japan Securities Dealers Association
The Securities Analysts Association of Japan

Certification by Analysts

Analysts indicated in the reports certify that the content indicated in the report precisely reflects the personal opinions of the analysts on all securities and issuer companies discussed in the report. In addition, it is ensured that the opinions directly or indirectly indicated in the report will have no influence on the analyst's compensation in the past, present, and future upon writing the report.

Disclaimer

- The report is prepared by stock analysts affiliated with the Stock Research Center for the purpose of disclosure to a wide range of investors as reference information and not to recommend or solicit to buy or to sell any particular securities or financial instrument.
- The content and indication of the report is based on disclosed information available publicly and is prepared by adding necessary supplementary information gained through interviews by analysts. The writer of the report is, without exception, prohibited to use insider information, or to acquire such information. The information included in the report is believed to be precise and reliable, but its preciseness is not verified objectively. In addition, the report is not intended to comprehensively include all information required by investors.
- The information included in the report may become outdated due to changes in the financial market, economic environment, etc. There are risks that the prices of stocks featured directly or indirectly in the report will fall below the par value due to fluctuations in stock prices, changes in management/financial conditions of the issuers, fluctuations in exchange rates or interest rates, etc. Past performance does not imply or guarantee future performance.
- The opinions indicated in the report are subject to change without notice and the Stock Research Center has no obligation to update the information or opinions included in the report.
- The Stock Research Center does not bear any responsibility for any results, including direct losses, indirect losses, losses of profit and damages, suffered by investors due to using the report or relying on the report. Final investment decisions shall be made by investors themselves and the sole responsibility concerning the investment lies with the investors that viewed the report.
- The copyright of the report belongs to the Stock Research Center and it may not be copied, reproduced, quoted, etc. in any form without prior consent.