

Consolidated Financial Statements-Summary

For the Fiscal Year ended March 31,2021

May 14, 2021

(All financial information has been prepared in accordance with generally accepted accounting principles in Japan)

KUBOTEK CORPORATION

Code No., : 7709
 Stock Exchange Listed : Tokyo Stock Exchange-1st Section
 Location of the Head Office : 3-36, Nakanoshima 4-chome,Kita-ku,Osaka Japan
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Date of annual general meeting of shareholders (scheduled) : June 25, 2021

Date of submission of annual security report (scheduled) : June 28, 2021

(Million yen: amounts less than one million yen are omitted)

1 . Financial Results of FY2020 (April 1,2020 through March 31,2021)

(1) Consolidated Operating Results

(Percentage figures indicate year-on-year change)

	Net Sales		Operating Income (Loss)		Ordinary Income (Loss)		Profit (loss) attributable to owners of parent	
FY2020	1,074	(42.9)%	(131)	—%	(140)	—%	(116)	—%
FY2019	1,881	14.9%	(28)	—%	(38)	—%	(101)	—%

(Reference) Comprehensive income FY2020: ¥(103) million (— %) FY 2019: ¥(105) million (— %)

	Earnings per share (Yen)	Diluted Earnings per share	ROE [Ratio of Profit (loss) attributable to owners of parent to Shareholder's Equity]	ROA [Ratio of ordinary Income/Total Assets]	Ratio of Operating Income/Net Sales
FY2020	(8.46)	—	(10.0)%	(5.3)%	(12.2)%
FY2019	(7.34)	—	(7.9)%	(1.2)%	(1.5)%

(Reference) Equity in earnings of affiliated FY2020: ¥ - million FY 2019: ¥ - million

(2) Consolidated Financial Positions

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (Yen)
FY2020	2,531	1,117	44.1%	81.15
FY2019	2,799	1,221	43.6%	88.69

(Reference) Net Assets FY2020: ¥ 1,117 million FY2019: ¥ 1,221 million

(3) Consolidated Cash Flows

	From Operating Activities	From Investing Activities	From Financing Activities	Cash and Cash Equivalents at the end of period
FY2020	232	(166)	(164)	1,745
FY2019	240	(171)	(445)	1,843

2 . Cash Dividends

(Record date)	Dividends per Share					Total Dividends for the Year	Ratio of Earnings to Dividends	Ratio of Dividends to Shareholder's Equity
	First Quarter	Second Quarter	Third Quarter	Year-End	Annual			
FY2019	—	0.00	—	0.00	0.00	—	—	—
FY2020	—	0.00	—	0.00	0.00	—	—	—
FY2021	—	0.00	—	0.00	0.00		—	

3 . Consolidated Financial Forecasts for the Fiscal Year ending March 31,2022

(Percentage figures indicate year-on-year change)

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent		Earnings per share (Yen)
Interim FY 2021	500	27.1%	(75)	—%	(80)	—%	(30)	—%	(2.18)
FY 2021	1,200	11.7%	(55)	—%	(65)	—%	(20)	—%	(1.45)

4 . Other information

(1) Changes in important subsidiaries during the period (changes of particular fully owned subsidiaries associated with changes in the scope of consolidation): None

(2) Changes in accounting policies, accounting estimates, and restatement of corrections

① Changes due to revision of accounting standards, etc.: None

② Changes other than stated in item ① : None

③ Changes in accounting estimates : None

④ Restatement of corrections : None

(3) Number of shares issued (share of common stock)

① Number of shares issued at the end of the fiscal Year (including treasury stock)

As of March 31, 2021: 13,830,000 shares; As of March 31, 2020: 13,830,000shares

② Number of treasury shares at the end of the fiscal year

As of March 31, 2021: 62,159 shares; As of March 31, 2020: 62,159shares

③ Average number of shares outstanding during the term

Ended March 31, 2021: 13,767,841 shares; Ended March 31, 2020: 13,767,841shares

(Reference)

1 . Financial Results of FY2020(April 1,2020 through March 31,2021)

(1)Non-consolidated Operating Results

(Percentage figures indicate year-on-year change)

	Net Sales		Operating Income		Ordinary Income		Profit (loss)	
FY2020	836	(46.8)%	(62)	—%	(48)	—%	(78)	—%
FY2019	1,571	47.0%	57	—%	46	—%	(17)	—%

	Earnings per share (Yen)	Diluted Earnings per share
FY2020	(5.73)	—
FY2019	(1.30)	—

(2)Non-consolidated Financial Positions

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (Yen)
FY2020	2,404	1,132	47.1%	82.24
FY2019	2,648	1,210	45.7%	87.92

(Reference) Net Assets:

FY2020: ¥ 1,132million

FY2019: ¥ 1,210million

Disclaimer Regarding Forecast Statements

Statements made in this release with respect to Kubotek's forecast for FY2021, are based on assumptions and beliefs in light of the information currently available to us, and therefore investors should not place undue reliance on them as they make a judgment about their investment. Kubotek cautions investors that a number of important factors could cause actual results to differ materially from those discussed in the forecast statements. Our major product of display inspection systems, such as for liquid crystal display are for highly competitive markets characterized by keen demand for production efficiency, quick adaptation of emerging new materials and rapid development of production technology. And this industry is strongly affected by factors such as demand fluctuation, the general trend of capital market, pricing pressures, and general economic conditions in East Asia market. Moreover, exchange rates between yen and other currencies in which Kubotek possibly makes significant sales or in which Kubotek's assets and liabilities are denominated, may change to influence the business performances, though Kubotek's business is yen-based so far.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousand yen: amounts less than one thousand yen are omitted)

	FY2019 (As of Mar. 31, 2020)	FY2020 (As of Mar. 31, 2021)
Assets		
Current assets		
Cash and deposits	1,875,636	1,777,114
Notes and accounts receivable - trade	499,373	406,610
Electronically recorded monetary claims - operating	60,429	29,570
Merchandise and finished goods	12,484	3,259
Work in process	105,452	66,699
Raw materials and supplies	40,812	51,991
Other	16,049	19,878
Allowance for doubtful accounts	(24,403)	(24,942)
Total current assets	2,585,833	2,330,181
Non-current assets		
Property, plant and equipment		
Tools, furniture and fixtures	296,258	294,079
Accumulated depreciation	(289,946)	(290,883)
Tools, furniture and fixtures, net	6,312	3,196
Other	196,633	194,886
Accumulated depreciation	(194,983)	(193,854)
Other, net	1,650	1,031
Total property, plant and equipment	7,962	4,228
Intangible assets		
Software	179,815	168,725
Other	0	0
Total intangible assets	179,815	168,725
Investments and other assets		
Investment securities	4,645	3,603
Deferred tax assets	705	666
Claims provable in bankruptcy, claims provable in rehabilitation and other	196	196
Other	20,683	23,885
Allowance for doubtful accounts	(196)	(196)
Total investments and other assets	26,034	28,155
Total non-current assets	213,811	201,108
Total assets	2,799,645	2,531,289

(Thousand yen: amounts less than one thousand yen are omitted)

	FY2019 (As of Mar. 31, 2020)	FY2020 (As of Mar. 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	30,619	82,390
Short-term loans payable	200,000	55,236
Current portion of long-term loans payable	379,424	507,770
Income taxes payable	6,407	9,593
Advances received	225,388	219,391
Provision for bonuses	3,840	3,450
Other	156,046	120,616
Total current liabilities	1,001,726	998,448
Non-current liabilities		
Long-term loans payable	522,440	374,670
Deferred tax liabilities	2,274	738
Retirement benefit liability	46,776	36,660
Other	5,295	3,446
Total non-current liabilities	576,786	415,514
Total liabilities	1,578,512	1,413,963
Net assets		
Shareholders' equity		
Capital stock	1,951,750	1,951,750
Retained earnings	(677,722)	(794,246)
Treasury shares	(81,717)	(81,717)
Total shareholders' equity	1,192,310	1,075,785
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-	756
Foreign currency translation adjustment	28,822	40,784
Total accumulated other comprehensive income	28,822	41,540
Total net assets	1,221,133	1,117,326
Total liabilities and net assets	2,799,645	2,531,289

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

(Thousand yen: amounts less than one thousand yen are omitted)

	FY2019 (Apr. 2019–Mar. 2020)	FY2020 (Apr. 2020–Mar. 2021)
Net sales	1,881,111	1,074,720
Cost of sales	1,163,997	641,986
Gross profit	717,114	432,733
Selling, general and administrative expenses	745,996	564,137
Operating loss	(28,882)	(131,403)
Non-operating income		
Interest income	503	302
Dividend income	188	332
Gain on sales of supplies	192	–
Other	90	90
Total non-operating income	975	725
Non-operating expenses		
Interest expenses	10,323	7,922
Foreign exchange losses	496	1,092
Other	15	322
Total non-operating expenses	10,836	9,336
Ordinary loss	(38,742)	(140,014)
Extraordinary income		
Gain on sale of investment securities	–	2,279
Gain on liquidation of subsidiaries and associates	1,483	–
Patent settlement	–	27,272
Total extraordinary income	1,483	29,552
Extraordinary losses		
Impairment loss	54,833	3,746
Loss on valuation of investment securities	4,525	–
Extra retirement payments	1,456	–
Total extraordinary losses	60,816	3,746
Loss before income taxes	(98,075)	(114,208)
Income taxes – current	6,524	4,142
Income taxes – deferred	(3,572)	(1,827)
Total income taxes	2,952	2,315
Loss	(101,028)	(116,524)
Loss attributable to non-controlling interests	–	–
Loss attributable to owners of parent	(101,028)	(116,524)

Consolidated Statements of Comprehensive Income

(Thousand yen: amounts less than one thousand yen are omitted)

	FY2019 (Apr. 2019–Mar. 2020)	FY2020 (Apr. 2020–Mar. 2021)
Loss	(101,028)	(116,524)
Other comprehensive income		
Valuation difference on available-for-sale securities	747	756
Foreign currency translation adjustment	(5,612)	11,961
Total other comprehensive income	(4,865)	12,717
Comprehensive income	(105,893)	(103,806)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(105,893)	(103,806)
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statements of Changes in Net Assets

FY2019 (Apr. 2019–Mar. 2020)

(Thousand yen: amounts less than one thousand yen are omitted)

	Shareholders' equity				Accumulated other comprehensive income			Total net assets
	Capital stock	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of current period	1,951,750	(576,694)	(81,717)	1,293,338	(747)	34,435	33,688	1,327,026
Changes of items during period								
Loss attributable to owners of parent		(101,028)		(101,028)				(101,028)
Net changes of items other than shareholders' equity					747	(5,612)	(4,865)	(4,865)
Total changes of items during period	-	(101,028)	-	(101,028)	747	(5,612)	(4,865)	(105,893)
Balance at end of current period	1,951,750	(677,722)	(81,717)	1,192,310	-	28,822	28,822	1,221,133

FY2020 (Apr. 2020–Mar. 2021)

(Thousand yen: amounts less than one thousand yen are omitted)

	Shareholders' equity				Accumulated other comprehensive income			Total net assets
	Capital stock	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of current period	1,951,750	(677,722)	(81,717)	1,192,310	-	28,822	28,822	1,221,133
Changes of items during period								
Loss attributable to owners of parent		(116,524)		(116,524)				(116,524)
Net changes of items other than shareholders' equity					756	11,961	12,717	12,717
Total changes of items during period	-	(116,524)	-	(116,524)	756	11,961	12,717	(103,806)
Balance at end of current period	1,951,750	(794,246)	(81,717)	1,075,785	756	40,784	41,540	1,117,326

(4) Consolidated Statements of Cash Flows

(Thousand yen: amounts less than one thousand yen are omitted)

	FY2019 (Apr. 2019–Mar. 2020)	FY2020 (Apr. 2020–Mar. 2021)
Cash flows from operating activities		
Loss before income taxes	(98,075)	(114,208)
Depreciation	158,964	177,877
Impairment loss	54,833	3,746
Increase (decrease) in allowance for doubtful accounts	203	674
Increase (decrease) in provision for bonuses	(5,700)	(390)
Increase (decrease) in retirement benefit liability	(3,876)	(10,115)
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	(32,430)	–
Interest and dividend income	(692)	(634)
Interest expenses	10,323	7,922
Foreign exchange losses (gains)	1,008	(2,746)
Patent settlement	–	(27,272)
Loss (gain) on valuation of investment securities	4,525	–
Loss (gain) on sale of investment securities	–	(2,279)
Decrease (increase) in notes and accounts receivable – trade	257,744	121,171
Decrease (increase) in inventories	67,050	36,852
Decrease (increase) in consumption taxes refund receivable	14,381	–
Increase (decrease) in accrued consumption taxes	40,895	(27,941)
Increase (decrease) in notes and accounts payable – trade	(232,770)	52,655
Increase (decrease) in advances received	10,330	5,982
Decrease (increase) in prepaid expenses	(893)	(2,920)
Increase (decrease) in accounts payable – other	20,772	(7,191)
Other, net	(8,187)	(665)
Subtotal	258,410	210,515
Interest and dividend income received	689	631
Interest expenses paid	(9,677)	(7,202)
Patent settlement received	–	27,272
Income taxes paid	(8,611)	1,212
Net cash provided by (used in) operating activities	240,811	232,429
Cash flows from investing activities		
Purchase of investment securities	(2,556)	(2,544)
Proceeds from sale of investment securities	–	6,955
Purchase of property, plant and equipment	(8,196)	(10,141)
Purchase of software	(162,511)	(162,773)
Other, net	1,890	1,900
Net cash provided by (used in) investing activities	(171,375)	(166,604)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	–	(144,763)
Proceeds from long-term loans payable	–	360,000
Repayments of long-term loans payable	(445,424)	(379,424)
Net cash provided by (used in) financing activities	(445,424)	(164,187)

(Thousand yen: amounts less than one thousand yen are omitted)

	FY2019 (Apr. 2019–Mar. 2020)	FY2020 (Apr. 2020–Mar. 2021)
Effect of exchange rate change on cash and cash equivalents	(8,576)	(161)
Net increase (decrease) in cash and cash equivalents	(384,564)	(98,524)
Cash and cash equivalents at beginning of period	2,228,526	1,843,962
Cash and cash equivalents at end of period	1,843,962	1,745,437

Segment Information

(1) Overview of reportable segments

The Company's reportable segments are components of an entity for which separate financial information is available and evaluated regularly by the director in determining the allocation of management resources and in assessing performance. The Kubotek group of companies operates manufacture and sale of Inspection systems, 3D solution systems and Media & Network products, and is managed under the three regions of Japan, U.S.A. and Korea. Each region is managed as an independent unit, expanding business activities based on the development of a comprehensive strategy for each region. The Group's results are therefore reported based on these three segments, Japan, U.S.A. and Korea.

(2) Net sales, operating income or loss, assets, liabilities, and other items by reportable segments

FY2019 results (Apr. 2019 - Mar. 2020)

(Thousand yen)

	Reportable segments			Total
	Japan	U.S.A.	Korea	
Net sales				
Sales to external customers	1,343,579	417,584	119,947	1,881,111
Inter-segment sales or transfers	227,775	-	18,856	246,631
Total	1,571,354	417,584	138,804	2,127,743
Segment operating income (loss)	57,792	(66,711)	(54,480)	(63,400)
Segment assets	2,648,955	101,747	100,395	2,851,098
Other items				
Depreciation and amortization	153,387	6,649	58	160,095
Increase in tangible fixed assets or intangible fixed assets	178,509	962	255	179,727

FY2020 results (Apr. 2020 - Mar. 2021)

(Thousand yen)

	Reportable segments			Total
	Japan	U.S.A.	Korea	
Net sales				
Sales to external customers	631,515	384,406	58,798	1,074,720
Inter-segment sales or transfers	204,946	-	19,732	224,678
Total	836,462	384,406	78,530	1,299,399
Segment operating loss	(62,449)	(25,041)	(33,198)	(120,689)
Segment assets	2,404,763	109,176	69,485	2,583,424
Other items				
Depreciation and amortization	179,860	5,744	51	184,656
Increase in tangible fixed assets or intangible fixed assets	169,130	2,371	-	171,501

(3) Reconciliation of published figures and aggregates of reportable segments

(Thousand yen)

Net sales	FY2019	FY2020
Reportable segments	2,127,743	1,299,399
Elimination of intersegment transactions	(246,631)	(224,678)
Net sales	1,881,111	1,074,720

(Thousand yen)

Operating loss	FY2019	FY2020
Reportable segments	(63,400)	(120,689)
Elimination of intersegment transactions	5,262	5,133
Intersegment income adjustment	(6,541)	3,425
Other	35,796	(19,272)
Operating loss	(28,882)	(131,403)

(Thousand yen)

Assets	FY2019	FY2020
Reportable segments	2,851,098	2,583,424
Elimination of intersegment transactions	(380,733)	(368,240)
Intersegment income adjustment	(8,611)	(5,186)
Other	337,892	321,292
Total assets	2,799,645	2,531,289

(Thousand yen)

Other items	Reportable segments		Adjustment		Consolidated total	
	FY2019	FY2020	FY2019	FY2020	FY2019	FY2020
Depreciation and amortization	160,095	184,656	(1,130)	(6,778)	158,964	177,877
Increase in tangible fixed assets and intangible fixed assets	179,727	171,501	(6,778)	(4,256)	172,948	167,244

(Notes:)

Depreciation and amortization, Increase in tangible fixed assets and intangible fixed assets are elimination of intersegment income.

Related Information

FY2019 results (Apr. 2019 - Mar. 2020)

(1) Information by product/service

(Thousand yen)

	Inspection systems	3D solution systems	Others	Total
Sales to external customers	1,181,034	558,235	141,841	1,881,111

(Notes:)

The amounts of Media & Network products are classified in Others.

(2) Information by geographical segment

I. Sales

(Thousand yen)

Japan	Korea	Taiwan	China	Americas	Others	Total
1,185,120	122,647	135,624	17,893	373,812	46,013	1,881,111

(Notes:)

The Geographic regions are classified by geographic proximity.

II. Tangible fixed assets

(Thousand yen)

Japan	U.S.A.	Others	Total
1,650	6,085	226	7,962

(3) Information by major customer

(Thousand yen)

Major customers	Sales	Segments
WINTEC Co., Ltd.	609,775	Japan
Daitron Co., Ltd.	229,474	Japan

FY2020 results (Apr. 2020 - Mar. 2021)

(1) Information by product/service

(Thousand yen)

	Inspection systems	3D solution systems	Others	Total
Sales to external customers	362,509	559,899	152,311	1,074,720

(Notes:)

The amounts of Media & Network products are classified in Others.

(2) Information by geographical segment

I. Sales

(Thousand yen)

Japan	Korea	Taiwan	China	Americas	Others	Total
488,040	62,786	109,629	28,648	348,489	37,124	1,074,720

(Notes:)

The Geographic regions are classified by geographic proximity.

II. Tangible fixed assets

(Thousand yen)

Japan	U.S.A.	Others	Total
1,032	3,019	176	4,228

(3) Information by major customer

Of the sales to external customers, there is no party that accounts for 10% or more of the sales on the consolidated income statement, so there is no description.

(Loss on impairment by reportable segment)

FY2019 results (Apr. 2019 - Mar. 2020)

	Reportable segments			Total
	Japan	U.S.A.	Korea	
Impairment loss	54,833	—	—	54,833

FY2020 results (Apr. 2020 - Mar. 2021)

	Reportable segments			Total
	Japan	U.S.A.	Korea	
Impairment loss	3,746	—	—	3,746

(Amortization of goodwill and unamortized balance by reportable segment)

None.

(Gain on negative goodwill by reportable segment)

None.

Supplementary Information

(Production Volume)

(Thousand yen: amounts less than one thousand yen are omitted)

BY REPORTABLE SEGMENTS	Production	Year-on-year (%)
Japan	592,781	(53.4)
U.S.A.	384,367	(8.0)
Korea	49,593	(60.1)
T o t a l	1,026,742	(43.4)

(Note 1) Intersegment transactions are eliminated.

(Note 2) Amounts shown above are stated based on selling price.

(Note 3) Amounts shown above do not include consumption or other taxes.

(Orders Received)

(Thousand yen: amounts less than one thousand yen are omitted)

BY REPORTABLE SEGMENTS	Orders	Year-on-year (%)	Backlog	Year-on-year (%)
Japan	355,133	(4.5)	121,600	+31.9
Korea	57,364	(50.1)	456	(75.9)
T o t a l	412,498	(15.3)	122,056	+29.8

(Note 1) Amounts shown above do not include consumption or other taxes.

(Note 2) There are no order results in U.S.A, because of make to stock.

(Sales Results)

(Thousand yen: amounts less than one thousand yen are omitted)

BY REPORTABLE SEGMENTS	Sales	Year-on-year (%)
Japan	631,515	(53.0)
U.S.A.	384,406	(7.9)
Korea	58,798	(51.0)
T o t a l	1,074,720	(42.9)

(Note 1) Intersegment transactions are eliminated.

(Note 2) Sales results of each major customer and the ratio of sales results to the total sales results of Kubotek.

(Thousand yen: amounts less than one thousand yen are omitted)

MAJOR CUSTOMERS	FY2019 (Apr.2019 - Mar.2020)		FY2020 (Apr.2020 - Mar.2021)	
	Sales	Ratio(%)	Sales	Ratio(%)
W I N T E C C o . , L t d .	609,775	32.4	-	-
D a i t r o n C o . , L t d .	229,474	12.2	-	-

(Note 3) The customers which are less than 10% of the amounts of total sales are omitted.

(Note 4) Amounts shown above do not include consumption or other taxes.