

Consolidated Financial Statements-Summary

For the Fiscal Year ended March 31,2022

May 13, 2022

(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-Standard Market
 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 24, 2022

Date of submission of annual security report (scheduled) : June 27, 2022

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

1 . Financial Results of FY2021 (April 1,2021 through March 31,2022)

(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	
FY2021	1,017	(5.3)%	(175)	—%	(169)	—%	(121)	—%
FY2020	1,074	(42.9)%	(131)	—%	(140)	—%	(116)	—%

(Reference) Comprehensive income FY2021: ¥(140) million (— %) FY 2020: ¥(103) 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
FY2021	(8.83)	—	(11.6)%	(7.4)%	(17.3)%
FY2020	(8.46)	—	(10.0)%	(5.3)%	(12.2)%

(Reference) Equity in earnings of affiliated FY2021: ¥ - million FY 2020: ¥ - million

(Note) Since the beginning of this consolidated fiscal year, the Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. The figures for this fiscal year ending March 2022 are the figures after the said accounting standards have been applied.

(2) Consolidated Financial Positions

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (Yen)
FY2021	2,091	976	46.7%	70.94
FY2020	2,531	1,117	44.1%	81.15

(Reference) Net Assets FY2021: ¥976 million FY2020: ¥1,117 million

(Note) Since the beginning of this consolidated fiscal year, the Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. The figures for this fiscal year ending March 2022 are the figures after the said accounting standards have been applied.

(3) Consolidated Cash Flows

	From Operating Activities	From Investing Activities	From Financing Activities	Cash and Cash Equivalents at the end of period
FY2021	51	(179)	(258)	1,381
FY2020	232	(166)	(164)	1,745

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			
FY2020	—	0.00	—	0.00	0.00	—	—	—
FY2021	—	0.00	—	0.00	0.00	—	—	—
FY2022	—	0.00	—	0.00	0.00		—	

3 . Consolidated Financial Forecasts for the Fiscal Year ending March 31,2023

(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 2022	450	(10.9)%	(150)	—%	(155)	—%	(160)	—%	(11.62)
FY 2022	950	(6.6) %	(290)	—%	(300)	—%	(315)	—%	(22.88)

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.: Yes

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, 2022: 13,830,000 shares; As of March 31, 2021: 13,830,000shares

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

As of March 31, 2022: 62,159 shares; As of March 31, 2021: 62,159shares

③ Average number of shares outstanding during the term

Ended March 31, 2022: 13,767,841 shares; Ended March 31, 2021: 13,767,841shares

(Reference)

1 . Financial Results of FY2021(April 1,2021 through March 31,2022)

(1)Non-consolidated Operating Results

(Percentage figures indicate year-on-year change)

	Net Sales		Operating Income		Ordinary Income		Profit (loss)	
FY2021	765	(8.5)%	(123)	—%	(84)	—%	(107)	—%
FY2020	836	(46.8)%	(62)	—%	(48)	—%	(78)	—%

	Earnings per share (Yen)	Diluted Earnings per share
FY2021	(7.84)	—
FY2020	(5.73)	—

(Note) Since the beginning of this fiscal year, the Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. The figures for this fiscal year ending March 2022 are the figures after the said accounting standards have been applied.

(2)Non-consolidated Financial Positions

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (Yen)
FY2021	2,040	1,023	50.2%	74.35
FY2020	2,404	1,132	47.1%	82.24

(Reference) Net Assets: FY2021: ¥ 1,023million FY2020: ¥ 1,132million

(Note) Since the beginning of this fiscal year, the Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. The figures for this fiscal year ending March 2022 are the figures after the said accounting standards have been applied.

Disclaimer Regarding Forecast Statements

Statements made in this release with respect to Kubotek's forecast for FY2022, 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)

	FY2020 (As of Mar. 31, 2021)	FY2021 (As of Mar. 31, 2022)
Assets		
Current assets		
Cash and deposits	1,777,114	1,413,319
Notes and accounts receivable - trade	406,610	-
Notes receivable-trade	-	6,506
Electronically recorded monetary claims - operating	29,570	34,741
Accounts receivable-trade	-	157,021
Merchandise and finished goods	3,259	1,983
Work in process	66,699	207,399
Raw materials and supplies	51,991	62,751
Other	19,878	25,594
Allowance for doubtful accounts	(24,942)	(8,819)
Total current assets	2,330,181	1,900,498
Non-current assets		
Property, plant and equipment		
Tools, furniture and fixtures	294,079	295,730
Accumulated depreciation	(290,883)	(295,727)
Tools, furniture and fixtures, net	3,196	2
Other	194,886	194,609
Accumulated depreciation	(193,854)	(194,057)
Other, net	1,031	551
Total property, plant and equipment	4,228	554
Intangible assets		
Software	168,725	163,927
Other	0	0
Total intangible assets	168,725	163,927
Investments and other assets		
Investment securities	3,603	368
Deferred tax assets	666	-
Claims provable in bankruptcy, claims provable in rehabilitation and other	196	173
Other	23,885	26,373
Allowance for doubtful accounts	(196)	(173)
Total investments and other assets	28,155	26,742
Total non-current assets	201,108	191,224
Total assets	2,531,289	2,091,722

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

	FY2020 (As of Mar. 31, 2021)	FY2021 (As of Mar. 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	82,390	102,553
Short-term loans payable	55,236	–
Current portion of long-term loans payable	507,770	215,658
Income taxes payable	9,593	12,351
Advances received	219,391	–
Contract liabilities	–	241,026
Provision for bonuses	3,450	3,550
Other	120,616	99,538
Total current liabilities	998,448	674,678
Non-current liabilities		
Long-term loans payable	374,670	408,740
Deferred tax liabilities	738	–
Contract liabilities	–	5,620
Retirement benefit liability	36,660	23,233
Other	3,446	2,762
Total non-current liabilities	415,514	440,356
Total liabilities	1,413,963	1,115,034
Net assets		
Shareholders' equity		
Capital stock	1,951,750	1,951,750
Retained earnings	(794,246)	(915,831)
Treasury shares	(81,717)	(81,717)
Total shareholders' equity	1,075,785	954,201
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	756	–
Foreign currency translation adjustment	40,784	22,486
Total accumulated other comprehensive income	41,540	22,486
Total net assets	1,117,326	976,687
Total liabilities and net assets	2,531,289	2,091,722

(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)

	FY2020 (Apr. 2020–Mar. 2021)	FY2021 (Apr. 2021–Mar. 2022)
Net sales	1,074,720	1,017,673
Cost of sales	641,986	610,033
Gross profit	432,733	407,640
Selling, general and administrative expenses	564,137	583,597
Operating loss	(131,403)	(175,957)
Non-operating income		
Interest income	302	401
Dividend income	332	135
Foreign exchange gains	–	11,862
Other	90	44
Total non-operating income	725	12,443
Non-operating expenses		
Interest expenses	7,922	5,768
Foreign exchange losses	1,092	–
Other	322	697
Total non-operating expenses	9,336	6,465
Ordinary loss	(140,014)	(169,979)
Extraordinary income		
Gain on sale of investment securities	2,279	1,278
Gain on forgiveness of debts	–	62,029
Patent settlement	27,272	–
Total extraordinary income	29,552	63,308
Extraordinary losses		
Impairment loss	3,746	9,077
Total extraordinary losses	3,746	9,077
Loss before income taxes	(114,208)	(115,748)
Income taxes – current	4,142	5,558
Income taxes – deferred	(1,827)	277
Total income taxes	2,315	5,836
Loss	(116,524)	(121,584)
Loss attributable to non-controlling interests	–	–
Loss attributable to owners of parent	(116,524)	(121,584)

Consolidated Statements of Comprehensive Income

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

	FY2020 (Apr. 2020–Mar. 2021)	FY2021 (Apr. 2021–Mar. 2022)
Loss	(116,524)	(121,584)
Other comprehensive income		
Valuation difference on available-for-sale securities	756	(756)
Foreign currency translation adjustment	11,961	(18,297)
Total other comprehensive income	12,717	(19,053)
Comprehensive income	(103,806)	(140,638)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(103,806)	(140,638)
Comprehensive income attributable to non-controlling interests	–	–

(3) Consolidated Statements of Changes in Net Assets

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

FY2021 (Apr. 2021–Mar. 2022)

(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	(794,246)	(81,717)	1,075,785	756	40,784	41,540	1,117,326
Changes of items during period								
Loss attributable to owners of parent		(121,584)		(121,584)				(121,584)
Net changes of items other than shareholders' equity					(756)	(18,297)	(19,053)	(19,053)
Total changes of items during period	-	(121,584)	-	(121,584)	(756)	(18,297)	(19,053)	(140,638)
Balance at end of current period	1,951,750	(915,831)	(81,717)	954,201	-	22,486	22,486	976,687

(4) Consolidated Statements of Cash Flows

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

	FY2020 (Apr. 2020–Mar. 2021)	FY2021 (Apr. 2021–Mar. 2022)
Cash flows from operating activities		
Loss before income taxes	(114,208)	(115,748)
Depreciation	177,877	180,623
Impairment loss	3,746	9,077
Increase (decrease) in allowance for doubtful accounts	674	(16,506)
Increase (decrease) in provision for bonuses	(390)	100
Increase (decrease) in retirement benefit liability	(10,115)	(13,427)
Interest and dividend income	(634)	(536)
Interest expenses	7,922	5,768
Foreign exchange losses (gains)	(2,746)	(13,846)
Patent settlement	(27,272)	–
Loss (gain) on sale of investment securities	(2,279)	(1,278)
Gain on forgiveness of debt	–	(62,029)
Decrease (increase) in notes and accounts receivable – trade	121,171	244,428
Decrease (increase) in inventories	36,852	(150,070)
Decrease (increase) in consumption taxes refund receivable	–	(5,753)
Increase (decrease) in accrued consumption taxes	(27,941)	(12,954)
Increase (decrease) in notes and accounts payable – trade	52,655	19,503
Increase (decrease) in advances received	5,982	–
Increase (decrease) in contract liability	–	3,407
Decrease (increase) in prepaid expenses	(2,920)	2,939
Increase (decrease) in accounts payable – other	(7,191)	(41,451)
Other, net	(665)	29,379
Subtotal	210,515	61,623
Interest and dividend income received	631	536
Interest expenses paid	(7,202)	(5,325)
Patent settlement received	27,272	–
Income taxes refund (paid)	1,212	(5,558)
Net cash provided by (used in) operating activities	232,429	51,276
Cash flows from investing activities		
Purchase of investment securities	(2,544)	(260)
Proceeds from sale of investment securities	6,955	3,684
Purchase of property, plant and equipment	(10,141)	(8,597)
Purchase of software	(162,773)	(172,007)
Other, net	1,900	(2,049)
Net cash provided by (used in) investing activities	(166,604)	(179,231)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(144,763)	–
Proceeds from long-term loans payable	360,000	285,728
Repayments of long-term loans payable	(379,424)	(543,770)
Net cash provided by (used in) financing activities	(164,187)	(258,042)

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

	FY2020 (Apr. 2020–Mar. 2021)	FY2021 (Apr. 2021–Mar. 2022)
Effect of exchange rate change on cash and cash equivalents	(161)	22,202
Net increase (decrease) in cash and cash equivalents	(98,524)	(363,794)
Cash and cash equivalents at beginning of period	1,843,962	1,745,437
Cash and cash equivalents at end of period	1,745,437	1,381,642

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

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

FY2021 results (Apr. 2021 - Mar. 2022)

(Thousand yen)

	Reportable segments			Total
	Japan	U.S.A.	Korea	
Net sales				
Sales to external customers	554,037	427,070	36,565	1,017,673
Inter-segment sales or transfers	211,342	-	20,753	232,095
Total	765,379	427,070	57,319	1,249,769
Segment operating loss	(123,994)	(24,741)	(28,799)	(177,535)
Segment assets	2,040,087	57,781	34,668	2,132,538
Other items				
Depreciation and amortization	181,522	3,306	52	184,880
Increase in tangible fixed assets or intangible fixed assets	190,214	1,960	-	192,175

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

(Thousand yen)

Net sales	FY2020	FY2021
Reportable segments	1,299,399	1,249,769
Elimination of intersegment transactions	(224,678)	(232,095)
Net sales	1,074,720	1,017,673

(Thousand yen)

Operating loss	FY2020	FY2021
Reportable segments	(120,689)	(177,535)
Elimination of intersegment transactions	5,133	5,519
Intersegment income adjustment	3,425	(6,694)
Other	(19,272)	(2,753)
Operating loss	(131,403)	(175,957)

(Thousand yen)

Assets	FY2020	FY2021
Reportable segments	2,583,424	2,132,538
Elimination of intersegment transactions	(368,240)	(407,542)
Intersegment income adjustment	(5,186)	(11,881)
Other	321,292	378,608
Total assets	2,531,289	2,091,722

(Thousand yen)

Other items	Reportable segments		Adjustment		Consolidated total	
	FY2020	FY2021	FY2020	FY2021	FY2020	FY2021
Depreciation and amortization	184,656	184,880	(6,778)	(4,256)	177,877	180,623
Increase in tangible fixed assets and intangible fixed assets	171,501	192,175	(4,256)	(11,426)	167,244	180,749

(Notes:)

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

Related Information

FY2020 results (Apr. 2020 - Mar. 2021)

(1) Information by product/service

(Thousand yen)

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

(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.

FY2021 results (Apr. 2021 - Mar. 2022)

(1) Information by product/service

(Thousand yen)

	Inspection systems	3D solution systems	Media & Network products	Total
Sales to external customers	338,659	520,051	158,963	1,017,673

(2) Information by geographical segment

I. Sales

(Thousand yen)

Japan	Korea	Taiwan	China	Americas	Others	Total
397,902	39,160	137,730	15,619	387,065	40,195	1,017,673

(Notes:)

The Geographic regions are classified by geographic proximity.

II. Tangible fixed assets

(Thousand yen)

Japan	U.S.A.	Others	Total
552	2	0	554

(3) Information by major customer

(Thousand yen)

Major customers	Sales	Segments
MITSUI MINING & SMELTING CO., LTD.	102,035	Japan

(Loss on impairment by reportable segment)

FY2020 results (Apr. 2020 - Mar. 2021)

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

FY2021 results (Apr. 2021 - Mar. 2022)

	Reportable segments			Total
	Japan	U.S.A.	Korea	
Impairment loss	5,529	3,419	127	9,077

(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	696,645	+17.5
U.S.A.	427,059	+11.1
Korea	35,288	(28.8)
T o t a l	1,158,993	+ 12.9

(Note 1) Intersegment transactions are eliminated.

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

(Orders Received)

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

BY REPORTABLE SEGMENTS	Orders	Year-on-year (%)	Backlog	Year-on-year (%)
Japan	504,273	+ 42.0	323,780	+166.3
Korea	36,109	(37.1)	-	(100.0)
T o t a l	540,383	+ 31.0	323,780	+165.3

(Note) 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	554,037	(12.3)
U.S.A.	427,070	+ 11.1
Korea	36,565	(37.8)
T o t a l	1,017,673	(5.3)

(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	FY2020 (Apr.2020 - Mar.2021)		FY2021 (Apr.2021 - Mar.2022)	
	Sales	Ratio(%)	Sales	Ratio(%)
MITSUI MINING & SMELTING CO., LTD.	-	-	102,035	10.0

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