

Consolidated Financial Statements-Summary

For the Fiscal Year ended March 31,2024

May 15, 2024

(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 27, 2024

Date of submission of annual security report (scheduled) : June 28, 2024

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

1. Financial Results of FY2023 (April 1,2023 through March 31,2024)

(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	
FY2023	1,306	7.3%	(216)	—%	(219)	—%	(273)	—%
FY2022	1,217	19.7%	(194)	—%	(179)	—%	(204)	—%

(Reference) Comprehensive income FY2023: ¥(284) million (—%) FY 2022: ¥(256) 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
FY2023	(19.84)	—	(47.3)%	(11.2)%	(16.6)%
FY2022	(14.88)	—	(24.1)%	(9.8)%	(16.0)%

(Reference) Equity in earnings of affiliated FY2023: ¥— million FY 2022: ¥— million

(2) Consolidated Financial Positions

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (Yen)
FY2023	2,353	435	18.5%	31.62
FY2022	1,581	720	45.5%	52.31

(Reference) Net Assets FY2023: ¥435 million FY2022: ¥720 million

(3) Consolidated Cash Flows

	From Operating Activities	From Investing Activities	From Financing Activities	Cash and Cash Equivalents at the end of period
FY2023	455	(226)	75	1,126
FY2022	(146)	(228)	(215)	817

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			
FY2022	—	0.00	—	0.00	0.00	—	—	—
FY2023	—	0.00	—	0.00	0.00	—	—	—
FY2024	—	0.00	—	0.00	0.00	—	—	—

3. Consolidated Financial Forecasts for the Fiscal Year ending March 31,2025

(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 2024	640	41.8%	(190)	—%	(195)	—%	(200)	—%	(14.53)
FY 2024	1,600	22.5 %	(160)	—%	(165)	—%	(185)	—%	(13.44)

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, 2024: 13,830,000 shares; As of March 31, 2023: 13,830,000shares
 - ② Number of treasury shares at the end of the fiscal year
As of March 31, 2024: 62,161 shares; As of March 31, 2023: 62,160shares
 - ③ Average number of shares outstanding during the term
Ended March 31, 2024: 13,767,840 shares; Ended March 31, 2023: 13,767,840shares

(Reference)

1. Financial Results of FY2023(April 1,2023 through March 31,2024)

(1)Non-consolidated Operating Results

(Percentage figures indicate year-on-year change)

	Net Sales		Operating Income (Loss)		Ordinary Income (Loss)		Profit (loss)	
FY2023	1,042	7.0%	(196)	—%	(290)	—%	(300)	—%
FY2022	974	27.3%	(243)	—%	(199)	—%	(229)	—%

	Earnings per share (Yen)	Diluted Earnings per share
FY2023	(21.82)	—
FY2022	(16.67)	—

(2)Non-consolidated Financial Positions

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (Yen)
	FY2023	2,312	493	21.3%
FY2022	1,502	794	52.8%	57.67

(Reference) Net Assets: FY2023: ¥493million FY2022: ¥794million

Disclaimer Regarding Forecast Statements

Statements made in this release with respect to Kubotek's forecast for FY2024, 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)

	FY2022 (As of Mar. 31, 2023)	FY2023 (As of Mar. 31, 2024)
Assets		
Current assets		
Cash and deposits	849,220	1,158,415
Notes receivable-trade	13,663	5,786
Electronically recorded monetary claims - operating	37,444	3,518
Accounts receivable-trade	204,595	176,567
Merchandise and finished goods	12,340	13,339
Work in process	101,560	579,534
Raw materials and supplies	73,735	52,876
Other	22,478	87,335
Allowance for doubtful accounts	(9,636)	(10,742)
Total current assets	1,305,402	2,066,631
Non-current assets		
Property, plant and equipment		
Tools, furniture and fixtures	294,064	288,418
Accumulated depreciation	(294,060)	(288,413)
Tools, furniture and fixtures, net	4	4
Other	202,002	180,501
Accumulated depreciation	(201,255)	(180,500)
Other, net	747	0
Total property, plant and equipment	751	4
Intangible assets		
Software	240,513	255,274
Other	0	0
Total intangible assets	240,513	255,274
Investments and other assets		
Investment securities	368	368
Claims provable in bankruptcy, claims provable in rehabilitation and other	173	173
Other	34,256	31,638
Allowance for doubtful accounts	(173)	(173)
Total investments and other assets	34,625	32,007
Total non-current assets	275,890	287,286
Total assets	1,581,292	2,353,918

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

	FY2022 (As of Mar. 31, 2023)	FY2023 (As of Mar. 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	46,109	99,575
Short-term loans payable	–	250,000
Current portion of long-term loans payable	174,656	88,656
Income taxes payable	11,823	12,696
Contract liabilities	258,843	1,116,073
Provision for bonuses	3,400	5,260
Other	99,471	139,022
Total current liabilities	594,304	1,711,283
Non-current liabilities		
Long-term loans payable	234,084	145,428
Contract liabilities	6,116	11,036
Retirement benefit liability	23,848	20,182
Lease liabilities	–	27,922
Other	2,762	2,762
Total non-current liabilities	266,811	207,333
Total liabilities	861,116	1,918,616
Net assets		
Shareholders' equity		
Capital stock	1,951,750	1,951,750
Retained earnings	(1,120,683)	(1,393,855)
Treasury shares	(81,717)	(81,717)
Total shareholders' equity	749,348	476,176
Accumulated other comprehensive income		
Foreign currency translation adjustment	(29,172)	(40,874)
Total accumulated other comprehensive income	(29,172)	(40,874)
Total net assets	720,176	435,301
Total liabilities and net assets	1,581,292	2,353,918

(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)

	FY2022 (Apr. 2022–Mar. 2023)	FY2023 (Apr. 2023–Mar. 2024)
Net sales	1,217,776	1,306,352
Cost of sales	762,372	770,956
Gross profit	455,404	535,396
Selling, general and administrative expenses	649,746	752,224
Operating loss	(194,342)	(216,828)
Non-operating income		
Interest income	111	533
Dividend income	15	30
Foreign exchange gains	17,969	–
Gain on forgiveness of debts	–	1,205
Cashback rewards income	–	354
Other	1,124	–
Total non-operating income	19,221	2,123
Non-operating expenses		
Interest expenses	3,833	4,145
Credit guarantee expenses	630	630
Foreign exchange losses	–	155
Other	19	–
Total non-operating expenses	4,483	4,931
Ordinary loss	(179,604)	(219,636)
Extraordinary income		
Gains on sale of non-current assets	30	41
Reversal of foreign currency translation adjustments	15,137	–
Total extraordinary income	15,168	41
Extraordinary losses		
Impairment loss	31,147	47,348
Loss on liquidation of subsidiaries and associates	3,369	–
Total extraordinary losses	34,516	47,348
Loss before income taxes	(198,953)	(266,943)
Income taxes – current	5,898	6,228
Total income taxes	5,898	6,228
Loss	(204,852)	(273,172)
Loss attributable to non-controlling interests	–	–
Loss attributable to owners of parent	(204,852)	(273,172)

Consolidated Statements of Comprehensive Income

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

	FY2022 (Apr. 2022-Mar. 2023)	FY2023 (Apr. 2023-Mar. 2024)
Loss	(204,852)	(273,172)
Other comprehensive income		
Foreign currency translation adjustment	(51,659)	(11,702)
Total other comprehensive income	(51,659)	(11,702)
Comprehensive income	(256,511)	(284,874)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(256,511)	(284,874)
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statements of Changes in Net Assets

FY2022 (Apr. 2022–Mar. 2023)

	Shareholders' equity				Accumulated other comprehensive income		Total net assets
	Capital stock	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of current period	1,951,750	(915,831)	(81,717)	954,201	22,486	22,486	976,687
Changes of items during period							
Loss attributable to owners of parent		(204,852)		(204,852)			(204,852)
Purchase of treasury stock			(0)	(0)			(0)
Net changes of items other than shareholders' equity					(51,659)	(51,659)	(51,659)
Total changes of items during period	–	(204,852)	(0)	(204,852)	(51,659)	(51,659)	(256,511)
Balance at end of current period	1,951,750	(1,120,683)	(81,717)	749,348	(29,172)	(29,172)	720,176

FY2023 (Apr. 2023–Mar. 2024)

	Shareholders' equity				Accumulated other comprehensive income		Total net assets
	Capital stock	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of current period	1,951,750	(1,120,683)	(81,717)	749,348	(29,172)	(29,172)	720,176
Changes of items during period							
Loss attributable to owners of parent		(273,172)		(273,172)			(273,172)
Purchase of treasury stock			(0)	(0)			(0)
Net changes of items other than shareholders' equity					(11,702)	(11,702)	(11,702)
Total changes of items during period	–	(273,172)	(0)	(273,172)	(11,702)	(11,702)	(284,874)
Balance at end of current period	1,951,750	(1,393,855)	(81,717)	476,176	(40,874)	(40,874)	435,301

(4) Consolidated Statements of Cash Flows

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

	FY2022 (Apr. 2022–Mar. 2023)	FY2023 (Apr. 2023–Mar. 2024)
Cash flows from operating activities		
Loss before income taxes	(198,953)	(266,943)
Depreciation	150,445	205,795
Impairment loss	31,147	47,348
Increase (decrease) in allowance for doubtful accounts	492	905
Increase (decrease) in provision for bonuses	(150)	1,860
Increase (decrease) in retirement benefit liability	615	(3,665)
Interest and dividend income	(126)	(563)
Interest expenses	3,833	4,145
Foreign exchange losses (gains)	(18,893)	(1,249)
Gain on sales of non-current assets	–	(41)
Reversal of foreign currency translation adjustments	(15,137)	–
Decrease (increase) in notes and accounts receivable – trade	(51,284)	73,709
Decrease (increase) in inventories	81,496	(457,128)
Decrease (increase) in consumption taxes refund receivable	5,753	(59,688)
Increase (decrease) in accrued consumption taxes	3,969	(3,969)
Increase (decrease) in notes and accounts payable – trade)	(56,886)	53,015
Increase (decrease) in contract liability	(20,080)	842,348
Decrease (increase) in prepaid expenses	(4,732)	1,059
Increase (decrease) in accounts payable – other	(62,674)	(28,589)
Other, net	14,418	57,303
Subtotal	<u>(136,747)</u>	<u>465,651</u>
Interest and dividend income received	126	563
Interest expenses paid	(3,739)	(4,105)
Income taxes refund (paid)	(5,870)	(6,228)
Net cash provided by (used in) operating activities	<u>(146,231)</u>	<u>455,880</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,045)	(7,692)
Proceeds from sales of property, plant and equipment	–	41
Purchase of software	(223,773)	(219,052)
Other, net	7,621	–
Net cash provided by (used in) investing activities	<u>(228,197)</u>	<u>(226,703)</u>
Cash flows from financing activities		
Net increase in short-term loans payable	–	250,000
Repayments of long-term loans payable	(215,658)	(174,656)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	<u>(215,658)</u>	<u>75,343</u>
Effect of exchange rate change on cash and cash equivalents	25,987	4,674
Net increase (decrease) in cash and cash equivalents	<u>(564,099)</u>	<u>309,194</u>
Cash and cash equivalents at beginning of period	<u>1,381,642</u>	<u>817,543</u>
Cash and cash equivalents at end of period	<u>817,543</u>	<u>1,126,737</u>

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 two regions of Japan and U.S.A. 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 two segments, Japan and U.S.A.

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

FY2022 results (Apr. 2022 - Mar. 2023)

(Thousand yen)

	Reportable segments			Total
	Japan	U.S.A.	Korea	
Net sales				
Sales to external customers	714,426	492,774	10,575	1,217,776
Inter-segment sales or transfers	259,831	-	12,228	272,060
Total	974,258	492,774	22,804	1,489,836
Segment operating loss	(243,091)	(64,709)	(21,576)	(329,376)
Segment assets	1,502,830	108,724	-	1,611,555
Other items				
Depreciation and amortization	159,937	576	98	160,612
Increase in tangible fixed assets or intangible fixed assets	238,185	37,468	1,612	277,266

FY2023 results (Apr. 2023 - Mar. 2024)

(Thousand yen)

	Reportable segments			Total
	Japan	U.S.A.	Korea	
Net sales				
Sales to external customers	797,836	508,516	-	1,306,352
Inter-segment sales or transfers	245,001	-	-	245,001
Total	1,042,838	508,516	-	1,551,354
Segment operating loss	(196,356)	(32,142)	-	(228,499)
Segment assets	2,312,248	82,206	-	2,394,454
Other items				
Depreciation and amortization	208,421	321	-	208,742
Increase in tangible fixed assets or intangible fixed assets	234,073	43,102	-	277,175

(Notes:)

KUBOTEK KOREA settled in the previous fiscal year. We excluded the company from the range of consolidation.

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

(Thousand yen)

Net sales	FY2022	FY2023
Reportable segments	1,489,836	1,551,354
Elimination of intersegment transactions	(272,060)	(245,001)
Net sales	1,217,776	1,306,352

(Thousand yen)

Operating loss	FY2022	FY2023
Reportable segments	(329,376)	(228,499)
Elimination of intersegment transactions	6,572	7,053
Intersegment income adjustment	4,878	(7,069)
Allowance for doubtful accounts adjustment	123,582	11,686
Operating loss	(194,342)	(216,828)

(Thousand yen)

Assets	FY2022	FY2023
Reportable segments	1,611,555	2,394,454
Elimination of intersegment transactions	(564,220)	(652,253)
Intersegment income adjustment	(6,823)	(13,893)
Other	540,782	625,609
Total assets	1,581,292	2,353,918

(Thousand yen)

Other items	Reportable segments		Adjustment		Consolidated total	
	FY2022	FY2023	FY2022	FY2023	FY2022	FY2023
Depreciation and amortization	160,612	208,742	(10,167)	(2,947)	150,445	205,795
Increase in tangible fixed assets and intangible fixed assets	277,266	277,175	(4,708)	(10,016)	272,557	267,158

(Notes:)

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

Related Information

FY2022 results (Apr. 2022 - Mar. 2023)

(1) Information by product/service

(Thousand yen)

	Inspection systems	3D solution systems	Media & Network products	Total
Sales to external customers	499,690	575,268	142,817	1,217,776

(2) Information by geographical segment

I. Sales

(Thousand yen)

Japan	Korea	Taiwan	China	Americas	Others	Total
389,946	22,778	184,509	126,364	448,424	45,752	1,217,776

(Notes:)

The Geographic regions are classified by geographic proximity.

II. Tangible fixed assets

(Thousand yen)

Japan	U.S.A.	Others	Total
275	3	471	751

(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.

FY2023 results (Apr. 2023 - Mar. 2024)

(1) Information by product/service

(Thousand yen)

	Inspection systems	3D solution systems	Media & Network products	Total
Sales to external customers	641,450	600,344	64,558	1,306,352

(2) Information by geographical segment

I. Sales

(Thousand yen)

Japan	Korea	Taiwan	China	Americas	Others	Total
262,954	55,905	31,693	447,103	461,610	47,085	1,306,352

(Notes:)

The Geographic regions are classified by geographic proximity.

II. Tangible fixed assets

(Thousand yen)

Japan	U.S.A.	Others	Total
0	4	0	4

(3) Information by major customer

(Thousand yen)

Major customers	Sales	Segments
Xiamen Tianma Optoelectronics Co., Ltd.	434,000	Japan

(Loss on impairment by reportable segment)

FY2022 results (Apr. 2022 - Mar. 2023)

(Thousand yen)

	Reportable segments			Total
	Japan	U.S.A.	Korea	
Impairment loss	8,479	22,667	—	31,147

FY2023 results (Apr. 2023 - Mar. 2024)

(Thousand yen)

	Reportable segments			Total
	Japan	U.S.A.	Korea	
Impairment loss	4,568	42,779	—	47,348

(Notes:)

KUBOTEK KOREA settled in the previous fiscal year. We excluded the company from the range of consolidation.

(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 (%)
J a p a n	1,278,659	+108.0
U . S . A .	508,539	+3.2
Total	1,787,199	+60.0

(Note 1) Intersegment transactions are eliminated.

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

(Note 3) KUBOTEK KOREA settled in the previous fiscal year. We excluded the company from the range of consolidation.

(Orders Received)

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

BY REPORTABLE SEGMENTS	Orders	Year-on-year (%)	Backlog	Year-on-year (%)
J a p a n	1,118,350	(17.7)	1,670,400	+40.0

(Note 1) There are no order results in U.S.A, because of make to stock.

(Note 2) KUBOTEK KOREA settled in the previous fiscal year. We excluded the company from the range of consolidation.

(Sales Results)

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

BY REPORTABLE SEGMENTS	Sales	Year-on-year (%)
J a p a n	797,836	+ 11.7
U . S . A .	508,516	+ 3.2
Total	1,306,352	+ 7.3

(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	FY2022 (Apr.2022 – Mar.2023)		FY2023 (Apr.2023 – Mar.2024)	
	Sales	Ratio(%)	Sales	Ratio(%)
Xiamen Tianma Optoelectronics Co., Ltd.	-	-	434,000	33.2

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

(Note 4) KUBOTEK KOREA settled in the previous fiscal year. We excluded the company from the range of consolidation.