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Consolidated Financial Results for the Six Months Ended June 30, 2022 [Japanese GAAP]

August 10, 2022

Company name: Tera Probe, Inc.

Stock exchange listing: Tokyo

Code number: 6627

URL: <https://www.teraprobe.com/>

Representative: Tsuyoshi Yokoyama

President

Contact: Naokazu Jinushi

Chief Financial Officer

Phone: 045-476-5711

Scheduled date of filing quarterly securities report: August 10, 2022

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Six Months Ended June 30, 2022 (January 1, 2022 to June 30, 2022)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended June 30, 2022	15,800	33.8	3,022	88.4	3,353	121.0	1,130	48.1
June 30, 2021	11,809	28.7	1,604	399.0	1,517	503.5	763	169.4

(Note) Comprehensive income: Six months ended June 30, 2022: ¥ 4,725 million [82.1%]
Six months ended June 30, 2021: ¥ 2,594 million [339.8%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2022	124.24	-
June 30, 2021	83.89	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
June 30, 2022	72,314	40,193	39.2
December 31, 2021	62,966	36,560	41.6

(Reference) Equity: As of June 30, 2022: ¥ 28,373 million
As of December 31, 2021: ¥ 26,188 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2021	-	0.00	-	17.00	17.00
Fiscal year ending December 31, 2022	-	0.00			
Fiscal year ending December 31, 2022 (Forecast)			-	-	-

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Nine Months Ended September 30, 2022 (January 1, 2022 to September 30, 2022), and Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2022 (January 1, 2022 to December 31, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	
Nine months ended September 30, 2022	24,060	30.0	4,600	65.9	4,900	82.1	1,670	33.5	183.57
Full year	32,350	24.7	6,180	48.5	6,450	57.8	2,200	22.6	241.83

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

(1) Changes in significant subsidiaries during the six months ended June 30, 2022

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

June 30, 2022: 9,282,500 shares

December 31, 2021: 9,282,500 shares

2) Total number of treasury shares at the end of the period:

June 30, 2022: 185,371 shares

December 31, 2021: 185,371 shares

3) Average number of shares during the period:

Six months ended June 30, 2022: 9,097,129 shares

Six months ended June 30, 2021: 9,097,219 shares

※This Consolidated Financial Results report is out of scope of Financial Audit by certified public accountants or an audit firm.

※Explanation regarding the appropriate use of forecasts of business results

The financial forecast is based on the information available at a time of issuance of this report, and are not intended to be a commitment by the Company to achieve the forecasted figures. The actual results may change from the forecasted figures due to various factors.

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of December 31,2021	As of June 30,2022
Assets		
Current assets		
Cash and deposits	11,224,389	15,290,946
Accounts receivable - trade	8,051,638	-
Accounts receivable - trade, and contract assets	-	9,359,543
Finished goods	65,268	-
Work in process	474,609	-
Raw materials and supplies	73,185	95,791
Accounts receivable - other	1,643,984	1,671,989
Other	816,893	1,282,791
Total current assets	22,349,969	27,701,063
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,101,067	11,815,845
Machinery, equipment and vehicles, net	25,813,107	28,482,451
Other, net	3,445,060	4,019,606
Total property, plant and equipment	40,359,235	44,317,903
Intangible assets	170,694	181,235
Investments and other assets	86,841	114,145
Total non-current assets	40,616,771	44,613,285
Total assets	62,966,741	72,314,348

(Thousand yen)

	As of December 31,2021	As of June 30,2022
Liabilities		
Current liabilities		
Accounts payable - trade	387,643	393,517
Short-term borrowings	300,000	300,000
Current portion of long-term borrowings	505,000	952,204
Lease obligations	139,975	141,426
Asset retirement obligations	11,265	-
Accounts payable - other	1,034,484	2,055,639
Income taxes payable	1,035,687	1,257,246
Unearned revenue	367,134	399,985
Provision for bonuses	978,147	1,435,265
Provision for business restructuring	112,402	-
Provision for loss on order received	5,198	6,563
Other	2,383,295	3,903,868
Total current liabilities	7,260,235	10,845,716
Non-current liabilities		
Long-term borrowings	18,414,599	20,530,670
Lease obligations	127,210	59,240
Retirement benefit liability	221,959	227,865
Asset retirement obligations	10,457	10,512
Deferred tax liabilities	293,072	370,126
Provision for repairs	17,988	22,015
Other	60,975	54,265
Total non-current liabilities	19,146,261	21,274,697
Total liabilities	26,406,497	32,120,414
Net assets		
Shareholders' equity		
Share capital	11,823,312	11,823,312
Capital surplus	7,611,322	7,611,322
Retained earnings	5,313,842	6,329,942
Treasury shares	(120,123)	(120,123)
Total shareholders' equity	24,628,353	25,644,453
Accumulated other comprehensive income		
Foreign currency translation adjustment	1,578,998	2,744,512
Remeasurements of defined benefit plans	(18,471)	(15,888)
Total accumulated other comprehensive income	1,560,527	2,728,624
Non-controlling interests	10,371,362	11,820,856
Total net assets	36,560,243	40,193,934
Total liabilities and net assets	62,966,741	72,314,348

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income and Comprehensive Income (For the six months)

(Thousand yen)

	For the six months ended June 30,2021	For the six months ended June 30,2022
Net sales	11,809,695	15,800,480
Cost of sales	9,280,083	11,507,784
Gross profit	2,529,611	4,292,695
Selling, general and administrative expenses	925,350	1,269,934
Operating income	1,604,261	3,022,760
Non-operating income		
Interest income	1,953	4,562
Foreign exchange gains	-	316,433
Commission income	41,950	92,129
Other	29,482	26,982
Total non-operating income	73,386	440,107
Non-operating expenses		
Interest expenses	90,469	91,071
Foreign exchange losses	48,785	-
Other	20,863	17,811
Total non-operating expenses	160,117	108,883
Ordinary income	1,517,530	3,353,985
Extraordinary income		
Gain on sale of non-current assets	153,864	179,402
Local government subsidy	192,660	-
Other	-	12,512
Total extraordinary income	346,524	191,914
Extraordinary losses		
Loss on sale of non-current assets	496	2,479
Loss on retirement of non-current assets	223	1,397
Impairment losses	-	858
Business restructuring expenses	73,101	85,057
Total extraordinary losses	73,821	89,792
Income before income taxes	1,790,233	3,456,106
Income taxes	480,579	1,036,796
Refund of income taxes for prior periods	(55,518)	(18,555)
Net income	1,365,173	2,437,866
Net income attributable to		
Net income attributable to owners of parent	763,169	1,130,262
Net income attributable to non-controlling interests	602,004	1,307,603
Other comprehensive income		
Foreign currency translation adjustment	1,227,320	2,285,322
Remeasurements of defined benefit plans, net of tax	2,347	2,582
Total other comprehensive income	1,229,667	2,287,905
Comprehensive income	2,594,841	4,725,771
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,391,449	2,298,359
Comprehensive income attributable to non-controlling interests	1,203,391	2,427,411

Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended June 30,2021	For the six months ended June 30,2022
Cash flows from operating activities		
Income before income taxes	1,790,233	3,456,106
Depreciation	4,814,851	5,439,280
Impairment losses	-	858
Increase (decrease) in allowance for doubtful accounts	(5)	-
Increase (decrease) in retirement benefit liability	7,202	5,906
Increase (decrease) in provision for bonuses	273,455	345,345
Interest income	(1,953)	(4,562)
Interest expenses	90,469	91,071
Local government subsidy	(192,660)	-
Business restructuring expenses	73,101	85,057
Loss (gain) on sale and retirement of non-current assets	(153,144)	(175,525)
Decrease (increase) in trade receivables	(1,416,924)	-
Decrease (increase) in trade receivables and contract assets	-	(130,769)
Decrease (increase) in inventories	22,134	6,235
Increase (decrease) in trade payables	(101,069)	(45,500)
Decrease (increase) in distressed receivables	5	-
Decrease (increase) in other current assets	(156,056)	(245,353)
Increase (decrease) in other current liabilities	43,940	221,127
Increase (decrease) in other non-current liabilities	23,718	(950)
Other, net	(11,922)	4,795
Subtotal	5,105,376	9,053,123
Interest received	2,279	4,626
Interest paid	(93,906)	(91,071)
Subsidies received	192,660	-
Business structure improvement expenses paid	(17,883)	(154,707)
Income taxes refund	18,568	18,803
Income taxes paid	(204,917)	(844,633)
Net cash provided by (used in) operating activities	5,002,176	7,986,141
Cash flows from investing activities		
Payments into time deposits	(1,200,000)	(1,100,000)
Proceeds from withdrawal of time deposits	1,200,000	1,100,000
Purchase of property, plant and equipment	(3,144,691)	(5,160,955)
Proceeds from sale of property, plant and equipment	107,301	234,749
Purchase of intangible assets	(13,492)	(39,856)
Proceeds from equipment rental	11,276	11,628
Other, net	(226)	(3,055)
Net cash provided by (used in) investing activities	(3,039,832)	(4,957,489)

(Thousand yen)

	For the six months ended June 30,2021	For the six months ended June 30,2022
Cash flows from financing activities		
Proceeds from short-term borrowings	600,000	600,000
Repayments of short-term borrowings	(600,000)	(600,000)
Proceeds from long-term borrowings	1,491,624	11,169,326
Repayments of long-term borrowings	(2,718,982)	(10,479,326)
Purchase of treasury shares	(119)	-
Dividends paid	-	(153,961)
Repayments of lease obligations	(110,577)	(69,789)
Net cash provided by (used in) financing activities	(1,338,055)	466,249
Effect of exchange rate change on cash and cash equivalents	217,328	571,656
Net increase (decrease) in cash and cash equivalents	841,617	4,066,556
Cash and cash equivalents at beginning of period	10,007,108	10,124,389
Cash and cash equivalents at end of period	10,848,726	14,190,946