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Consolidated Financial Results for the Year Ended December 31, 2022 [Japanese GAAP]

February 10, 2023

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 Annual General Meeting of Shareholders: March 23, 2023
 Scheduled date of commencing dividend payments: March 24, 2023
 Scheduled date of filing annual securities report: March 23, 2023
 Availability of supplementary briefing material on annual financial results: Yes
 Schedule of annual financial results briefing session: Yes

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

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2022 (January 01, 2022 to December 31, 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	%
Fiscal year ended December 31, 2022	33,212	28.0	6,839	64.3	7,345	79.7	3,134	74.7
December 31, 2021	25,942	41.5	4,161	870.1	4,086	-	1,793	651.7

(Note) Comprehensive income: Fiscal year ended December 31, 2022: ¥ 6,738 million [22.0%]
 Fiscal year ended December 31, 2021: ¥ 5,524 million [602.6%]

	Net income per share	Net income per share (diluted)	Rate of return on equity	Ordinary income to total assets ratio	Operating income to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended December 31, 2022	344.56	-	11.2	10.9	20.6
December 31, 2021	197.19	-	7.3	6.9	16.0

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2022	72,262	42,206	40.9	3,251.39
December 31, 2021	62,966	36,560	41.6	2,878.81

(Reference) Equity: As of December 31, 2022: ¥ 29,578 million
 As of December 31, 2021: ¥ 26,188 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended December 31, 2022	17,030	(12,191)	(382)	14,591
December 31, 2021	11,424	(9,652)	(2,007)	10,124

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
December 31, 2021	-	0.00	-	17.00	17.00	154	8.6	0.6
December 31, 2022	-	0.00	-	54.00	54.00	491	15.7	1.8
Fiscal year ending December 31, 2023 (Forecast)	-	0.00	-	-	-		-	

3. Consolidated Financial Results Forecast for the Three Months Ended March 31, 2023 (January 1, 2023 to March 31, 2023) and Consolidated Financial Results Forecast for the Six Months Ended June 30, 2023 (January 1, 2023 to June 30, 2023)

The semiconductor industry, to which our group belongs, is characterized by short-term changes in the market environment. This makes it difficult to make a forecast of consolidated financial results for a full year. Therefore, Tera Probe's Consolidated Financial Results Forecast only provides guidance for the next quarter and the first half of the fiscal year as far as reasonably possible.

(% 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	%	Yen
Three months ended March 31, 2023	8,000	5.6	1,450	0.0	1,450	(6.8)	700	20.9	76.95
Six months ended June 30, 2023	16,500	4.4	3,150	4.2	3,100	(7.6)	1,250	10.6	137.41

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

New - (Company name:)

Exclusion: 1 (Company name: Tera Probe Aizu, Inc.)

(2) 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

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

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

December 31, 2022: 9,282,500 shares

December 31, 2021: 9,282,500 shares

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

December 31, 2022: 185,371 shares

December 31, 2021: 185,371 shares

3) Average number of shares during the period:

Fiscal Year ended December 31, 2022: 9,097,129 shares

Fiscal Year ended December 31, 2021: 9,097,188 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2022 (January 01, 2022 to December 31, 2022)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2022	7,664	27.2	530	101.1	1,623	276.9	1,668	217.6
December 31, 2021	6,026	28.0	264	-	430	-	525	-

Fiscal year ended	Net income per share	Net income per share (diluted)
	Yen	Yen
December 31, 2022	183.45	-
December 31, 2021	57.76	-

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
December 31, 2022	27,899	21,682	77.7	2,383.45
December 31, 2021	23,606	20,166	85.4	2,216.82

(Reference) Equity: As of December 31, 2022: ¥ 21,682 million
As of December 31, 2021: ¥ 20,166 million

※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.

Consolidated Financial Statements

Consolidated Balance Sheets

(Thousand yen)

	As of December 31, 2021	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	11,224,389	15,691,244
Accounts receivable - trade	8,051,638	8,176,287
Contract assets	-	971,881
Finished goods	65,268	-
Work in process	474,609	-
Raw materials and supplies	73,185	104,260
Accounts receivable - other	1,643,984	1,367,734
Lease receivables	-	210,124
Other	816,893	1,091,535
Total current assets	22,349,969	27,613,068
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,101,067	10,986,459
Machinery, equipment and vehicles, net	25,813,107	28,106,421
Tools, furniture and fixtures, net	794,914	763,594
Land	1,793,026	1,859,920
Construction in progress	857,119	2,636,891
Total property, plant and equipment	40,359,235	44,353,287
Intangible assets	170,694	197,179
Investments and other assets		
Retirement benefit asset	3,363	10,385
Deferred tax assets	-	267
Other	83,477	88,163
Total investments and other assets	86,841	98,816
Total non-current assets	40,616,771	44,649,283
Total assets	62,966,741	72,262,352

(Thousand yen)

	As of December 31, 2021	As of December 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	387,643	482,497
Short-term borrowings	300,000	300,000
Current portion of long-term borrowings	505,000	785,000
Lease liabilities	139,975	127,864
Asset retirement obligations	11,265	-
Accounts payable - other	1,036,133	2,433,086
Income taxes payable	1,035,687	1,432,832
Unearned revenue	367,134	158,067
Provision for bonuses	978,147	1,264,130
Provision for bonuses for directors (and other officers)	-	56,084
Provision for loss on orders received	5,198	4,397
Provision for business restructuring	112,402	-
Provision for repairs	-	22,286
Contract liabilities	-	19,246
Other	2,381,646	2,425,055
Total current liabilities	7,260,235	9,510,548
Non-current liabilities		
Long-term borrowings	18,414,599	19,777,375
Lease liabilities	127,210	2,289
Retirement benefit liability	221,959	223,651
Deferred tax liabilities	293,072	479,618
Asset retirement obligations	10,457	10,566
Provision for repairs	17,988	2,116
Other	60,975	49,483
Total non-current liabilities	19,146,261	20,545,100
Total liabilities	26,406,497	30,055,648
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	8,334,177
Treasury shares	(120,123)	(120,123)
Total shareholders' equity	24,628,353	27,648,689
Accumulated other comprehensive income		
Foreign currency translation adjustment	1,578,998	1,939,437
Remeasurements of defined benefit plans	(18,471)	(9,825)
Total accumulated other comprehensive income	1,560,527	1,929,611
Non-controlling interests	10,371,362	12,628,402
Total net assets	36,560,243	42,206,703
Total liabilities and net assets	62,966,741	72,262,352

Consolidated Statements of Income and Comprehensive Income

(Thousand yen)

	For the fiscal year ended December 31, 2021	For the fiscal year ended December 31, 2022
Net sales	25,942,398	33,212,068
Cost of sales	19,774,356	23,833,247
Gross profit	6,168,041	9,378,820
Selling, general and administrative expenses	2,006,310	2,539,745
Operating income	4,161,731	6,839,075
Non-operating income		
Interest income	3,621	28,672
Foreign exchange gains	-	437,460
Commission income	121,821	255,808
Other	39,571	49,380
Total non-operating income	165,014	771,322
Non-operating expenses		
Interest expenses	180,529	216,567
Depreciation of inactive non-current assets	31,483	37,846
Other	27,896	10,533
Total non-operating expenses	239,909	264,947
Ordinary income	4,086,837	7,345,449
Extraordinary income		
Gain on sale of non-current assets	220,309	770,169
Local government subsidy	192,660	-
Other	-	12,512
Total extraordinary income	412,969	782,681
Extraordinary losses		
Loss on sale of non-current assets	594	2,479
Loss on retirement of non-current assets	631	2,325
Impairment losses	5,688	12,666
Business restructuring expenses	95,584	85,057
Total extraordinary losses	102,498	102,528
Income before income taxes	4,397,307	8,025,603
Income taxes - current	1,025,639	1,828,125
Income taxes - deferred	148,679	195,578
Total income taxes	1,174,318	2,023,704
Refund of income taxes for prior periods	(55,518)	(18,555)
Net income	3,278,507	6,020,454
Net income attributable to		
Net income attributable to owners of parent	1,793,902	3,134,498
Net income attributable to non-controlling interests	1,484,605	2,885,956
Other comprehensive income		
Foreign currency translation adjustment	2,244,810	706,743
Remeasurements of defined benefit plans, net of tax	791	11,342
Total other comprehensive income	2,245,602	718,085
Comprehensive income	5,524,110	6,738,540

(Thousand yen)

	For the fiscal year ended December 31, 2021	For the fiscal year ended December 31, 2022
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,939,382	3,503,582
Comprehensive income attributable to non-controlling interests	2,584,727	3,234,957

Consolidated Statements of Changes in Net Assets

For the fiscal year ended December 31, 2021

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	11,823,312	7,611,322	3,519,939	(119,924)	22,834,650
Cumulative effects of changes in accounting policies					-
Restated balance	11,823,312	7,611,322	3,519,939	(119,924)	22,834,650
Changes during period					
Net income attributable to owners of parent			1,793,902		1,793,902
Purchase of treasury shares				(198)	(198)
Dividends of surplus					-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	1,793,902	(198)	1,793,703
Balance at end of period	11,823,312	7,611,322	5,313,842	(120,123)	24,628,353

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	434,144	(19,097)	415,046	7,786,635	31,036,332
Cumulative effects of changes in accounting policies					-
Restated balance	434,144	(19,097)	415,046	7,786,635	31,036,332
Changes during period					
Net income attributable to owners of parent					1,793,902
Purchase of treasury shares					(198)
Dividends of surplus					-
Net changes in items other than shareholders' equity	1,144,853	626	1,145,480	2,584,727	3,730,208
Total changes during period	1,144,853	626	1,145,480	2,584,727	5,523,911
Balance at end of period	1,578,998	(18,471)	1,560,527	10,371,362	36,560,243

For the fiscal year ended December 31, 2022

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	11,823,312	7,611,322	5,313,842	(120,123)	24,628,353
Cumulative effects of changes in accounting policies			40,488		40,488
Restated balance	11,823,312	7,611,322	5,354,330	(120,123)	24,668,842
Changes during period					
Net income attributable to owners of parent			3,134,498		3,134,498
Purchase of treasury shares					-
Dividends of surplus			(154,651)		(154,651)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	2,979,846	-	2,979,846
Balance at end of period	11,823,312	7,611,322	8,334,177	(120,123)	27,648,689

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,578,998	(18,471)	1,560,527	10,371,362	36,560,243
Cumulative effects of changes in accounting policies					40,488
Restated balance	1,578,998	(18,471)	1,560,527	10,371,362	36,600,732
Changes during period					
Net income attributable to owners of parent					3,134,498
Purchase of treasury shares					-
Dividends of surplus					(154,651)
Net changes in items other than shareholders' equity	360,439	8,645	369,084	2,257,039	2,626,123
Total changes during period	360,439	8,645	369,084	2,257,039	5,605,970
Balance at end of period	1,939,437	(9,825)	1,929,611	12,628,402	42,206,703

Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended December 31, 2021	For the fiscal year ended December 31, 2022
Cash flows from operating activities		
Income before income taxes	4,397,307	8,025,603
Depreciation	10,013,011	11,370,603
Impairment losses	5,688	12,305
Increase (decrease) in allowance for doubtful accounts	(5)	-
Increase (decrease) in retirement benefit liability	20,008	2,365
Increase (decrease) in provision for bonuses	579,757	316,987
Interest income	(3,621)	(28,672)
Interest expenses	180,529	216,567
Rental	(22,205)	(23,296)
Interest on refund	(162)	(80)
Business restructuring expenses	95,584	85,057
Loss (gain) on sale and retirement of non-current assets	(219,083)	(765,365)
Decrease (increase) in trade receivables	(2,523,665)	82,728
Decrease(Increase) in contract asset	-	(385,367)
Decrease (increase) in distressed receivables	5	-
Decrease (increase) in inventories	(58,169)	5,562
Decrease (increase) in lease receivables	-	(211,847)
Increase (decrease) in trade payables	20,406	112,020
Insurance claim income	-	(5,638)
Compensation income	-	(12,512)
Subsidy income	(192,660)	-
Decrease (increase) in other current assets	(1,623,241)	100,424
Increase (decrease) in other current liabilities	1,039,367	(38,578)
Increase (decrease) in other non-current liabilities	26,705	(6,082)
Other, net	5,534	18,843
Subtotal	11,741,092	18,871,627
Interest received	3,980	27,251
Interest paid	(180,529)	(216,567)
Proceeds from compensation	-	12,512
Compensation paid for damage	-	117
Income taxes refund	74,109	18,878
Income taxes paid	(321,148)	(1,469,735)
Proceeds from insurance income	-	5,638
Subsidies received	192,660	-
Business structure improvement expenses paid	(85,929)	(218,878)
Net cash provided by (used in) operating activities	11,424,234	17,030,844

(Thousand yen)

	For the fiscal year ended December 31, 2021	For the fiscal year ended December 31, 2022
Cash flows from investing activities		
Payments into time deposits	(2,300,000)	(2,600,000)
Proceeds from withdrawal of time deposits	2,300,000	2,600,000
Purchase of property, plant and equipment	(9,834,742)	(13,028,193)
Proceeds from sale of property, plant and equipment	199,162	888,916
Purchase of intangible assets	(29,480)	(73,391)
Proceeds from equipment rental	22,205	23,296
Other, net	(9,233)	(1,961)
Net cash provided by (used in) investing activities	(9,652,088)	(12,191,333)
Cash flows from financing activities		
Proceeds from short-term borrowings	1,400,000	1,200,000
Repayments of short-term borrowings	(1,400,000)	(1,200,000)
Proceeds from long-term borrowings	6,445,319	21,772,395
Repayments of long-term borrowings	(8,271,840)	(20,845,745)
Repayments of lease liabilities	(181,257)	(140,302)
Purchase of treasury shares	(198)	-
Dividends paid	-	(154,109)
Dividends paid to non-controlling interests	-	(1,015,143)
Net cash provided by (used in) financing activities	(2,007,977)	(382,905)
Effect of exchange rate change on cash and cash equivalents	353,110	10,249
Net increase (decrease) in cash and cash equivalents	117,280	4,466,854
Cash and cash equivalents at beginning of period	10,007,108	10,124,389
Cash and cash equivalents at end of period	10,124,389	14,591,244