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Consolidated Financial Results for the Year Ended December 31, 2023 [Japanese GAAP]

February 6, 2024

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: +81-45-476-5711

Scheduled date of Annual General Meeting of Shareholders: March 28, 2024

Scheduled date of commencing dividend payments: March 29, 2024

Scheduled date of filing annual securities report: March 28, 2024

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 (January 1, 2023 to December 31, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended December 31, 2023	35,403	6.6	7,188	5.1	7,411	0.9	4,094	30.6
December 31, 2022	33,212	28.0	6,839	64.3	7,345	79.7	3,134	74.7

(Note) Comprehensive income: Fiscal year ended December 31, 2023: ¥ 8,484 million [25.9%]
 Fiscal year ended December 31, 2022: ¥ 6,738 million [22.0%]

	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
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2023	450.11	-	12.9	10.5	20.3
December 31, 2022	344.56	-	11.2	10.9	20.6

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2023	69,438	49,006	49.1	3,750.86
December 31, 2022	72,262	42,206	40.9	3,251.39

(Reference) Equity: As of December 31, 2023: ¥ 34,122 million
 As of December 31, 2022: ¥ 29,578 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
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2023	18,331	(14,663)	(9,615)	9,096
December 31, 2022	17,031	(12,191)	(382)	14,591

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	Millions of yen	%	%
December 31, 2022	-	0.00	-	54.00	54.00	491	15.7	1.8
December 31, 2023	-	0.00	-	110.00	110.00	1,000	24.4	3.1
Fiscal year ending December 31, 2024 (Forecast)	-	0.00	-	-	-		-	

3. Consolidated Financial Results Forecast for the Three Months Ended March 31, 2024 (January 1, 2024 to March 31, 2024) and Consolidated Financial Results Forecast for the Six Months Ended June 30, 2024 (January 1, 2024 to June 30, 2024)

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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Three months ending March 31, 2024	8,750	6.1	1,610	(4.7)	1,610	(5.0)	630	(44.6)	69.25
Six months ending June 30, 2024	17,950	6.5	3,410	3.6	3,430	(1.9)	1,330	(30.6)	146.20

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

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

1) Changes in accounting policies due to the revision of accounting standards: No

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, 2023: 9,282,500 shares

December 31, 2022: 9,282,500 shares

2) Number of treasury shares at the end of the period:

December 31, 2023: 185,371 shares

December 31, 2022: 185,371 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended December 31, 2023: 9,097,129 shares

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

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2023 (January 1, 2023 to December 31, 2023)

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

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2023	9,483	23.7	1,201	126.3	2,413	48.6	2,759	65.4
December 31, 2022	7,664	27.2	530	101.1	1,623	276.9	1,668	217.6

Fiscal year ended	Net income per share	Net income per share (diluted)
	Yen	Yen
December 31, 2023	303.33	-
December 31, 2022	183.45	-

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2023	28,091	23,950	85.3	2,632.78
December 31, 2022	27,899	21,682	77.7	2,383.45

(Reference) Equity: As of December 31, 2023: ¥ 23,950 million
As of December 31, 2022: ¥ 21,682 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

(Thousands of yen)

	As of December 31, 2022	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	15,691,244	11,796,001
Accounts receivable - trade	8,176,287	8,960,448
Contract assets	971,881	842,753
Raw materials and supplies	104,260	348,282
Accounts receivable - other	1,367,734	341,705
Lease receivables	210,124	819,888
Other	1,091,535	385,038
Total current assets	27,613,068	23,494,119
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,986,459	10,982,543
Machinery, equipment and vehicles, net	28,106,421	31,359,352
Tools, furniture and fixtures, net	763,594	644,626
Land	1,859,920	1,982,920
Construction in progress	2,636,891	557,932
Total property, plant and equipment	44,353,287	45,527,375
Intangible assets	197,179	211,776
Investments and other assets		
Retirement benefit asset	10,385	10,879
Deferred tax assets	267	77,108
Other	88,163	117,301
Total investments and other assets	98,816	205,289
Total non-current assets	44,649,283	45,944,441
Total assets	72,262,352	69,438,560

(Thousands of yen)

	As of December 31, 2022	As of December 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	482,497	538,522
Short-term borrowings	300,000	300,000
Current portion of long-term borrowings	785,000	570,000
Accounts payable - other	2,433,086	453,484
Income taxes payable	1,432,832	1,191,281
Provision for bonuses	1,264,130	1,319,548
Provision for bonuses for directors (and other officers)	56,084	59,563
Provision for loss on orders received	4,397	5,516
Provision for repairs	22,286	32,131
Contract liabilities	19,246	9,122
Other	2,710,987	1,725,913
Total current liabilities	9,510,548	6,205,083
Non-current liabilities		
Long-term borrowings	19,777,375	13,260,986
Retirement benefit liability	223,651	226,763
Deferred tax liabilities	479,618	684,327
Asset retirement obligations	10,566	10,650
Provision for repairs	2,116	1,930
Contract liabilities	29,574	21,008
Other	22,198	21,478
Total non-current liabilities	20,545,100	14,227,145
Total liabilities	30,055,648	20,432,229
Net assets		
Shareholders' equity		
Share capital	11,823,312	11,823,312
Capital surplus	7,611,322	7,611,322
Retained earnings	8,334,177	11,937,606
Treasury shares	(120,123)	(120,123)
Total shareholders' equity	27,648,689	31,252,117
Accumulated other comprehensive income		
Foreign currency translation adjustment	1,939,437	2,873,607
Remeasurements of defined benefit plans	(9,825)	(3,660)
Total accumulated other comprehensive income	1,929,611	2,869,947
Non-controlling interests	12,628,402	14,884,266
Total net assets	42,206,703	49,006,331
Total liabilities and net assets	72,262,352	69,438,560

Consolidated Statements of Income and Comprehensive Income

(Thousands of yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Net sales	33,212,068	35,403,590
Cost of sales	23,833,247	25,721,646
Gross profit	9,378,820	9,681,944
Selling, general and administrative expenses	2,539,745	2,493,310
Operating income	6,839,075	7,188,633
Non-operating income		
Interest income	28,672	70,381
Foreign exchange gains	437,460	70,486
Commission income	255,808	343,889
Other	49,380	52,419
Total non-operating income	771,322	537,177
Non-operating expenses		
Interest expenses	216,567	255,659
Other	48,380	59,033
Total non-operating expenses	264,947	314,693
Ordinary income	7,345,449	7,411,117
Extraordinary income		
Gain on sale of non-current assets	770,169	1,225,626
Other	12,512	-
Total extraordinary income	782,681	1,225,626
Extraordinary losses		
Loss on sale of non-current assets	2,479	-
Loss on retirement of non-current assets	2,325	17,468
Impairment losses	12,666	97,022
Other	85,057	-
Total extraordinary losses	102,528	114,490
Income before income taxes	8,025,603	8,522,253
Income taxes - current	1,828,125	1,758,708
Income taxes - deferred	195,578	137,274
Total income taxes	2,023,704	1,895,983
Refund of income taxes for prior periods	(18,555)	(20,237)
Net income	6,020,454	6,646,508
Net income attributable to		
Net income attributable to owners of parent	3,134,498	4,094,673
Net income attributable to non-controlling interests	2,885,956	2,551,835
Other comprehensive income		
Foreign currency translation adjustment	706,743	1,831,706
Remeasurements of defined benefit plans, net of tax	11,342	6,241
Total other comprehensive income	718,085	1,837,947
Comprehensive income	6,738,540	8,484,456
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,503,582	5,035,009
Comprehensive income attributable to non-controlling interests	3,234,957	3,449,447

Consolidated Statements of Changes in Equity
For the fiscal year ended December 31, 2022

(Thousands of 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 (loss) attributable to owners of parent			3,134,498		3,134,498
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 (loss) attributable to owners of parent					3,134,498
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

For the fiscal year ended December 31, 2023

(Thousands of 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	8,334,177	(120,123)	27,648,689
Changes during period					
Net income (loss) attributable to owners of parent			4,094,673		4,094,673
Dividends of surplus			(491,244)		(491,244)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	3,603,428	-	3,603,428
Balance at end of period	11,823,312	7,611,322	11,937,606	(120,123)	31,252,117

	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	1,939,437	(9,825)	1,929,611	12,628,402	42,206,703
Changes during period					
Net income (loss) attributable to owners of parent					4,094,673
Dividends of surplus					(491,244)
Net changes in items other than shareholders' equity	934,170	6,165	940,335	2,255,863	3,196,199
Total changes during period	934,170	6,165	940,335	2,255,863	6,799,628
Balance at end of period	2,873,607	(3,660)	2,869,947	14,884,266	49,006,331

Consolidated Statements of Cash Flows

(Thousands of yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Cash flows from operating activities		
Income before income taxes	8,025,603	8,522,253
Depreciation	11,370,603	12,400,165
Impairment losses	12,666	97,022
Increase (decrease) in retirement benefit liability	2,365	5,436
Increase (decrease) in provision for bonuses	316,987	(18,594)
Interest income	(28,672)	(70,381)
Interest expenses	216,567	255,659
Rental	(23,296)	(47,523)
Interest on refund	(80)	(192)
Business restructuring expenses	85,057	-
Loss (gain) on sale and retirement of non-current assets	(765,365)	(1,208,158)
Decrease (increase) in trade receivables	82,728	(448,571)
Decrease(increase) in contract asset	(385,367)	170,594
Decrease (increase) in inventories	5,562	(237,627)
Decrease (increase) in lease receivables	(211,847)	72,614
Increase (decrease) in trade payables	112,020	47,421
Insurance claim income	(5,638)	-
Compensation income	(12,512)	-
Decrease (increase) in other current assets	100,424	1,840,220
Increase (decrease) in other current liabilities	(38,578)	(816,048)
Increase (decrease) in other non-current liabilities	(6,082)	9,678
Other, net	19,184	(116,448)
Subtotal	18,872,329	20,457,519
Interest received	27,251	71,737
Interest paid	(216,567)	(255,659)
Proceeds from compensation	12,512	-
Compensation paid for damage	(223)	(10,910)
Income taxes refund	18,878	18,922
Income taxes paid	(1,469,735)	(1,950,602)
Proceeds from insurance income	5,638	-
Business structure improvement expenses paid	(218,878)	-
Net cash provided by (used in) operating activities	17,031,204	18,331,006

(Thousands of yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Cash flows from investing activities		
Payments into time deposits	(2,600,000)	(3,800,000)
Proceeds from withdrawal of time deposits	2,600,000	2,200,000
Purchase of property, plant and equipment	(13,028,193)	(14,013,577)
Proceeds from sale of property, plant and equipment	888,555	980,954
Purchase of intangible assets	(73,391)	(53,764)
Proceeds from equipment rental	23,296	47,523
Other, net	(1,961)	(24,860)
Net cash provided by (used in) investing activities	(12,191,694)	(14,663,725)
Cash flows from financing activities		
Proceeds from short-term borrowings	1,200,000	1,200,000
Repayments of short-term borrowings	(1,200,000)	(1,200,000)
Proceeds from long-term borrowings	21,772,395	1,303,047
Repayments of long-term borrowings	(20,845,745)	(9,106,758)
Repayments of lease liabilities	(140,302)	(127,475)
Dividends paid	(154,109)	(490,878)
Dividends paid to non-controlling interests	(1,015,143)	(1,193,583)
Net cash provided by (used in) financing activities	(382,905)	(9,615,647)
Effect of exchange rate change on cash and cash equivalents	10,249	453,122
Net increase (decrease) in cash and cash equivalents	4,466,854	(5,495,243)
Cash and cash equivalents at beginning of period	10,124,389	14,591,244
Cash and cash equivalents at end of period	14,591,244	9,096,001