

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

October 31, 2023

Consolidated Financial Results for the Nine Months Ended September 30, 2023 (Under Japanese GAAP)



Company name: TOKYOTOKEIBA Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 9672
 URL: <https://www.tokyotokeiba.co.jp/>
 Representative: Mitsuchika Tarao, President and Representative Director
 Inquiries: Mitsuhiro Matsumoto, General Manager of Finance Department
 Telephone: +81-3-5767-9731
 Scheduled date to file quarterly securities report: November 10, 2023
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (for analysts and institutional investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Nine Months Ended September 30, 2023 (from January 1, 2023 to September 30, 2023)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
September 30, 2023	27,962	5.0	10,481	(8.5)	10,486	(8.4)	6,379	(22.8)
September 30, 2022	26,621	13.2	11,448	17.5	11,447	17.2	8,263	19.1

Note: Comprehensive income For the nine months ended September 30, 2023: ¥6,591 million [(21.7)%]
 For the nine months ended September 30, 2022: ¥8,417 million [21.8%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
September 30, 2023	232.74	—
September 30, 2022	301.46	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
September 30, 2023	113,116	84,855	74.8
December 31, 2022	124,647	80,288	64.4

Reference: Equity As of September 30, 2023: ¥84,665 million
 As of December 31, 2022: ¥80,288 million

2. Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2022	–	30.00	–	45.00	75.00
Fiscal year ending December 31, 2023	–	30.00	–		
Fiscal year ending December 31, 2023 (Forecast)				60.00	90.00

Notes: 1. Revisions to the forecast of dividends most recently announced: Yes

2. The year-end dividend for the fiscal year ending December 31, 2023 was announced today (October 31, 2023). See “Notice on Changes in Dividend Policy and Revision to Dividend Forecasts (Dividend Increase).”

3. Consolidated Financial Result Forecasts for the Fiscal Year Ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	37,214	5.0	12,859	(9.2)	12,820	(9.5)	8,110	(13.6)	295.85

Note: Revisions to the financial result forecast most recently announced: None

***Notes**

- (1) Changes in significant subsidiaries during the period under review: None
(Changes in specified subsidiaries resulting in change in scope of consolidation)
Newly included: – companies (Company name: –)
Excluded: – companies (Company name: –)
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements:
None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - (ii) Changes in accounting policies other than (i) above: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2023	28,764,854 shares
As of December 31, 2022	28,764,854 shares

- (ii) Number of treasury shares at the end of the period

As of September 30, 2023	1,355,975 shares
As of December 31, 2022	1,353,774 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2023	27,410,169 shares
Nine months ended September 30, 2022	27,412,647 shares

*Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

***Proper use of financial result forecasts and other special matters**

(Cautionary note on forward-looking statements, etc.)

Financial result forecasts and other forward-looking statements herein are based on the information currently in the Company's possession or the assumptions it deems reasonable, and are not intended as the Company's promise to achieve them. Actual financial results, etc. may differ significantly from these forecasts due to diverse factors.

(How to obtain supplementary material on quarterly financial results)

The supplementary material on quarterly financial results is posted on the Company's website.

Table of Contents - Attachments

Quarterly Consolidated Financial Statements and Principal Notes	2
(1) Quarterly Consolidated Balance Sheets	2
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	4
(3) Notes to Quarterly Consolidated Financial Statements	6
(Notes on going concern assumption)	6
(Notes in case of significant changes in shareholders' equity)	6
(Changes in accounting policies).....	6
(Additional information).....	6
(Segment information, etc.)	7
(Revenue recognition)	8

Quarterly Consolidated Financial Statements and Principal Notes
(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of December 31, 2022	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	28,241,317	13,504,722
Trade notes, accounts receivable and contract assets	4,079,786	2,855,772
Securities	4,319,000	4,800,000
Inventories	102,561	72,553
Advances paid	168,717	233,609
Other	547,075	365,882
Total current assets	37,458,458	21,832,539
Non-current assets		
Property, plant and equipment		
Buildings, net	20,823,489	20,128,306
Facilities attached to buildings, net	5,612,247	5,448,398
Structures, net	5,767,112	6,336,701
Machinery, equipment and vehicles, net	1,892,450	1,545,100
Land	32,537,201	32,537,201
Construction in progress	2,804,049	7,227,455
Buildings in trust, net	1,300,325	1,253,709
Facilities attached to buildings in trust, net	149,065	132,134
Land in trust	2,174,126	2,174,126
Other, net	3,241,518	3,199,579
Total property, plant and equipment	76,301,586	79,982,714
Intangible assets		
Software	6,312,479	5,720,451
Software in progress	19,508	383,300
Other	421	119
Total intangible assets	6,332,408	6,103,871
Investments and other assets		
Investment securities	1,618,425	1,833,482
Long-term prepaid expenses	68,328	39,193
Deferred tax assets	2,439,347	2,185,434
Long-term advances paid	336,865	1,050,882
Other	92,432	88,137
Total investments and other assets	4,555,399	5,197,130
Total non-current assets	87,189,394	91,283,716
Total assets	124,647,853	113,116,256

(Thousands of yen)

	As of December 31, 2022	As of September 30, 2023
Liabilities		
Current liabilities		
Trade accounts payable	1,282,226	796,904
Short-term borrowings	41,200	66,400
Current portion of bonds payable	10,000,000	—
Current portion of long-term borrowings	1,000,000	1,500,000
Accounts payable - other	8,996,473	1,368,664
Income taxes payable	2,897,079	504,062
Accrued consumption taxes	177,461	467,561
Provision for bonuses	93,003	197,440
Provision for point card certificates	871,588	888,355
Other	1,179,046	953,283
Total current liabilities	26,538,079	6,742,671
Non-current liabilities		
Bonds payable	10,000,000	10,000,000
Long-term borrowings	4,000,000	7,625,000
Leasehold and guarantee deposits received	2,072,241	2,241,651
Retirement benefit liability	1,246,720	1,232,656
Asset retirement obligations	387,411	389,494
Deferred tax liabilities	—	2,330
Other	114,670	26,852
Total non-current liabilities	17,821,043	21,517,985
Total liabilities	44,359,123	28,260,657
Net assets		
Shareholders' equity		
Share capital	10,586,297	10,586,297
Capital surplus	6,857,668	6,790,886
Retained earnings	68,145,207	72,468,951
Treasury shares	(5,502,917)	(5,511,612)
Total shareholders' equity	80,086,255	84,334,524
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	202,474	330,867
Total accumulated other comprehensive income	202,474	330,867
Non-controlling interests	—	190,207
Total net assets	80,288,730	84,855,598
Total liabilities and net assets	124,647,853	113,116,256

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Nine Months Ended September 30

(Thousands of yen)

	For the nine months ended September 30, 2022	For the nine months ended September 30, 2023
Net sales	26,621,410	27,962,063
Cost of sales	13,861,693	16,055,682
Gross profit	12,759,717	11,906,380
Selling, general and administrative expenses	1,310,922	1,425,154
Operating profit	11,448,794	10,481,225
Non-operating income		
Interest income	3,134	2,860
Dividend income	14,317	13,695
Subsidies for employment adjustment, etc.	7,522	5,520
Other	11,642	17,929
Total non-operating income	36,616	40,005
Non-operating expenses		
Interest expenses	35,731	33,681
Other	1,961	846
Total non-operating expenses	37,693	34,528
Ordinary profit	11,447,717	10,486,703
Extraordinary income		
Subsidy income	404,401	114,171
Total extraordinary income	404,401	114,171
Extraordinary losses		
Expenditure on earthquake-resistance construction work	—	1,233,500
Total extraordinary losses	—	1,233,500
Profit before income taxes	11,852,118	9,367,374
Income taxes - current	3,578,272	2,704,832
Income taxes - deferred	10,035	199,579
Total income taxes	3,588,307	2,904,411
Profit	8,263,811	6,462,962
Profit attributable to non-controlling interests	—	83,426
Profit attributable to owners of parent	8,263,811	6,379,536

Quarterly Consolidated Statements of Comprehensive Income

Nine Months Ended September 30

(Thousands of yen)

	For the nine months ended September 30, 2022	For the nine months ended September 30, 2023
Profit	8,263,811	6,462,962
Other comprehensive income		
Valuation difference on available-for-sale securities	153,726	128,392
Total other comprehensive income	153,726	128,392
Comprehensive income	8,417,537	6,591,355
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,417,537	6,507,929
Comprehensive income attributable to non-controlling interests	–	83,426

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Changes in accounting policies)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter "Fair Value Measurement Guidance") from the beginning of the first quarter of the fiscal year under review, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Guidance in accordance with the transitional treatment provided in Paragraph 27-2 of the Fair Value Measurement Guidance. This does not affect the quarterly consolidated financial statements.

(Additional information)

(Accounting estimates concerning the impact of COVID-19 pandemic)

There are no significant changes to the assumptions made by the Company, including regarding the future spread of COVID-19 and timing of the end of the pandemic, described in "1. Accounting estimates concerning the impact of COVID-19 pandemic" under (Significant accounting estimates) of the Annual Securities Report for the previous fiscal year.

(Segment information, etc.)

[Segment information]

I. For the nine months ended September 30, 2022 (from January 1, 2022 to September 30, 2022)

Information on net sales and profit or loss by reportable segment

(Thousands of yen)

	Reportable segment					Adjustment (Note 1)	Amount recorded in Quarterly Consolidated Statements of Income (Note 2)
	Public Competition Business	Amusement Park Business	Warehouse Leasing Business	Service Business	Total		
Net sales							
Net sales to outside customers	19,170,918	2,400,360	3,809,106	1,241,025	26,621,410	–	26,621,410
Inter-segment net sales or transfers	1,866	32,834	–	234,984	269,685	(269,685)	–
Total	19,172,784	2,433,194	3,809,106	1,476,010	26,891,095	(269,685)	26,621,410
Segment profit	9,442,396	336,945	2,263,100	322,171	12,364,613	(915,819)	11,448,794

(Notes) 1. The adjustment to segment profit of ¥(915,819) thousand includes ¥(18,029) thousand in elimination of intersegment transactions and ¥(897,789) thousand in company-wide expenses that have not been allocated to each reportable segment. Company-wide expenses are primarily selling, general and administrative expenses that are not attributable to the reportable segments.

2. Segment profit is adjusted with the operating profit under the quarterly consolidated statements of income.

II. For the nine months ended September 30, 2023 (from January 1, 2023 to September 30, 2023)

Information on net sales and profit or loss by reportable segment

(Thousands of yen)

	Reportable segment					Adjustment (Note 1)	Amount recorded in Quarterly Consolidated Statements of Income (Note 2)
	Public Competition Business	Amusement Park Business	Warehouse Leasing Business	Service Business	Total		
Net sales							
Net sales to outside customers	19,803,125	2,953,076	3,929,695	1,276,166	27,962,063	–	27,962,063
Inter-segment net sales or transfers	2,850	7,188	–	406,256	416,295	(416,295)	–
Total	19,805,975	2,960,265	3,929,695	1,682,422	28,378,359	(416,295)	27,962,063
Segment profit	8,201,142	655,653	2,452,487	167,468	11,476,751	(995,525)	10,481,225

(Notes) 1. The adjustment to segment profit of ¥(995,525) thousand includes ¥(53,417) thousand in elimination of intersegment transactions and ¥(942,108) thousand in company-wide expenses that have not been allocated to each reportable segment. Company-wide expenses are primarily selling, general and administrative expenses that are not attributable to the reportable segments.

2. Segment profit is adjusted with the operating profit under the quarterly consolidated statements of income.

(Revenue recognition)

Information on the breakdown of Group revenue by reportable segment into contracts with customers and other sources is as follows.

For the nine months ended September 30, 2022 (from January 1, 2022 to September 30, 2022)

(Thousands of yen)

	Reportable segment				Total
	Public Competition Business	Amusement Park Business	Warehouse Leasing Business	Service Business	
Revenue from contracts with customers	692,660	2,354,496	100,521	527,578	3,675,257
Revenue from other sources	18,478,257	45,864	3,708,584	713,447	22,946,152
Total	19,170,918	2,400,360	3,809,106	1,241,025	26,621,410

(Note) Revenue from other sources includes lease revenue pursuant to the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13).

For the nine months ended September 30, 2023 (from January 1, 2023 to September 30, 2023)

(Thousands of yen)

	Reportable segment				Total
	Public Competition Business	Amusement Park Business	Warehouse Leasing Business	Service Business	
Revenue from contracts with customers	1,147,593	2,906,612	119,088	564,175	4,737,470
Revenue from other sources	18,655,531	46,464	3,810,606	711,990	23,224,593
Total	19,803,125	2,953,076	3,929,695	1,276,166	27,962,063

(Note) Revenue from other sources includes lease revenue pursuant to the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13).