

**Teleconference Overview of Results
for the Third Quarter of the Fiscal Year Ending March 31, 2024
Questions & Answers**

Date:	Tuesday, January 30, 2024	
Presenter:	Kenji Horikawa	Officer in charge of Finance/Accounting Department
Moderator:	Miyuki Ohshima	Investor Relations Group

The following outlines the Questions & Answers at the teleconference:

- Q1) I understand that attendance was strong during the third quarter. Was this attributable to a higher-than-expected number of guests postponing their visits from the second to the third quarter to avoid the severe heat, in addition to the positive effects of the Tokyo Disney Resort 40th Anniversary events, Halloween events, and inbounds tourists from abroad?
- A1) We believe that third quarter attendance may also have grown owing to the higher average temperature recorded in October, November, and December, in addition to guests postponing their visits from the second to the third quarter to avoid the extreme heat. However, the third quarter was a time when enticing events such as Disney Halloween and Disney Christmas were held, so it is quite difficult to discern whether the high attendance throughout the third quarter including on weekdays was attributable to guests postponing their visits to avoid the heat or a result of the warm winter.
- Q2) You mentioned that the number of overseas guests was higher than the forecast announced in October 2023. My perception was that the momentum of overseas guests usually slowed down in the second half-year and the presumed proportion of overseas guests was nine percent of the total attendance. Was there a change to the situation? Am I correct in thinking that the proportion of inbound guests during the third quarter was higher than nine percent, the projected percentage for the second half-year?
- A2) In the revised forecast announced in October 2023, attendance in the second half-year was projected to be 1.2 million, and the annual attendance was projected to reach 2.8 million with the addition of the first half-year actual attendance of 1.63 million. The precondition for our second-half forecast was that more overseas tourists would visit regional areas of Japan, but this did not happen as much as we had expected it to. Country-wise, most overseas guests in the third quarter were from Southeast Asia, North America, Taiwan, and South Korea, in descending order. The number of guests from Southeast Asia tends to be high in the third quarter every year. The total number of inbound tourists from Taiwan has been higher than the pre-COVID level, with a majority of the Tokyo Disney Resort guests being repeat guests. The number of guests from North America has increased from the pre-COVID level, with relatively many of them visiting Japan for the first time. As first-time tourists to Japan visit Tokyo, we presume many of them visited Tokyo Disney Resort. The number of guests from mainland China has yet to recover. As for the three months under review, the proportion of overseas guests surpassed our expectation, although we do not disclose the actual attendance figure. The proportion of guests visiting Tokyo Disney Resort vis-à-vis the total inbound tourists also slightly exceeded the pre-COVID level.
- Q3) You mentioned that among overseas guests, the number of repeat guests from Taiwan has increased. What kind of strategy have you taken to attract guests from Taiwan to achieve this result?
- A3) In the third quarter, the total number of inbound tourists from Taiwan was higher than the pre-COVID level. Many guests from Taiwan are repeat guests, so if the total number of tourists from Taiwan increases, the number of Tokyo Disney Resort guests will naturally grow. As for our marketing initiative for Taiwan, we have been reorganizing our network of online travel agencies. We are continuing with our advertisement at Narita International

Airport as our marketing strategy for overseas tourists after their arrival in Japan, although this also targets tourists other than those from Taiwan.

- Q4) I'd like to ask you how ticket prices contributed to evening out attendance. On October 1, you started offering ¥10,900 tickets on certain days. Did this have any effect on attendance? Did your efforts to even out attendance on weekdays make any progress during the third quarter? Will you be able to set the ticket price at ¥10,900 on a greater number of days, or will you add more tickets with an even higher price going forward?
- A4) In October, we added two prices, ¥9,900 and ¥10,900, to 1-Day Passport tickets, shifting to a six-tier price system, with the difference between the highest and the lowest price being ¥3,000. The new tickets sold well including on Saturdays and Sundays. Also, we believe that the change in price settings has not discouraged guests from visiting. In the third quarter, we offered enticing contents such as Disney Halloween and Disney Christmas, which helped us increase attendance on weekdays, and the ongoing strong demand from overseas guests also boosted weekday attendance, which had the effect of evening out attendance. However, it was rather difficult to see clearly whether the ticket price difference resulting from setting two additional prices helped even out attendance. We believe that verification of attendance over a longer period of time is necessary.
- Q5) With regard to your efforts to even out attendance, I understand that tickets were sold out on some days during the third quarter as a result of introducing the six-tier pricing system. How do you assess the status of progress made in your strategy to even out attendance?
- A5) High-end tickets priced at ¥9,900 and ¥10,900 sold steadily including on weekends and holidays without affecting guest satisfaction. The level of guest satisfaction has been maintained at as high a level as in the pre-COVID days. However, we are paying close attention to the fact that attraction waiting times have become longer as a result of easing the limit on attendance. Also, it is somewhat difficult to discern how much the current pricing system has helped us even out attendance. Attendance also fluctuates depending on the number of overseas guests and events, so we will verify the situation over a longer period of time.
- Q6) It seems that Disney Premier Access was well received in the first half-year, and the strong demand continued during the third quarter. You mentioned that a high proportion of inbound tourists have been using Disney Premier Access. Has the trend changed? For example, are they using Disney Premier Access more often, less often, or at the same frequency? Also, has the rate of use of Disney Premier Access increased among domestic guests?
- A6) The purchase trend among overseas guests has remained unchanged, being slightly higher than among domestic guests. The trend among domestic guests has also remained unchanged.
- Q7) I understand that your forecast for this fiscal year remains unchanged in consideration of climate factors, but I'd like to confirm that no new concerns have arisen recently. Am I correct in believing that you are keeping your forecast unchanged for now, simply in consideration of climate factors going forward?
- A7) We decided to make no changes in consideration of climate factors, and no new concerns have arisen. Although I cannot tell you our most recent situation, we can say that as we enter the fourth quarter, our new event, Disney Pal-Palooza, has been well received by guests.
- Q8) Are there any factors in the fourth quarter that may cause any changes in costs?
- A8) As we explained at the first half-year financial presentation, we are planning to post a bonus payment of approximately ¥6 billion as personnel expenses on a consolidated basis in the fourth quarter. In addition, we are also currently considering increasing the bonus payment. With regard to the posting of costs, several hundreds of millions of yen in

miscellaneous costs will be deferred from the third to the fourth quarter, but the costs will be fully booked by the end of this current fiscal year. There are no other costs that are expected to decline significantly at this point in time.

- Q9) I'd like to ask you if there is a possibility of changing the targets for the next fiscal year under the Medium-term Plan in response to the strong performance of the third quarter.
- A9) We still have the fourth quarter to go, but even if our fourth quarter performance exceeds our forecast announced in October, we will need to carefully discern the factors contributing to the better-than-expected performance. For example, if the increase in attendance is attributable to the success of the Tokyo Disney Resort 40th Anniversary events, we believe it will be difficult to make an upward revision to our forecast of attendance for the next fiscal year due to the high base of comparison. Even if we were able to attract a high number of overseas guests this fiscal year, our projection for the next fiscal year is a "stretch" forecast based on the presumption that the number of overseas guests will recover to a certain extent, so it is unlikely that we will revise next fiscal year's forecast at this point in time.
- Q10) With regard to the upside effect of Fantasy Springs on earnings, I'd like to ask you if the currently announced preconditions on attendance and net sales per guest may possibly change.
- A10) If the total number of overseas guests increases more than expected for both Parks next fiscal year and contributes to evening out attendance, we believe there will be an upside effect on attendance next fiscal year. However, there will not be much of an upside effect within the Fantasy Springs area, as we will need to control attendance in the area in consideration of the safety and satisfaction of guests. With regard to net sales per guest, we need to first and foremost keep a close eye on guests' behavior in response to the revision of the ticket price range implemented in October 2023. As for Disney Premier Access to be used within Fantasy Springs, our plan is preconditioned on strong sales, so any upside effect is presumed to be limited.
- Q11) The average charge per room at Disney Hotels increased nearly ¥4,000 year on year. How do you project the trend to play out next fiscal year and after? As you also conduct revenue management in your Hotel Business, if hotel occupancy rates continue to remain high, the average charge per room at existing hotels will also increase another notch. Furthermore, considering that the room charge for the Grand Chateau at Fantasy Springs Hotel is ¥300,000, I would think that you could aim for an average charge per room of ¥60,000. What is your view on this? I'd like to confirm whether there is still room for a further price hike.
- A11) The occupancy rate and average charge per room in the third quarter both exceeded our results for the same period of the previous fiscal year and our forecast announced in October 2023. This is attributable to the Tokyo Disney Resort 40th Anniversary events and strong demand from overseas guests, as well as to the effect of revenue management. Also effective were overlay rooms themed on Marvel's Iron Man and rooms offered in coordination with the Tokyo Disney Resort 40th Anniversary events. The announced minimum room charges for the Fantasy Chateau and Grand Chateau at Fantasy Springs Hotel on June 6 were ¥63,500 and ¥300,000, respectively, when first released on February 8. We have only announced the room charges for these two room types so far, but we would like to verify the feasible target we can aim for in terms of average charge per room, in view of the addition of such high-priced rooms.
- Q12) I'd like to confirm your capital policy moving forward. The capital expenditure for Fantasy Springs is about to be completed, and you will be repaying corporate bonds. When capital expenditure slows down, will your capital allocation policy change in and after next fiscal year?
- A12) As of this January, ¥30 billion worth of corporate bonds have been redeemed, leaving

actual interest-bearing debt at around ¥200 billion. As this includes corporate bonds reserved for a possible earthquake, we believe that the actual level of interest-bearing debt is lower than this figure. During the COVID pandemic, we had stopped giving consideration to future investments including the development of new areas and attractions, and only started discussing our future capital allocation last year, so please bear with us for a while until we can provide a detailed answer.

- Q13) I understand that you eased the limit on Park capacity at the beginning of the second half-year, but to what extent do you intend to further ease the limit? Is the easing process progressing as planned? Is there any specific point you are looking to achieve? Am I correct in imagining that the capacity for existing areas will also continue to be increased in and after the next fiscal year, with the exception of Fantasy Springs?
- A13) As the waiting time for attractions and other contents tended to be longer in the first half-year of FY3/24, partly due to the impact of downsizing of entertainment programs amid the COVID crisis, we had not eased the limit since the second-half of FY3/23, but from October 2023 we increased the maximum attendance in comprehensive consideration of the Park environment. Guest satisfaction was maintained during the third quarter under review at a high level on a par with that of the pre-COVID days, which we believe is chiefly attributable to the restored scale of parades and other entertainment programs. However, the eased limit has resulted in somewhat longer attraction waiting times, so we will keep a close eye on the situation and give careful consideration to capacity.
- Q14) What is your take on the popularity of the “Jamboree Mickey! Let’s Dance” program? I’d like to ask whether the program served as the reason for guests to visit, exerting an impact on the financial performance.
- A14) Jamboree Mickey started out as content for children, but over the years, it has developed into a program that can be enjoyed primarily by the younger generation. We understand that it is tremendously well received among guests. It is difficult to clarify the impact of Jamboree Mickey on our financial performance in quantitative terms. We do not intend to monetize the program at this point.

Warning

The above is an outline of our views based on the question-and-answer session held at our Teleconference Overview of Results and we do not guarantee or assure the accuracy or completeness of the information provided. The above information is also subject to change without prior notice going forward. Furthermore, forward-looking statements including our forecast of financial results are based on our perspectives and information available as of the day of the announcement. As the Group’s business is susceptible to guests’ preferences and social and economic circumstances, the forecasts and outlooks described above do contain uncertainties.