April 30, 2025
Oriental Land Co., Ltd.

Presentation of Results for the Fiscal Year Ended March 31, 2025

Questions & Answers

Date:	Monday, April 28, 2025	
Presenters:	Wataru Takahashi	Representative Director, President and COO
	Tomoyuki Shimoda	Officer in charge of Finance/Accounting Department
Moderator:	Taiga Uezono	Manager, Investor Relations Group

The following outlines the Questions & Answers at the teleconference:

Q1) Concerning your FY2035 target of achieving at least one trillion yen in net sales, please tell us what quantitative and qualitative factors constitute the precondition. If the target is achieved, will the profit margin be higher or lower than the current level, or unchanged? Please provide us with a rough idea. Net sales for the existing Theme Park Segment are calculated by multiplying the attendance figure by net sales per guest, and I believe these will continue to grow along the current trajectory. Do you expect the growth for this segment to accelerate, or will there be growth driven by any new revenue models? Please tell us at least in a qualitative sense, if not a quantitative one. Are you looking to launch a new business?

A1) The key is to generate new added value. If the economy remains robust, we will be able to increase net sales by multiplying the attendance by net sales per guest, but considering the current economic landscape, this will be challenging. So our hope is to offer higher added value at our parks. Achieving growth in attendance will remain an important factor, but it will not be an end in itself. Attendance needs to come with guest satisfaction, and we will consider how to get guests to spend money at our parks or before they visit. Although this is extremely challenging, we will continue to pursue a good balance. Our new revenue models will basically involve pre-visit and post-visit initiatives.

Q2) You have announced a profit decrease guidance for FY3/26, partly due to the burden of medium- to long-term growth investment. When we calculate operating profit from the projected FY3/2030 operating cash flow of the 300-billion-yen level, an operating profit of around the mid-200-billion-yen range can be expected, including the contribution by the cruise business. The target seems a rather ambitious one in contrast to Oriental Land’s past forecasting approaches. Am I correct in thinking that you are envisioning steady growth in both net sales per guest and attendance for the next fiscal year and beyond, although no significant growth is expected this fiscal year? Or are you projecting a sharp rise in the final phase?

A2) We believe it is now the time to sow seeds. We could raise net sales per guest and attendance in the short term if we wanted to, but this will ruin guest satisfaction, so we need to proceed carefully by discerning the situation. At Tokyo Disneyland, for example, we are getting ready to introduce a new attraction set in the world of *Wreck-it Ralph* and are redesigning Space Mountain, which means the capacity of Tomorrowland is slightly lower now, so we need to be cautious in increasing ticket sales slots. However, when these projects are completed, the remodeled Space Mountain will be even more appealing, and as for the *Wreck-it Ralph* offering, I can vouch for the fact that it will be a highly exciting shooting-type attraction because I have seen it with my own eyes under construction. As similar shooting attractions, we have Toy Story Mania! at Tokyo DisneySea and previously offered Buzz Lightyear’s Astro Blasters at Tokyo Disneyland, but the new attraction features unprecedented technology that makes it even more intriguing than its predecessors. Our cruise business will also start contributing, so our target is not an impossible one. We've traditionally been conservative with numbers, but our current approach is to set an ambitious target and make efforts toward reaching it. Even though it's a stretch target, we hope to take on the challenge by achieving ongoing steady growth.

Q3) I understand that the OLC Group will aim to achieve net sales of one trillion yen for FY2035 according to your Long-term Management Strategy. The basic net sales equation being "ticket price per guest" multiplied by "attendance figure," which will be the growth driver for the Theme Park Segment, higher ticket prices or higher attendance, or both? What will you focus on going forward?

A3) We have used the term "evening out attendance" to express our effort to level out attendance between Saturdays/Sundays/holidays and weekdays, but we would also like to even out attendance across all seasons of the year by filling the remaining capacity. In FY3/25, we welcomed a considerable number of guests during the third quarter when higher-priced tickets accounted for a larger proportion of calendar, presumably in part because our park environment was more comfortable than during the summer season. However, the severe heat exerted a negative impact on attendance in the second quarter. In the past, we have enjoyed large attendance volumes during the summer, and we were discussing how we could attract guests like before. Rather than giving up, we hope to make use of our remaining capacity in the summer by enhancing park appeal, while also possibly adjusting prices in accordance with the supply-demand balance. Once guests come to our parks, we can offer them merchandise, food and beverages, and new added value. Although we will consider measures for pre- and post-visit monetization, we should always keep in mind the consumption by guests who are at our parks. We will therefore seek to increase both attendance and net sales per guest. To this end, we should maintain a full understanding of customer needs while adjusting prices in response to demand.

Q4) What is the concrete aim of your "dynamic" area-wide redesign? Are you aiming for increased capacity, expanded fan base, more frequent visits, or all of the above? Could you provide us with some hints, including challenges you feel should be addressed?

A4) When an area is redesigned, guests tend to be more satisfied when both old and new elements coexist. "Disneyland will never be completed," as Walt Disney said, and we will indeed keep on revamping our parks. In the past, for example, we revamped the Grand Circuit Raceway in Tomorrowland into the Beauty and the Beast theme area. The redesign of Fantasyland, which turned out better than I could have imagined at the time, was well received by guests as a new drawcard of the park. Fantasy Springs was subsequently constructed by expanding into an existing parking lot. Tokyo Disney Resort including the backstage area still has land that can be utilized for redesign work. However, when two redesign projects progress at the same time, such as in the case of Tomorrowland now, the capacity of our parks decreases temporarily. It is therefore necessary to seek a good balance between securing attendance and maintaining guest satisfaction when implementing an area redesign. With construction costs surging, our policy is not necessarily to make a huge investment, but to implement area redesigns by mixing large-scale and small-scale investments.

Q5) Please tell us about President Takahashi's idea of a well-balanced level of attendance and net sales per guest. I understand that the Group will continue making investments for growth strategies. What levels of net sales per guest and attendance will you aim for in the medium to long term? When looking at the cost items to be posted in FY3/26, I noted that costs related to events and sales promotion costs were quite high. I therefore assumed that you were going to focus on attracting more guests in addition to increasing net sales per guest, as in the past few years. I do realize that you have not disclosed any concrete quantitative targets under the Long-term Management Strategy, but I ask you to share a rough idea of your approach to the extent that you can.

A5) First of all, the goal of our theme parks is to enable guests to enjoy their day with a consistently high level of satisfaction. As presented in the Long-term Management

Strategy material, we need to redesign our theme parks as part of our growth investment to prevent our attractions from becoming obsolete in the eyes of guests and maintain guest satisfaction. To this end, we will continue making growth investments, and when the value of our theme parks increases as a result, we will raise our prices to grow net sales per guest. However, the people of Japan are facing economic challenges right now. In consideration of guest satisfaction, we need to be cautious in reflecting the increased theme park value in our ticket prices. Therefore, our focus should not be placed on net sales per guest and the upper or lower limit of daily attendance, but on offering the greatest enjoyment to as many people as possible and enhancing the level of satisfaction to achieve growth by seeking a well-balanced level of attendance and net sales per guest.

Q6) On page 16 of the 2035 Long-term Management Strategy material, you have presented an array of new attractions and events under preparation. Which has a greater growth potential, domestic guests or overseas guests? In light of the economic environment in Japan, it may be harder right now to boost the number of regional domestic guests, which is why I believe that overseas guests may have more growth potential. Please share your perspective on this.

A6) We believe we can achieve growth in both domestic and overseas guests. It's not about focusing on one or the other, but we should have the kind of appeal that attracts people to our parks. To attract overseas guests, we will take meticulous measures tailored to each country through partnerships with online travel agencies (OTAs). For our domestic guests, we will take dedicated measures for different guest segments, such as those who haven't visited in several years and core fans, to ensure that we appeal to each respective type. In FY3/26, fixed expenses will go up a notch, but we intend to spend money on enhancing theme park appeal for customer acquisition. Our hope is to offer a variety of new ideas, ways of thinking, and added value to domestic and overseas guests alike, delivering satisfaction to them.

Q7) What is the precondition for the severely hot summer under the FY3/26 forecast? Looking at the FY3/26 forecast, I note that you are expecting net sales to increase by 6% in the first half, but to decrease by 1% in the second half, which means you are expecting a strong performance in the first half. Is this attributable to summer events attracting more guests, or to the effect of a unit price increase? Please share the background to your forecast. Also, could you please share the direction of your measures against the summer heat? Do you intend to increase indoor contents by making structural investments in the medium to long term?

A7) First of all, the reason behind the increase in attendance for FY3/26 is the full-year operation of Fantasy Springs. Last year, we limited the number of guests entering Fantasy Springs but from April 1 all guests at Tokyo DisneySea can enter Fantasy Springs freely and enjoy attractions if they line up. This contributes greatly to increasing attendance. In addition, we will be launching summer contents, which will also help grow attendance. We will step up efforts to attract guests during the summer by expanding the Get Soaked areas, presenting outdoor shows in the evening, and rolling out an array of contents, as we have announced. Attendance slumped last summer, which is something we look back on with regret. Instead of giving up on summer attendance, we will offer a range of appealing contents and focus on implementing measures against heat such as increasing shaded areas, which should lead to us attracting more guests. Further, younger guests including students tend to come during the summer vacation, so we are expanding our contents that cater to this guest segment. We are sensing that this will increase attendance year on year. In addition, we will introduce a new type of ticket named the 1-Day Park Hopper Passport, which will allow guests to hop between the two theme parks. With numerous such initiatives to be launched, we expect that we will be able to attract guests, although the summer heat may be even more intense this year.

Q8) I believe your traditional approach has been to incorporate the increase in content value into ticket prices but, going forward, as the level of satisfaction increases, the number of loyal customers and repeat guests will also increase. If so, is it correct to believe that you will seek the appropriate levels of unit price and attendance in a flexible and well-balanced manner?

A8) Our conventional approach was to reflect the enhanced value of our theme parks in the prices of tickets and so forth to increase net sales per guest. Going forward, however, we also hope to boldly develop new initiatives and services that have never seen before and create new revenue sources. Our recent initiatives include the "Tokyo DisneySea Food & Wine Festival" and "Bibbidi Bobbidi Boutique." By offering such new means of enjoyment, we can generate added value. In fact, lots of new ideas are coming up. Disney Premier Access is also a relatively new offering, and one that is helping us enhance guests' convenience and satisfaction. Thus, we would like to generate new kinds of revenue within our parks rather than merely seeking well-balanced levels of net sales per guest and attendance.

Q9) I'd like to ask you about net sales per guest as explained on page 19 of the Long-term Management Strategy. I'd like to know more about your policy regarding the price sensitivity survey and variable pricing. Also, as Disney Premier Access and Tokyo Disney Resort Vacation Packages contribute more to net sales per guest, diverse value-added services must be accounting for a higher proportion of net sales per guest. Is it correct to consider that the growing contribution of diverse value-added services in the broad sense will become the growth driver for net sales per guest?

A9) We believe that one of our growth drivers will be the generation of new added value. For example, we can establish new revenue sources such as renting out an entire area. Offering contents that combine attractions with entertainment programs is also a possibility. In addition to such combined offerings, we are also thinking about strengthening our VIP tours and guided tours. These are only some examples, and we have many more ideas we hope to roll out at Tokyo Disney Resort.

Q10) I'd like to ask you about the long-term strategy of the Theme Park Segment as explained on page 11 of the Long-term Management Strategy. What do you specifically mean by "establishing new revenue models"?

A10) One of our new revenue models to be established involves how we approach people who are not visiting our parks. An example of our current initiative is the Tokyo Disney Resort online shopping service, where goods sold at the parks can be purchased. Regardless of whether guests visit our parks in person, we are considering ways to offer enjoyment, including before and after their visits.

Q11) Your explanation about area redesign, new experiences, and new means and services unbound by the conventional business model of the Theme Park Segment was themed on the concept of change, which gave me a sense of the Group's intent to pursue regeneration. Please share the background that led you to seek regeneration. I would like to ask what issues Oriental Land faces and what problems President Takahashi believes need to be addressed.

A11) Our major focus is to make large and attractive investments to enable guests to enjoy our parks, but high construction costs are posing a challenge. Our conventional approach of making huge investments to enhance the appeal of our parks with the aim of increasing net sales is no longer appropriate on its own. Another challenge we face is securing sufficient cast members in Japan, where birth rates are declining and the population is aging. Personnel expenses need to be budgeted as human capital investment to ensure adequate salaries and regular raises for employees. These measures lead to higher costs. Therefore, we hope to add new value to conventional business models.

Q12) Regarding your pricing strategy, my impression was that you will be diversifying your revenue sources, such as by introducing Disney Premier Access. You seem to have provided guests with a range of options to choose from, thereby allowing the demand side to determine prices. Do you intend to shift your focus to all-inclusive price systems such as the Tokyo Disney Resort Vacation Packages? According to the breakdown of attendance by age group, guests aged 40 or above account for more than 30%, with signs of further growth. Given the likely rise in the proportion of guests with high disposable income, I am assuming that demand for all-inclusive plans is growing. Please share your perspectives with regard to the pricing strategy for all-inclusive products and older guests, particularly 40 and above.

A12) In the context of new added value, Tokyo Disney Resort Vacation Packages naturally fall under our scope. The Packages provide a new way of enjoying our parks and deliver an extraordinary sense of luxury. Currently, Fantasy Springs Hotel's Grand Chateau maintains a high occupancy rate despite the extremely high guest room fee. There are distinctive market segments for different ways of enjoying our parks, which are differentiated from the standard market. We hope to create a resort where different kinds of people can have fun in their own unique ways. However, we would like the experience we offer to remain reachable to everyone. For us, the most important thing is to secure repeat guests. To this end, we will also focus on attracting children. We know from experience that people who have visited our parks as a child will come back. Children who were brought to our parks by their parent(s) will return with their own children when they grow up. To encourage such a continued chain of experiences, we will attract guests by segmenting our target customers. Our conventional approach was somewhat of a catch-all, but by taking a more finely targeted strategy we believe that we can maximize the function of Tokyo Disney Resort Vacation Packages as part of that strategy.

Q13) Is it correct to understand that the area redesigns shown in the conceptual illustrations are, to a certain extent, factored into the five-year cash allocation to growth investment and redesign?

A13) We presented the conceptual illustrations of area redesigns as examples of our future initiatives under consideration, but nothing has been decided yet. So the projects in the illustrations are not included in the cash allocation of one trillion yen. We just wanted to convey that we are moving forward with our initiatives, although no quantitative details can be shared yet. Please consider that expenses related to the area redesigns under consideration are partially included in the research and development expenses.

Q14) On page 35 of the 2035 Long-term Management Strategy, you have shown that around 300 billion yen will be allocated to flexibly responding to capital needs. Am I right in thinking that you will repurchase shares equivalent to 60 billion yen a year if no additional growth investment is made, or that you have set aside a budget to acquire a maximum of 5% of the total number of shares issued? Do you intend to allocate cash to growth investment if you don't need to acquire as much treasury stock, although this may depend on other parties' moves?

A14) We are deeply concerned about the possibility of overhangs. We have traditionally allocated our operating cash flow to growth investment. Despite the recent surge in construction costs, this policy remains unchanged, but we are prepared to acquire treasury stock if circumstances require us to.

Q15) Conducting customer acquisition activities for segmented targets should incur higher costs. In consideration of profitability, do you intend to prioritize marketing activities for those likely to purchase higher priced tickets to a certain extent?

A15) We will of course plan our customer acquisition activities in view of profitability, but our mission remains to offer dream experiences and contribute to the welfare of the citizens of Japan, which was the purpose of our founding. We will consider our customer acquisition activities by keeping in mind our commitment to delivering an enjoyable time to people of all generations and across national borders.

Q16) I’d like to confirm your approach to IT-related expenses. In the forecast for FY3/26, IT-related expenses are categorized as one-time costs. Could you elaborate on this? You previously mentioned the possibility of introducing an IT system to enable guests to purchase Disney Premium Access before entering the parks. Am I right in understanding that you will make an investment in this IT system? The one-time costs are exclusive to FY3/26. Does this mean that a new IT system will start operation in or after FY3/27.

A16) We must prioritize IT-related projects required for safety reasons, such as replacing PCs. The IT-related expenses partly cover the IT system for reserving and purchasing Disney Premier Access in advance. Onstage and backstage-related expenses are also included, some of which are one-time costs and others are costs that will continue to rise, but we will execute cost control.

Q17) I’d like to ask you about the impact of US tariff policy, which is gaining a lot of attention in the stock market. I presume its direct impact on Oriental Land is limited, but what if it triggers an economic recession or exchange rate fluctuations? Please tell us whether these factors will affect the forecast for FY3/26 or the Long-term Management Strategy in any way.

A17) Our Group tends to import more than it exports. We import components for producing attractions, for example. There will be no direct impact on these, but iron prices are rising globally, and so are energy costs, so we may eventually be affected. When economic recession or significant exchange rate fluctuations occur, the trend in overseas guests will change, so we need to keep a close eye on that. The number of overseas guests may fluctuate in the short term, but we believe in Japan’s appeal as a tourist destination. We would like to promote Tokyo Disney Resort as a must-visit venue for inbound tourists. I’d like to stress that the direct impact of US tariffs will not be significant.