Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2023 (Japanese accounting standards)

July 28, 2022

These financial statements have been prepared for reference only in accordance with accounting principles and practices generally accepted in Japan.

Oriental Land Co., Ltd.

Stock exchange listing: Tokyo
Stock code: 4661
URL: http://www.olc.co.jp/en/
Representative: Kenji Yoshida, Representative Director and President
Contact: Yutaka Yokoyama, Director of Finance/Accounting Department

Planned Date for Submission of the Quarterly Report: August 15, 2022
Planned Date for Start of Dividend Payment: —
Supplementary materials for the quarterly financial statements: Yes
Briefing session on quarterly financial results: Yes (for institutional investors)

Note: All amounts are rounded down to the nearest million yen.

1. Consolidated Results for the First Quarter of the Fiscal Year Ending March 31, 2023 (April 1, 2022 to June 30, 2022)

(1) Consolidated Operating Results (Cumulative total)

(Percentages represent change compared with the same period of the previous fiscal year.)

	Net sales		Operating profit (loss)		Ordinary profit (loss)	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
Three months ended June 30, 2022	98,166	97.0	17,062	—	17,501	—
Three months ended June 30, 2021	49,821	708.2	(8,832)	—	(8,271)	—

Note: Comprehensive income:
Three months ended June 30, 2022: ¥ 13,154million (—%)
Three months ended June 30, 2021: ¥ (6,424) million (—%)

	Profit (Loss) attributable to owners of parent		Earnings per share	Earnings per share (diluted)
	(¥ million)	(%)	(¥)	(¥)
Three months ended June 30, 2022	12,105	—	36.96	36.42
Three months ended June 30, 2021	(6,059)	—	(18.50)	—

Note: Earnings per share (diluted) for three months ended June 30, 2021, is not indicated because net loss per share is indicated, although there are potential common shares with dilutive effects.

(2) Consolidated Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Shareholders' equity ratio (%)	Net assets per share (¥)
As of June 30, 2022	1,099,391	764,700	69.6	2,334.66
As of March 31, 2022	1,086,884	756,317	69.6	2,309.12

Reference: Shareholders' equity:
As of June 30, 2022: ¥764,700 million
As of March 31, 2022: ¥756,317 million

2. Dividends

	Annual dividends (¥)				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
Fiscal Year ended March 31, 2022	—	13.00	—	15.00	28.00
Fiscal Year ending March 31, 2023	—				
Fiscal Year ending March 31, 2023 (Est.)		15.00	—	15.00	30.00

Note: Revisions to the latest announcement regarding dividend projection: None

3. Projected Consolidated Results for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(Percentages represent change compared with the previous fiscal year or the same quarter of the previous fiscal year, as applicable.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Six months ending September 30, 2022	192,881	97.7	21,865	—	22,196	—	15,334	—	46.82
Fiscal Year ending March 31, 2023	407,922	47.9	50,251	549.8	50,601	348.7	35,244	336.8	107.60

Note: Revisions to the latest announcement regarding result projection: None

*Notes

(1) Changes in Major Subsidiaries during the Three Months Ended June 30, 2022 (Changes in specified subsidiaries due to changes in the scope of consolidation): None

(2) Application of Special Accounting Methods for Quarterly Consolidated Financial Statements: None

(3) Changes in Accounting Policies, Changes in Accounting Estimates, or Restatement
- (a) Changes in accounting policies due to changes in accounting standards: Yes
- (b) Changes other than (a) above: None
- (c) Changes in accounting estimates: None
- (d) Restatement: None

Note: For details, please refer to Change in Accounting Policy in (3) Notes Regarding the Consolidated Financial Statements for the First Quarter Under Review on page 5.

(4) Number of Shares Issued and Outstanding (Common stock)

(a) Number of shares issued at end of period (including treasury shares)	Three months ended June 30, 2022:	363,690,160 shares	Year ended March 31, 2022:	363,690,160 shares
(b) Number of treasury shares at end of period	Three months ended June 30, 2022:	36,147,453 shares	Year ended March 31, 2022:	36,154,941 shares
(c) Average number of shares outstanding (quarterly cumulative period)	Three months ended June 30, 2022:	327,538,729 shares	Three months ended June 30, 2021:	327,467,609 shares

Note: Number of treasury shares includes shares owned by the ESOP trust account of the employee stock plan.

*** The Company's quarterly consolidated financial statements are not subject to quarterly financial review by certified public accountants or an auditing firm.**

*** Explanation on the Appropriate Usage of Performance Projections and Other Specific Matters**

The projections and other statements with respect to the future included in this material are based on currently available information and certain assumptions that are judged reasonable by the Company. Please be advised that the Company does not guarantee in any way the achievement of the projections and other goals in this material and that cases may occur where the actual results and other situations differ materially from the projections due to various factors.

Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

Items	At the end of the previous fiscal year (March 31, 2022)	At the end of the first quarter (June 30, 2022)
ASSETS		
Current assets		
Cash and deposits	199,870	199,102
Notes and accounts receivable—trade, and contract assets	15,581	19,513
Securities	34,997	36,995
Merchandise and finished goods	6,062	7,537
Work in process	109	233
Raw materials and supplies	8,783	8,858
Other	6,016	6,697
Allowance for doubtful accounts	(10)	(9)
Total current assets	271,410	278,929
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	322,830	344,767
Machinery, equipment and vehicles, net	44,831	42,345
Land	115,890	115,890
Construction in progress	218,731	206,675
Other, net	17,958	16,780
Total property, plant and equipment	720,241	726,459
Intangible assets		
Other	18,329	18,047
Total intangible assets	18,329	18,047
Investments and other assets		
Other	76,998	76,051
Allowance for doubtful accounts	(95)	(95)
Total investments and other assets	76,903	75,956
Total non-current assets	815,474	820,462
Total assets	1,086,884	1,099,391

(Millions of yen)

Items	At the end of the previous fiscal year (March 31, 2022)	At the end of the first quarter (June 30, 2022)
LIABILITIES		
Current liabilities		
Notes and accounts payable—trade	12,164	11,380
Current portion of long-term borrowings	5,246	5,353
Income taxes payable	2,578	3,681
Other	65,258	69,263
Total current liabilities	85,247	89,679
Non-current liabilities		
Bonds payable	230,000	230,000
Long-term borrowings	7,401	7,029
Retirement benefit liability	3,641	3,774
Other	4,276	4,206
Total non-current liabilities	245,320	245,012
Total liabilities	330,567	334,691
NET ASSETS		
Shareholders' equity		
Share capital	63,201	63,201
Capital surplus	115,005	115,005
Retained earnings	678,566	685,754
Treasury shares	(113,257)	(113,111)
Total shareholders' equity	743,515	750,849
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,741	11,808
Deferred gains or losses on hedges	172	211
Remeasurements of defined benefit plans	1,886	1,830
Total accumulated other comprehensive income	12,801	13,850
Total net assets	756,317	764,700
Total liabilities and net assets	1,086,884	1,099,391

(2) Quarterly Consolidated Statements of (Comprehensive) Income
(Quarterly Consolidated Statements of Income)
Three months ended June 30, 2022

(Millions of yen)

Items	Three months ended June 30, 2021 (April 1, 2021 to June 30, 2021)	Three months ended June 30, 2022 (April 1, 2022 to June 30, 2022)
Net sales	49,821	98,166
Cost of sales	*1 45,650	*1 63,070
Gross profit (loss)	4,171	35,095
Selling, general and administrative expenses	*1 13,004	*1 18,032
Operating profit (loss)	(8,832)	17,062
Non-operating income		
Interest income	23	36
Dividend income	313	286
Share of profit of entities accounted for using equity method	―	1
Insurance received and insurance dividends	46	49
Subsidy income	*2 291	*2 208
Other	553	200
Total non-operating income	1,227	782
Non-operating expenses		
Interest expenses	111	90
Share of losses of entities accounted for using equity method	95	―
Commission expenses	208	133
Depreciation	225	―
Other	24	118
Total non-operating expenses	666	342
Ordinary profit (loss)	(8,271)	17,501
Profit (Loss) before income taxes	(8,271)	17,501
Income taxes—current	164	3,307
Income taxes—deferred	(2,376)	2,088
Total income taxes	(2,212)	5,396
Profit (Loss)	(6,059)	12,105
Profit (Loss) attributable to owners of parent	(6,059)	12,105

(Quarterly Consolidated Statements of Comprehensive Income)
Three months ended June 30, 2022

(Millions of yen)

Items	Three months ended June 30, 2021 (April 1, 2021 to June 30, 2021)	Three months ended June 30, 2022 (April 1, 2022 to June 30, 2022)
Profit (Loss)	(6,059)	12,105
Other comprehensive income		
Valuation difference on available-for-sale securities	(289)	1,066
Deferred gains or losses on hedges	(22)	38
Remeasurements of defined benefit plans, net of tax	(53)	(56)
Total other comprehensive income	(365)	1,049
Comprehensive income	(6,424)	13,154
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(6,424)	13,154
Comprehensive income attributable to non-controlling interests	―	―

(3) Notes Regarding the Consolidated Financial Statements for the First Quarter Under Review

Notes Regarding Going Concern Assumption: None

Notes Regarding the Occurrence of Significant Changes in Amount of Shareholders' Equity: None

Change in Accounting Policy

Application of Implementation Guidance on Accounting Standard for Fair Value Measurement

The "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter, "the Implementation Guidance") has been applied since the beginning of the first quarter of the current consolidated fiscal year. In accordance with the transitional treatment prescribed in Paragraph 27-2 of the Implementation Guidance, the Company has decided to apply the new accounting policies set forth by the Implementation Guidance going forward.

The change had no impact on the Company's quarterly consolidated financial statements.

Additional Information

Impact of COVID-19

The OLC Group's Theme Parks, which constitute its core business, take measures primarily based on the sector-wide guidelines for preventing the spread of COVID-19. It may take some time before we can restore normal operations, depending on the external environment including trends in consumer sentiment for leisure activities. As such, the situation of the spread of COVID-19 is expected to exert an impact on our consolidated financial results.

Significant accounting estimates and underlying assumptions

In preparing the consolidated financial statements for the first quarter under review, there have been no significant changes from the previous fiscal year in the highly uncertain accounting estimates and their underlying assumptions.

Matters Concerning Consolidated Statements of Income

*1 Employment adjustment subsidies

The OLC Group has been applied to special case of employment adjustment subsidy for paid treatments to prevent the spread of the COVID-19 pandemic. As a result, the employment adjustment subsidy received or expected to be received from the government has been registered by deducting ¥2,890 million from the cost of sales and ¥113 million from the selling, general and administrative expenses in the previous first quarter of the fiscal year ended March 31, 2022. The employment adjustment subsidy was also deducted from the cost of sales and selling, general and administrative expenses for the first quarter under review, but the impact is minor.

*2 Subsidy income

This is the income from the subsidies for cooperation paid by local governments for the reduction of operating hours in an effort to prevent the spread of COVID-19.

Segment Information

1. Three months ended June 30, 2021 (April 1, 2021 to June 30, 2021)

A. Net Sales and Income (Loss) by Reportable Segment and Breakdown of Revenue

(Millions of yen)

	Reportable Segments			Other Business *1	Total	Adjustment *2	Amount stated on the Quarterly Consolidated Statements of Income*3
	Theme Park	Hotel	Total				
Net sales							
Attractions and shows	18,909	—	18,909	—	18,909	—	18,909
Merchandise	13,317	—	13,317	—	13,317	—	13,317
Food and beverages	6,731	—	6,731	—	6,731	—	6,731
Other revenue	728	—	728	—	728	—	728
Hotel	—	7,974	7,974	—	7,974	—	7,974
Other	—	—	—	2,160	2,160	—	2,160
Revenues from external customers	39,686	7,974	47,661	2,160	49,821	—	49,821
Transactions with other segments	1,127	92	1,219	834	2,054	(2,054)	—
Total	40,814	8,066	48,881	2,995	51,876	(2,054)	49,821
Segment profit (loss)	(7,532)	(883)	(8,415)	(445)	(8,861)	28	(8,832)

Notes: 1. The “Other Business” segment, which includes the Ikspiari, monorail, and employee cafeteria businesses, etc., is not a reportable segment.
2. The segment loss adjustment amount of 28 million yen is the result of elimination of intersegment transactions.
3. The segment loss is adjusted to be recorded as operating loss in the Quarterly Consolidated Statements of Income.

B. Information regarding impairment loss on fixed assets and goodwill by reportable segment: None

2. Three months ended June 30, 2022 (April 1, 2022 to June 30, 2022)

A. Net Sales and Income (Loss) by Reportable Segment and Breakdown of Revenue

(Millions of yen)

	Reportable Segments			Other Business *1	Total	Adjustment *2	Amount stated on the Quarterly Consolidated Statements of Income*3
	Theme Park	Hotel	Total				
Net sales							
Attractions and shows	40,316	—	40,316	—	40,316	—	40,316
Merchandise	24,167	—	24,167	—	24,167	—	24,167
Food and beverages	13,887	—	13,887	—	13,887	—	13,887
Other revenue	1,481	—	1,481	—	1,481	—	1,481
Hotel	—	15,608	15,608	—	15,608	—	15,608
Other	—	—	—	2,704	2,704	—	2,704
Revenues from external customers	79,852	15,608	95,461	2,704	98,166	—	98,166
Transactions with other segments	1,968	168	2,136	953	3,089	(3,089)	—
Total	81,820	15,776	97,597	3,658	101,255	(3,089)	98,166
Segment profit (loss)	15,471	1,678	17,150	(158)	16,992	70	17,062

Notes: 1. The “Other Business” segment, which includes the Ikspiari, monorail, and employee cafeteria businesses, etc., is not a reportable segment.
2. The segment profit (loss) adjustment amount of 70 million yen is the result of elimination of intersegment transactions.
3. The segment profit (loss) is adjusted to be recorded as operating profit in the Quarterly Consolidated Statements of Income.

B. Information regarding impairment loss on fixed assets and goodwill by reportable segment: None