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

January 30, 2023

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

Oriental Land Co., Ltd.
Code number: 4661, Prime Market of the Tokyo Stock Exchange
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: February 14, 2023
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 Third Quarter of the Fiscal Year Ending March 31, 2023 (April 1, 2022 to December 31, 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)	(%)
Nine months ended Dec. 31, 2022	351,025	84.4	85,651	—	86,384	—
Nine months ended Dec. 31, 2021	190,313	38.8	(1,617)	—	(15)	—

Note: Comprehensive income:
Nine months ended December 31, 2022: ¥61,805 million (—%)
Nine months ended December 31, 2021: ¥(4,238) million (—%)

	Profit (Loss) attributable to owners of parent		Earnings per share	Earnings per share (diluted)
	(¥ million)	(%)	(¥)	(¥)
Nine months ended Dec. 31, 2022	60,062	—	183.36	180.37
Nine months ended Dec. 31, 2021	(1,152)	—	(3.52)	—

Note: Earnings per share (diluted) for nine months ended December 31, 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 December 31, 2022	1,160,900	808,566	69.6	2,468.15
As of March 31, 2022	1,086,884	756,317	69.6	2,309.12

Reference: Shareholders' equity:
As of December 31, 2022: ¥808,566 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	—	18.00	—		
Fiscal year ending March 31, 2023 (Est.)				18.00	36.00

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 (loss)		Ordinary profit (loss)		Profit (loss) attributable to owners of parent		Earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Fiscal year ending March 31, 2023	464,671	68.5	97,346	—	98,111	769.9	68,122	744.4	207.96

Note: Revisions to the latest announcement regarding result projection: Yes

*Notes

(1) Changes in Major Subsidiaries during the Nine Months Ended December 31, 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 Third 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 stock)	Nine months ended December 31, 2022:	363,690,160 shares	Year ended March 31, 2022:	363,690,160 shares
(b) Number of treasury stock at end of period	Nine months ended December 31, 2022:	36,090,082 shares	Year ended March 31, 2022:	36,154,941 shares
(c) Average number of shares outstanding (quarterly cumulative period)	Nine months ended December 31, 2022:	327,563,306 shares	Nine months ended December 31, 2021:	327,492,067 shares

Note: Number of treasury stock 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 third quarter (December 31, 2022)
ASSETS		
Current assets		
Cash and deposits	199,870	199,521
Notes and accounts receivable—trade, and contract assets	15,581	25,220
Securities	34,997	74,993
Merchandise and finished goods	6,062	11,992
Work in process	109	763
Raw materials and supplies	8,783	8,826
Other	6,016	6,661
Allowance for doubtful accounts	(10)	(12)
Total current assets	271,410	327,966
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	322,830	336,765
Machinery, equipment and vehicles, net	44,831	49,534
Land	115,890	115,890
Construction in progress	218,731	229,912
Other, net	17,958	14,816
Total property, plant and equipment	720,241	746,918
Intangible assets		
Other	18,329	18,264
Total intangible assets	18,329	18,264
Investments and other assets		
Other	76,998	67,844
Allowance for doubtful accounts	(95)	(93)
Total investments and other assets	76,903	67,751
Total non-current assets	815,474	832,934
Total assets	1,086,884	1,160,900

(Millions of yen)

Items	At the end of the previous fiscal year (March 31, 2022)	At the end of the third quarter (December 31, 2022)
LIABILITIES		
Current liabilities		
Notes and accounts payable—trade	12,164	16,951
Current portion of long-term borrowings	5,246	5,655
Income taxes payable	2,578	13,541
Other	65,258	71,790
Total current liabilities	85,247	107,938
Non-current liabilities		
Bonds payable	230,000	230,000
Long-term borrowings	7,401	5,852
Retirement benefit liability	3,641	4,036
Other	4,276	4,505
Total non-current liabilities	245,320	244,395
Total liabilities	330,567	352,334
NET ASSETS		
Shareholders' equity		
Share capital	63,201	63,201
Capital surplus	115,005	115,036
Retained earnings	678,566	727,809
Treasury shares	(113,257)	(112,025)
Total shareholders' equity	743,515	794,021
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,741	12,826
Deferred gains or losses on hedges	172	—
Remeasurements of defined benefit plans	1,886	1,718
Total accumulated other comprehensive income	12,801	14,545
Total net assets	756,317	808,566
Total liabilities and net assets	1,086,884	1,160,900

(2) Quarterly Consolidated Statements of (Comprehensive) Income
(Quarterly Consolidated Statements of Income)
Nine months ended December 31, 2022

(Millions of yen)

Items	Nine months ended December 31, 2021 (April 1, 2021 to December 31, 2021)	Nine months ended December 31, 2022 (April 1, 2022 to December 31, 2022)
Net sales	190,313	351,025
Cost of sales	*1 150,047	*1 210,958
Gross profit (loss)	40,265	140,066
Selling, general and administrative expenses	*1 41,882	*1 54,414
Operating profit (loss)	(1,617)	85,651
Non-operating income		
Interest income	91	78
Dividend income	513	463
Insurance received and insurance dividends	284	270
Subsidy income	*2 2,048	*2 194
Other	984	707
Total non-operating income	3,923	1,714
Non-operating expenses		
Interest expenses	341	270
Share of loss of entities accounted for using equity method	385	17
Commission expenses	653	403
Depreciation	698	—
Other	241	290
Total non-operating expenses	2,320	981
Ordinary profit (loss)	(15)	86,384
Profit (Loss) before income taxes	(15)	86,384
Income taxes—current	337	13,135
Income taxes—deferred	799	13,186
Total income taxes	1,137	26,322
Profit (Loss)	(1,152)	60,062
Profit (Loss) attributable to owners of parent	(1,152)	60,062

(Quarterly Consolidated Statements of Comprehensive Income)
Nine months ended December 31, 2022

(Millions of yen)

Items	Nine months ended December 31, 2021 (April 1, 2021 to December 31, 2021)	Nine months ended December 31, 2022 (April 1, 2022 to December 31, 2022)
Profit (Loss)	(1,152)	60,062
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,935)	2,084
Deferred gains or losses on hedges	4	(172)
Remeasurements of defined benefit plans, net of tax	(154)	(168)
Total other comprehensive income	(3,086)	1,743
Comprehensive income	(4,238)	61,805
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(4,238)	61,805
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes Regarding the Consolidated Financial Statements for the Third 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 third quarter under review, there have been no significant changes from the previous fiscal year in the highly uncertain accounting estimates and their underlying assumptions.

Stock Split and Partial Amendments of Articles of Incorporation Resulting from Stock Split

The Company has resolved at the Board of Directors meeting on December 27, 2022 to conduct a stock split and partial amendments to the Articles of Incorporation resulting from the stock split.

1. Stock split

(1) Purpose of stock split

We will conduct a stock split and lower the amount per investment unit for the purpose of enhancing the liquidity of the Company's stock and expanding the investor base of the Company.

(2) Outline of stock split

(a) Method of stock split

We will conduct a 5-for-1 stock split with the record date of March 31, 2023 whereby each share of common stock held by shareholders listed on the final registered and/or beneficial shareholders' lists of the same day will be split into five shares.

(b) Increase in number of shares from split

Total number of shares issued before stock split	363,690,160 shares
The number of shares to be increased from this split	1,454,760,640 shares
Total number of shares issued after stock split	1,818,450,800 shares
Total number of shares authorized to be issued after stock split	6,600,000,000 shares

Note: The aforementioned total number of shares issued after stock split may be increased by the record date for a stock split

(3) Schedule

Record date of public notice	March 16, 2023
Record date	March 31, 2023
Effective date	April 1, 2023

(4) Impact on per share information

Per share information on the assumption that the stock split was conducted at the beginning of the previous fiscal year is as shown below.

	Nine months ended Dec. 31, 2021	Nine months ended Dec. 31, 2022
Earnings per share (¥)	(0.70)	36.67
Earnings per share (diluted) (¥)	—	36.07

Note: Earnings per share (diluted) for nine months ended December 31, 2021, is not indicated because net loss per share is indicated, although there are potential common shares with dilutive effects.

2. Partial amendments of Articles of Incorporation

(1) Reasons for amendments

We will amend the total number of shares authorized to be issued in Article 6 of Oriental Land's Articles of Incorporation, as provided for in Article 184, Paragraph 2 of the Companies Act, to accompany with this stock split. These amendments will take effect on April 1, 2023.

(2) Details of amendments

Current Article of Incorporation	Proposed amendments
(Total number of shares authorized to be issued) Article 6 The total number of shares authorized to be issued by the Company shall be one thousand three hundred twenty million (1,320,000,000).	(Total number of shares authorized to be issued) Article 6 The total number of shares authorized to be issued by the Company shall be sixty-six hundred million (6,600,000,000).

(The amended part is shown with the underline.)

(3) Schedule

Date the amendments become effective April 1, 2023

3. Adjustment for lower limit strike price of stock acquisition rights

Accompanying with this stock split, the lower limit strike price regarding the stock acquisition rights shall be adjusted as follows on and after April 1, 2023 in accordance with provisions prescribed in the Issuance Terms and Conditions of the Third Round Stock Acquisition Rights which the Company issued on March 13, 2019.

Issue	Lower limit strike price	
Oriental Land Co., Ltd. Third round stock acquisition rights (¥)	Before adjustment	After adjustment
	3,375	675

4. Others

(1) Changes to amount of the Company's capital

There will be no change to the amount of Company's capital through this stock split.

(2) Dividends

As the effective date of this stock split will be April 1, 2023, the number of shares before the stock split will apply to the year-end dividend for the fiscal year ending March 31, 2023, which will use the record date of March 31, 2023. Note that the forecast for the year-end dividend for the fiscal year ending March 31, 2023 has not changed from ¥18.00 per share.

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 ¥7,589 million from the cost of sales and ¥199 million from the selling, general and administrative expenses in the previous third 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 third 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. Nine months ended December 31, 2021 (April 1, 2021 to December 31, 2021)

A. Net Sales and Profit (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	70,873	—	70,873	—	70,873	—	70,873
Merchandise	49,194	—	49,194	—	49,194	—	49,194
Food and beverages	25,676	—	25,676	—	25,676	—	25,676
Other revenue	3,281	—	3,281	—	3,281	—	3,281
Hotel	—	34,341	34,341	—	34,341	—	34,341
Other	—	—	—	6,946	6,946	—	6,946
Revenues from external customers	149,024	34,341	183,366	6,946	190,313	—	190,313
Transactions with other segments	4,448	377	4,826	2,802	7,628	(7,628)	—
Total	153,473	34,719	188,192	9,749	197,942	(7,628)	190,313
Segment Profit (Loss)	(5,106)	4,300	(805)	(1,050)	(1,856)	238	(1,617)

Notes: 1. The “Other Business” segment, which includes the Ikspiari, monorail, and employee cafeteria businesses, is not a reportable segment.
2. The segment profit (loss) adjustment amount of 238 million yen is the result of elimination of intersegment transactions.
3. The segment profit (loss) is adjusted to be recorded as operating profit (loss) in the Quarterly Consolidated Statements of Income.

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

2. Nine months ended December 31, 2022 (April 1, 2021 to December 31, 2022)

A. Net Sales and Profit (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	142,551	—	142,551	—	142,551	—	142,551
Merchandise	89,632	—	89,632	—	89,632	—	89,632
Food and beverages	49,874	—	49,874	—	49,874	—	49,874
Other revenue	5,004	—	5,004	—	5,004	—	5,004
Hotel	—	54,777	54,777	—	54,777	—	54,777
Other	—	—	—	9,184	9,184	—	9,184
Revenues from external customers	287,062	54,777	341,840	9,184	351,025	—	351,025
Transactions with other segments	6,653	497	7,150	3,091	10,242	(10,242)	—
Total	293,716	55,275	348,991	12,275	361,267	(10,242)	351,025
Segment Profit (Loss)	71,955	13,380	85,335	110	85,446	204	85,651

Notes: 1. The “Other Business” segment, which includes the Ikspiari, monorail, and employee cafeteria businesses, is not a reportable segment.
2. The segment profit (loss) adjustment amount of 204 million yen is the result of elimination of intersegment transactions.
3. The segment profit (loss) is adjusted to be recorded as operating profit (loss) in the Quarterly Consolidated Statements of Income.

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