

Consolidated Financial Statements for the Third Quarter of the Fiscal Year Ending March 31, 2020 (Japanese accounting standards)

January 30, 2020

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, First Section of the Tokyo Stock Exchange

URL: <http://www.olic.co.jp/en/>

Representative: Kyoichiro Uenishi, Representative Director and President

Contact: Kenji Horikawa, Officer and Director of Finance/Accounting Department

Planned Date for Submission of the Quarterly Report: February 13, 2020

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, 2020 (April 1, 2019 to December 31, 2019)

(1) Consolidated Operating Results (Cumulative total)

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

	Net sales (¥ million)	Year-on-year change (%)	Operating profit (¥ million)	Year-on-year change (%)	Ordinary profit (¥ million)	Year-on-year change (%)
Nine months ended Dec. 31, 2019	390,205	(2.4)	101,038	(5.3)	102,358	(4.6)
Nine months ended Dec. 31, 2018	399,641	9.6	106,743	14.3	107,333	13.3

Note: Comprehensive income:

Nine months ended December 31, 2019: ¥70,598 million ((5.5)%)

Nine months ended December 31, 2018: ¥74,682 million ((1.0)%)

	Profit attributable to owners of parent (¥ million)	Year-on-year change (%)	Earnings per share (¥)	Diluted earnings per share (¥)
Nine months ended Dec. 31, 2019	70,992	(4.5)	215.90	208.91
Nine months ended Dec. 31, 2018	74,360	7.1	226.21	220.44

(2) Consolidated Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Shareholders' equity ratio (%)	Net assets per share (¥)
As of December 31, 2019	1,090,877	859,820	78.8	2,614.58
As of March 31, 2019	1,051,455	803,201	76.4	2,442.97

Reference: Shareholders' equity:

As of December 31, 2019: ¥859,820 million

As of March 31, 2019: ¥803,201 million

2. Dividends

	Annual dividends (¥)				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
Fiscal year ended March 31, 2019	—	20.00	—	22.00	42.00
Fiscal year ending March 31, 2020	—	22.00	—	—	—
Fiscal year ending March 31, 2020 (Est.)	—	—	—	22.00	44.00

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

3. Projected Consolidated Results for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Fiscal Year ending March 31, 2020	503,870	(4.1)	108,880	(15.8)	109,930	(15.1)	76,240	(15.6)	231.85

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

***Notes**

- (1) Changes in Major Subsidiaries during the Nine Months Ended December 31, 2019: 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: None
- (b) Changes in accounting policies due to other than (a) above: None
- (c) Changes in accounting estimates: None
- (d) Restatement: None

(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, 2019:	363,690,160 shares	Year ended March 31, 2019:	363,690,160 shares
(b) Number of treasury stock at end of period	Nine months ended December 31, 2019:	34,833,992 shares	Year ended March 31, 2019:	34,908,727 shares
(c) Average number of shares outstanding (quarterly cumulative period)	Nine months ended December 31, 2019:	328,816,970 shares	Nine months ended December 31, 2018:	328,721,496 shares

Note: Number of treasury stock includes dividends paid to the trust to 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, 2019)	At the end of the third quarter (December 31, 2019)
ASSETS		
Current assets		
Cash and deposits	377,551	329,175
Notes and accounts receivable—trade	22,083	22,619
Securities	20,999	38,996
Merchandise and finished goods	9,256	12,356
Work in process	477	764
Raw materials and supplies	7,590	8,360
Other	3,882	4,609
Allowance for doubtful accounts	(5)	(5)
Total current assets	441,835	416,876
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	270,971	287,720
Machinery, equipment and vehicles, net	28,125	35,786
Land	117,653	117,653
Construction in progress	82,342	121,768
Other, net	15,228	15,747
Total property, plant and equipment	514,322	578,676
Intangible assets		
Other	13,770	15,359
Total intangible assets	13,770	15,359
Investments and other assets		
Other	81,616	80,054
Allowance for doubtful accounts	(88)	(88)
Total investments and other assets	81,527	79,965
Total non-current assets	609,619	674,001
Total assets	1,051,455	1,090,877

(Millions of yen)

Items	At the end of the previous fiscal year (March 31, 2019)	At the end of the third quarter (December 31, 2019)
LIABILITIES		
Current liabilities		
Notes and accounts payable—trade	19,907	16,709
Current portion of bonds	20,000	20,000
Current portion of long-term borrowings	6,119	6,259
Income taxes payable	22,470	11,199
Other	86,154	83,433
Total current liabilities	154,652	137,601
Non-current liabilities		
Bonds payable	80,000	80,000
Long-term borrowings	2,304	1,255
Retirement benefit liability	4,483	3,755
Other	6,813	8,444
Total non-current liabilities	93,601	93,454
Total liabilities	248,253	231,056
NET ASSETS		
Shareholders' equity		
Share capital	63,201	63,201
Capital surplus	111,938	111,970
Retained earnings	696,718	753,227
Treasury shares	(89,183)	(88,710)
Total shareholders' equity	782,674	839,688
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,320	19,007
Deferred gains or losses on hedges	—	4
Remeasurements of defined benefit plans	1,206	1,119
Total accumulated other comprehensive income	20,526	20,132
Total net assets	803,201	859,820
Total liabilities and net assets	1,051,455	1,090,877

(2) Quarterly Consolidated Statements of (Comprehensive) Income
(Quarterly Consolidated Statements of Income)
Nine months ended December 31, 2019

(Millions of yen)

Items	Nine months ended December 31, 2018 (April 1, 2018 to December 31, 2018)	Nine months ended December 31, 2019 (April 1, 2019 to December 31, 2019)
Net sales	399,641	390,205
Cost of sales	240,743	237,886
Gross profit	158,898	152,318
Selling, general and administrative expenses	52,155	51,279
Operating profit	106,743	101,038
Non-operating income		
Interest income	107	131
Dividend income	657	740
Insurance received and insurance dividends	461	406
Other	711	924
Total non-operating income	1,939	2,202
Non-operating expenses		
Interest expenses	155	220
Share of losses of entities accounted for using equity method	356	92
Commission expenses	395	400
Other	441	168
Total non-operating expenses	1,348	882
Ordinary profit	107,333	102,358
Profit before income taxes	107,333	102,358
Income taxes—current	31,491	28,474
Income taxes—deferred	1,482	2,890
Total income taxes	32,973	31,365
Profit	74,360	70,992
Profit attributable to owners of parent	74,360	70,992

(Quarterly Consolidated Statements of Comprehensive Income)
Nine months ended December 31, 2019

(Millions of yen)

Items	Nine months ended December 31, 2018 (April 1, 2018 to December 31, 2018)	Nine months ended December 31, 2019 (April 1, 2019 to December 31, 2019)
Profit	74,360	70,992
Other comprehensive income		
Valuation difference on available-for-sale securities	373	(312)
Deferred gains or losses on hedges	278	4
Remeasurements of defined benefit plans, net of tax	(329)	(86)
Total other comprehensive income	322	(394)
Comprehensive income	74,682	70,598
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	74,682	70,598
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes Regarding Quarterly Consolidated Financial Statements

Notes Regarding Going Concern Assumption): None

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

Segment Information:

1. Nine months ended December 31, 2018 (April 1, 2018 to December 31, 2018)

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

(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							
Sales to external customers	332,808	55,127	387,935	11,706	399,641	—	399,641
Intersegment sales or transfers	5,233	495	5,729	2,842	8,571	(8,571)	—
Total	338,042	55,622	393,664	14,549	408,213	(8,571)	399,641
Segment Income	89,305	15,030	104,335	2,245	106,581	162	106,743

Notes: 1. The "Other Business" segment, which includes the Ikspiari, monorail, and employee cafeteria businesses, is not a reportable segment.

2. The segment income adjustment amount of 162 million yen is the result of elimination of intersegment transactions.

3. The segment income 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

2. Nine months ended December 31, 2019 (April 1, 2019 to December 31, 2019)

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

(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							
Sales to external customers	324,122	53,520	377,642	12,562	390,205	—	390,205
Intersegment sales or transfers	5,284	446	5,730	2,943	8,674	(8,674)	—
Total	329,407	53,966	383,373	15,505	398,879	(8,674)	390,205
Segment Income	83,502	14,644	98,147	2,728	100,875	162	101,038

Notes: 1. The "Other Business" segment, which includes the Ikspiari, monorail, and employee cafeteria businesses, is not a reportable segment.

2. The segment income adjustment amount of 162million yen is the result of elimination of intersegment transactions.

3. The segment income 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

Important Subsequent Event:

Share repurchase and share repurchase tender offer

At a meeting held on January 30, 2020 the Board of Directors of Oriental Land Co., Ltd. resolved to repurchase shares of the Company pursuant to Article 156, Paragraph 1 of the Companies Act of Japan, updated as applicable by the provisions of Article 165, Paragraph 3 of the Companies Act of Japan, and the Company's Articles of Incorporation, and, as a specific method, further resolved to conduct a share repurchase tender offer.

1. Objective of the tender offer

Mitsui Fudosan Co., Ltd., the second largest stockholder of Oriental Land and a corporate participant of the Theme Parks which Oriental Land manages and operates, indicated its intention to sell a portion of its shareholdings in the Company.

Following this indication, Oriental Land, launched a review to determine how to handle the situation. The Company undertook a comprehensive examination of methods by which it could ensure financial soundness and security, as well as of what the impact to the Company's common share price would be when a block of its shares was sold in the market. The Company concluded that it was appropriate to purchase the shares as treasury stock. This is because the purchase would contribute to an increase in earnings per share and improvement of capital efficiency, including return on equity, and lead to the enhancement of shareholder returns as set out in the 2020 Medium-Term Plan.

As for the concrete method of the share repurchase, Oriental Land concluded that a tender offer for share repurchase was appropriate in terms of stockholder equality and transparency of the transaction.

2. Details of the Board of Directors' resolution related to the share repurchase

A. Type of shares to be repurchased:	Common shares of the Company
B. Number of shares to be repurchased:	1,500,100 shares(Maximum)
C. Total repurchase cost:	¥20,746,383,000(Maximum)
D. Repurchase period:	From January 31, 2020 to March 31, 2020

3. Overview of the share repurchase tender offer

A. Planned number of shares to be purchased:	1,500,000 shares
B. Tender offer price:	¥13,830 per common share
C. Tender offer period:	From January 31, 2020 to March 2, 2020
D. Tender offer opening date:	January 31, 2020
E. Settlement starting date:	March 25, 2020