

Consolidated Financial Statements for the Third Quarter of the Fiscal Year Ending March 31, 2021 (Japanese accounting standards)

January 28, 2021

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 12, 2021

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, 2021 (April 1, 2020 to December 31, 2020)

(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, 2020	137,113	(64.9)	(19,840)	—	(21,850)	—
Nine months ended Dec. 31, 2019	390,205	(2.4)	101,038	(5.3)	102,358	(4.6)

Note: Comprehensive income:

Nine months ended December 31, 2020: ¥28,530 million (—%)

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

	Profit attributable to owners of parent (¥ million)	Year-on-year change (%)	Earnings per share (¥)	Earnings per share (diluted) (¥)
Nine months ended Dec. 31, 2020	(28,728)	—	(87.75)	—
Nine months ended Dec. 31, 2019	70,992	(4.5)	215.90	208.91

Note: Earnings per share (diluted) for nine months ended December 31, 2020, 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, 2020	1,068,870	780,731	73.0	2,384.31
As of March 31, 2020	1,010,651	820,257	81.2	2,505.55

Reference: Shareholders' equity:

As of December 31, 2020: ¥780,731 million

As of March 31, 2020: ¥820,257 million

2. Dividends

	Annual dividends (¥)				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
Fiscal year ended March 31, 2020	—	22.00	—	22.00	44.00
Fiscal year ending March 31, 2021	—	13.00	—		
Fiscal year ending March 31, 2021 (Est.)				13.00	26.00

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

3. Projected Consolidated Results for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(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)	(%)	(¥)
Fiscal year ending March 31, 2021	185,460	(60.1)	(51,400)	—	(53,890)	—	(51,110)	—	(156.10)

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

***Notes**

- (1) Changes in Major Subsidiaries during the Nine Months Ended December 31, 2020: 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 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, 2020:	363,690,160 shares	Year ended March 31, 2020:	363,690,160 shares
(b) Number of treasury stock at end of period	Nine months ended December 31, 2020:	36,243,898 shares	Year ended March 31, 2020:	36,313,892 shares
(c) Average number of shares outstanding (quarterly cumulative period)	Nine months ended December 31, 2020:	327,410,200 shares	Nine months ended December 31, 2019:	328,816,970 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, 2020)	At the end of the third quarter (December 31, 2020)
ASSETS		
Current assets		
Cash and deposits	261,164	242,528
Notes and accounts receivable—trade	7,225	13,799
Securities	19,999	43,492
Merchandise and finished goods	11,679	14,215
Work in process	172	174
Raw materials and supplies	8,236	9,016
Other	8,263	6,013
Allowance for doubtful accounts	(0)	(10)
Total current assets	316,741	329,229
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	291,012	322,336
Machinery, equipment and vehicles, net	34,557	47,982
Land	117,653	117,653
Construction in progress	152,165	140,648
Other, net	15,197	22,929
Total property, plant and equipment	610,586	651,549
Intangible assets		
Other	16,334	16,339
Total intangible assets	16,334	16,339
Investments and other assets		
Other	67,078	71,840
Allowance for doubtful accounts	(88)	(88)
Total investments and other assets	66,989	71,751
Total non-current assets	693,910	739,641
Total assets	1,010,651	1,068,870

(Millions of yen)

Items	At the end of the previous fiscal year (March 31, 2020)	At the end of the third quarter (December 31, 2020)
LIABILITIES		
Current liabilities		
Notes and accounts payable—trade	13,921	10,072
Current portion of long-term borrowings	4,580	3,859
Income taxes payable	7,991	8,763
Other	74,001	76,194
Total current liabilities	100,495	98,890
Non-current liabilities		
Bonds payable	80,000	180,000
Long-term borrowings	2,488	2,396
Retirement benefit liability	3,537	3,000
Other	3,873	3,851
Total non-current liabilities	89,898	189,247
Total liabilities	190,394	288,138
NET ASSETS		
Shareholders' equity		
Share capital	63,201	63,201
Capital surplus	111,970	112,001
Retained earnings	744,452	704,254
Treasury shares	(109,325)	(108,881)
Total shareholders' equity	810,298	770,575
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,623	9,992
Deferred gains or losses on hedges	74	(49)
Remeasurements of defined benefit plans	261	213
Total accumulated other comprehensive income	9,958	10,156
Total net assets	820,257	780,731
Total liabilities and net assets	1,010,651	1,068,870

(2) Quarterly Consolidated Statements of (Comprehensive) Income
(Quarterly Consolidated Statements of Income)
Nine months ended December 31, 2020

(Millions of yen)

Items	Nine months ended December 31, 2019 (April 1, 2019 to December 31, 2019)	Nine months ended December 31, 2020 (April 1, 2020 to December 31, 2020)
Net sales	390,205	137,113
Cost of sales	237,886	*1 121,987
Gross profit	152,318	15,126
Selling, general and administrative expenses	51,279	*1 34,966
Operating profit (loss)	101,038	(19,840)
Non-operating income		
Interest income	131	46
Dividend income	740	533
Insurance received and insurance dividends	406	337
Other	924	728
Total non-operating income	2,202	1,646
Non-operating expenses		
Interest expenses	220	241
Shares of losses of entities accounted for using equity method	92	371
Commission expenses	400	610
Depreciation	—	667
Extra retirement payments	33	1,330
Other	135	435
Total non-operating expenses	882	3,656
Ordinary profit (loss)	102,358	(21,850)
Extraordinary losses		
Loss on temporary closure	—	*1, *2 13,333
Total extraordinary losses	—	13,333
Profit (loss) before income taxes	102,358	(35,184)
Income taxes—current	28,474	412
Income taxes—deferred	2,890	(6,868)
Total income taxes	31,365	(6,455)
Profit (loss)	70,992	(28,728)
Profit (loss) attributable to owners of parent	70,992	(28,728)

(Quarterly Consolidated Statements of Comprehensive Income)
Nine months ended December 31, 2020

(Millions of yen)

Items	Nine months ended December 31, 2019 (April 1, 2019 to December 31, 2019)	Nine months ended December 31, 2020 (April 1, 2020 to December 31, 2020)
Profit (loss)	70,992	(28,728)
Other comprehensive income		
Valuation difference on available-for-sale securities	(312)	369
Deferred gains or losses on hedges	4	(123)
Remeasurements of defined benefit plans, net of tax	(86)	(47)
Total other comprehensive income	(394)	197
Comprehensive income	70,598	(28,530)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	70,598	(28,530)
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes Regarding Quarterly 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

Additional Information

Impact of COVID-19

The OLC Group's Theme Parks, which constitute its core business, were temporarily closed along with its hotels during the first quarter. Our Theme Parks resumed operations on July 1, 2020 while taking measures primarily based on the sector-wide guidelines for preventing the spread of COVID-19 at amusement and theme parks and limiting attendance. 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 a material impact on our consolidated financial results in and after the fourth quarter of the fiscal year ending March 31, 2021.

Significant accounting estimates and underlying assumptions

As of the end of the previous fiscal year and the end of the first quarter of the current fiscal year ending March 2021, the OLC Group made various consolidated accounting estimates on the assumption that the COVID-19 pandemic will linger for a certain period during the current fiscal year.

With regard to the second quarter ended September 30, 2020, in view of the prolonged impact of the COVID-19 pandemic, we revised our assumption to deem that the impact will remain for a certain period in the next fiscal year, based on which we have made consolidated accounting estimates on the impairment of non-current assets, valuation of inventories, and realizability of deferred tax assets. As a result, we revised our assessment on the realizability of deferred tax assets and have recorded a partial reversal of our deferred tax assets.

We make estimates and judgments deemed to be rational in view of the current situation and available information, but given the highly uncertain outlook of the COVID-19 pandemic including the extent of its spread and when it will end, the pandemic may exert further impact on the consolidated financial results in and after the fourth quarter of the current fiscal year in the event that the impact is more prolonged or exacerbated than is expected.

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, such as unemployed treatment by closing facilities 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 4,594 million yen, 842 million yen, and 12,796 million yen from the cost of sales, selling, general and administrative expenses, and extraordinary loss, respectively.

*² Loss on temporary closure

In view of the spread of COVID-19 and requests from the national and local governments, the OLC Group temporarily closed Tokyo Disneyland® and Tokyo DisneySea® from February 29 to June 30, 2020. As a result, we primarily registered the fixed expenses, including personnel expenses and depreciation and amortization expenses, incurred for the Theme Park Segment during the temporary closure as an extraordinary loss.

Segment Information

1. 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	(864)	—
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, etc., 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, 2020 (April 1, 2020 to December 31, 2020)

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	109,159	22,158	131,318	5,795	137,113	—	137,113
Intersegment sales or transfers	2,784	278	3,062	2,746	5,809	(5,809)	—
Total	111,944	22,436	134,380	8,542	142,923	(5,809)	137,113
Segment Loss	(18,384)	(378)	(18,762)	(1,224)	(19,987)	146	(19,840)

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 146 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