

Consolidated Financial Statements for the Fiscal Year Ended March 31, 2020 (Japanese accounting standards)

April 28, 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 Annual General Meeting of Stockholders: June 26, 2020

Planned Date for Submission of Securities Report (*Yuka shoken hokokusho*): June 26, 2020

Planned Date for Start of Dividend Payment: June 29, 2020

Supplementary materials for the financial statements: Yes

Briefing session on financial results: Yes (for institutional investors)

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

1. Consolidated Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 – March 31, 2020)

(1) Consolidated Operating Results

(Percentages represent change compared with 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 (%)
Fiscal Year ended March 31, 2020	464,450	(11.6)	96,862	(25.1)	98,062	(24.2)
Fiscal Year ended March 31, 2019	525,622	9.7	129,278	17.2	129,439	15.9

Note: Comprehensive income:

Fiscal year ended March 31, 2020: ¥51,649 million ((44.9%))

Fiscal year ended March 31, 2019: ¥93,754 million (10.3%)

	Profit attributable to owners of parent (¥ million)	Year-on- year change (%)	Earnings per share (¥)	Earnings per share (diluted) (¥)	Return on equity (%)	Ordinary profit/total assets (%)	Operating profit/total net sales (%)
Fiscal Year ended March 31, 2020	62,217	(31.1)	189.23	183.31	7.7	9.5	20.9
Fiscal Year ended March 31, 2019	90,286	11.2	274.65	267.59	11.8	13.2	24.6

Reference: Equity in earnings of affiliates:

Fiscal year ended March 31, 2020: ¥(183 million)

Fiscal year ended March 31, 2019: ¥(349 million)

(2) Consolidated Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Shareholders' equity ratio(%)	Net assets per share (¥)
As of March 31, 2020	1,010,651	820,257	81.2%	2,505.55
As of March 31, 2019	1,051,455	803,201	76.4%	2,442.97

Reference: Shareholders' equity:

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

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

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities (¥ million)	Net cash provided by (used in) investing activities (¥ million)	Net cash provided by (used in) financing activities (¥ million)	Cash and cash equivalents at end of period (¥ million)
Fiscal Year ended March 31, 2020	73,336	20,534	(55,257)	261,164
Fiscal Year ended March 31, 2019	134,974	(135,360)	36,601	222,551

2. Dividends

	Annual dividends (¥)					Total dividends paid (total) (¥ million)	Payout ratio (consolidated) (%)	Dividends/ Net assets (consolidated) (%)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total			
Fiscal Year ended March 31, 2019	—	20.00	—	22.00	42.00	13,825	15.3	1.8
Fiscal Year ended March 31, 2020	—	22.00	—	22.00	44.00	14,451	23.2	1.8
Fiscal Year ending March 31, 2021 (Est.)	—	—	—	—	—		—	

Notes

- (1) Total dividends paid include dividends paid to the trust to the employee stock plan (Fiscal year ended March 31, 2019 ¥17 million, Fiscal year ended March 31, 2020 ¥14 million).
Payout ratio has been calculated by dividing total dividends paid by profit attributable to owners of parent.
- (2) Dividends for the first half and full fiscal year ending March 2021 are not indicated as it is difficult to reasonably calculate our forecast of operating results at this point in time.

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

Projection of consolidated results for the fiscal year ending March 31, 2021 is not indicated as it is difficult to reasonably calculate our forecast of operating results at this point in time. For specific reasons, please refer to Future Outlook on page 2.

*Notes

- (1) Changes in Major Subsidiaries during the Period (Changes in specified subsidiaries due to changes in the scope of consolidation): None
- (2) 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
- (3) Number of Shares Issued and Outstanding (Common stock)

(a) Number of shares issued at end of period (including treasury stock)	Year ended March 31, 2020:	363,690,160 shares	Year ended March 31, 2019:	363,690,160 shares
(b) Number of treasury stock at end of period	Year ended March 31, 2020:	36,313,892 shares	Year ended March 31, 2019:	34,908,727 shares
(c) Average number of shares outstanding (quarterly cumulative period)	Year ended March 31, 2020:	328,800,343 shares	Year ended March 31, 2019:	328,734,918 shares

Note: Number of treasury stock includes dividends paid to the trust to the employee stock plan.

[Reference] Non-consolidated Results

Non-consolidated Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 – March 31, 2020)

(1) Non-consolidated Operating Results

(Percentages represent change compared with 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 (%)
Fiscal Year ended March 31, 2020	396,308	(11.9)	82,968	(24.3)	94,432	(20.5)
Fiscal Year ended March 31, 2019	449,784	10.2	109,658	15.8	118,726	14.1

	Net profit (¥ million)	Year-on- year change (%)	Earnings per share (¥)	Earnings per share (diluted) (¥)
Fiscal Year ended March 31, 2020	62,977	(26.5)	191.54	185.54
Fiscal Year ended March 31, 2019	85,662	13.5	260.58	253.92

(2) Non-consolidated Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Shareholders' equity ratio(%)	Net assets per share (¥)
As of March 31, 2020	959,056	760,688	79.3	2,323.59
As of March 31, 2019	996,342	741,812	74.5	2,256.25

Reference: Shareholders' equity:

As of March 31, 2020: ¥760,688 million

As of March 31, 2019: ¥741,812 million

*** The Company's consolidated financial statements are not subject to 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.

1. Operating Results

(1) Overview of Operating Results

During the fiscal year under review, the Japanese economy showed a gradual recovery sustained by an improvement trajectory in the employment and income environment, with consumer spending also displaying signs of picking up. However, due to the impact of the new coronavirus (COVID-19) pandemic, Japanese economy deteriorated rapidly, and is in tough situation.

Regarding the OLC Group, Theme Park attendance was strong despite the fiscal year following on the heels of the Tokyo Disney Resort 35th Anniversary, driven by “Soaring: Fantastic Flight,” a new attraction that opened at Tokyo DisneySea in July 2019, and the successful seasonal special events rolled out at both Theme Parks.

However, to prevent the spread of the new coronavirus (COVID-19), we decided to close both Tokyo Disneyland and Tokyo DisneySea from February 29, 2020. Also, we operated directly managed Disney Hotels, changing part of operation contents.

Due to the temporary closure of both Parks, Theme Park attendance and net sales per Guest for the entire fiscal year under review decreased, resulting in net sales, operating profit, ordinary profit, and profit attributable to owners of parent for the fiscal year falling to ¥464,450 million (down 11.6% from the previous fiscal year), ¥96,862 million (down 25.1%), ¥98,062 million (down 24.2%), and ¥62,217 million (down 31.1%), respectively.

The following is the results of each segment.

Summary of Results by Segment for the Fiscal Year Ended March 31, 2020

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Change (decrease)	Change (%)
Net Sales	525,622	464,450	(61,172)	(11.6)
Theme Park	437,495	384,031	(53,464)	(12.2)
Hotel	72,427	64,375	(8,051)	(11.1)
Other	15,699	16,043	344	2.2
Operating Profit	129,278	96,862	(32,415)	(25.1)
Theme Park	107,278	79,660	(27,618)	(25.7)
Hotel	19,218	14,769	(4,449)	(23.2)
Other	2,527	2,161	(365)	(14.5)
Elimination and Corporate	253	271	18	7.1
Ordinary Profit	129,439	98,062	(31,376)	(24.2)
Profit Attributable to Owners of Parent	90,286	62,217	(28,068)	(31.1)

(2) Analysis of Consolidated Financial Position

[Assets]

Total assets as of March 31, 2020 were ¥1,010,651 million (down 3.9%) compared with the end of the previous fiscal year).

Current assets decreased to ¥316,741 million (down 28.3%) due mainly to a decrease in cash and deposits, etc.

Non-current assets climbed to ¥693,910 million (up 13.8%) due to an increase in property, plant and equipment, etc.

[Liabilities]

Total liabilities as of March 31, 2020 were ¥190,394 million (down 23.3%).

Current liabilities decreased to ¥100,495 million (down 35.0%) as a result of a drop in current portion of bonds, etc.

Non-current liabilities decreased to ¥89,898 million (down 4.0%) as a result of a drop in other non-current liabilities, etc.

[Net Assets]

Total net assets as of March 31, 2020 were ¥820,257 million (up 2.1%) due to various factors, including a growth in retained earnings. Shareholders' equity ratio stood at 81.2% (up 4.8 points).

(3) Cash Flows

Despite decreases in net cash from financing, the balance of cash and cash equivalents at the end of the fiscal year under review was ¥261,164 million (balance at the end of the previous fiscal year was ¥222,551 million) owing to an increase in net cash from operating and investing activities.

[Net Cash Provided by Operating Activities]

Net cash from operating activities decreased to ¥73,336 million (a net cash inflow of ¥134,974 million for the same period in the previous year) due to factors including a decrease in profit before income taxes.

[Net Cash Provided in Investing Activities]

Net cash provided in investing activities was ¥20,534 million (a net cash outflow of ¥135,360 million for the same period in the previous year) due to factors including an increase in proceeds from withdrawal of time deposits.

[Net Cash Used in Financing Activities]

Net cash used in financing activities was ¥55,257 million (a net cash outflow of ¥36,601 million for the same period in the previous year) due to factors including an increase in purchases of treasury shares.

(4) Risk information concerning the new coronavirus(COVID-19) infection

In consideration of the increasing spread of the new coronavirus(COVID-19) and requests from the national and local governments, we closed Tokyo Disneyland and Tokyo DisneySea, and also suspended business operations of directly managed Disney Hotels and Ikspiari, among others. (Ikspiari is closed except for medical institution, pharmacy and some stores offering food products.) We are planning to decide on the reopening date in mid May. Based on the Act on Special Measures for Pandemic Influenza and New Infectious Diseases Preparedness and Response, the Japanese government declared a state of emergency on April 7, 2020. In response, the governor of Chiba Prefecture asked us to suspend operation until May 6. We will keep our Parks closed after May 7 in case the declaration of a state of emergency remains in place.

Although it is difficult to foresee the outlook of such risks, the OLC Group will continue to gather information on the new coronavirus(COVID-19) infection and take necessary measures to minimize the impact of the pandemic. In this kind of situation, risks and approach, which we think is important are as follow;

(Risks related to deterioration of financial condition and of cash flow)

During the temporary closure, net sales have decreased significantly, and operating expenses including personnel expenses and losses on abandonment of inventories including merchandise have been incurred. For the time being, we are coping by leveraging our internal reserve, but in the event that the temporary closure is prolonged, we may need to procure working capital. Therefore, we are considering securing a new line of credit.

Even when our Parks reopen, our business performance maybe influenced by deterioration of consumer sentiment for leisure activities due to an economic slowdown, or by measures taken against infection, among other factors, resulting in temporary decrease in Theme Park attendance and net sales.

Our Tokyo DisneySea Large-scale Expansion Project and construction of a new Disney Hotel inspired by the Disney/Pixar *Toy Story* Film Series are currently underway, for which we intend to use our operating cash flow. However, if the temporary closure is prolonged, we may need to procure additional funds for these construction projects.

(Approach into employees' infection risk)

Considering prevention of infection spread and for safety of the employees, OLC Group took action such as wearing masks, measuring temperature before coming to work and prohibiting domestic and overseas business trip. Furthermore, in respond to a state of emergency, declared by the Japanese government on April 7, 2020, we decided to limit the employees coming to work, to those who are engaged in operation necessary for business continuity. For the other employees we are requiring them to work from home or to stay at home.

(5) Future Outlook

We are currently suspending operation of our Theme Parks, the OLC Group's core business, as well as our hotels, and reopening is not decided at this point. In case of reopening, it may take time until the operation return to normal level, due to deterioration of consumer sentiment for leisure activities and changes in external environment.

As it is difficult to present a forecast of the Group's financial performance in such circumstances, we will disclose our consolidated forecast of results when a reasonable projection becomes possible.

2. Basic Policy on the selection of accounting standards

As the OLC group is not engaged in global business operations or capital procurement, its consolidated financial statement are formulated based on Japanese accounting standards.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

Items	At the end of the previous fiscal year (March 31, 2019)	At the end of the fiscal year (March 31, 2020)
ASSETS		
Current assets		
Cash and deposits	377,551	261,164
Notes and accounts receivable—trade	22,083	7,225
Securities	20,999	19,999
Merchandise and finished goods	9,256	11,679
Work in process	477	172
Raw materials and supplies	7,590	8,236
Other	3,882	8,263
Allowance for doubtful accounts	(5)	(0)
Total current assets	441,835	316,741
Non-current assets		
Property, plant and equipment		
Buildings and structures	686,623	723,221
Accumulated depreciation	(415,651)	(432,208)
Buildings and structures, net	270,971	291,012
Machinery, equipment and vehicles	270,947	283,504
Accumulated depreciation	(242,821)	(248,946)
Machinery, equipment and vehicles, net	28,125	34,557
Land	117,653	117,653
Construction in progress	82,342	152,165
Other	90,917	94,914
Accumulated depreciation	(75,689)	(79,716)
Other, net	15,228	15,197
Total property, plant and equipment	514,322	610,586
Intangible assets		
Other	13,770	16,334
Total intangible assets	13,770	16,334
Investments and other assets		
Investment securities	60,810	46,925
Retirement benefit asset	5,666	5,492
Other	15,140	14,659
Allowance for doubtful accounts	(88)	(88)
Total investments and other assets	81,527	66,989
Total non-current assets	609,619	693,910
Total assets	1,051,455	1,010,651

(Millions of yen)

Items	At the end of the previous fiscal year (March 31, 2019)	At the end of the fiscal year (March 31, 2020)
LIABILITIES		
Current liabilities		
Notes and accounts payable—trade	19,907	13,921
Current portion of bonds	20,000	—
Current portion of long-term loans payable	6,119	4,580
Income taxes payable	22,470	7,991
Other	86,154	74,001
Total current liabilities	154,652	100,495
Non-current liabilities		
Bonds payable	80,000	80,000
Long-term loans payable	2,304	2,488
Retirement benefit liability	4,483	3,537
Other	6,813	3,873
Total non-current liabilities	93,601	89,898
Total liabilities	248,253	190,394
NET ASSETS		
Shareholders' equity		
Capital stock	63,201	63,201
Capital surplus	111,938	111,970
Retained earnings	696,718	744,452
Treasury shares	(89,183)	(109,325)
Total shareholders' equity	782,674	810,298
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,320	9,623
Deferred gains or losses on hedges	—	74
Remeasurements of defined benefit plans	1,206	261
Total accumulated other comprehensive income	20,526	9,958
Total net assets	803,201	820,257
Total liabilities and net assets	1,051,455	1,010,651

(2) Consolidated Statements of Income

(Millions of yen)

Items	Fiscal Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Net sales	525,622	464,450
Cost of sales	326,283	300,601
Gross profit	199,339	163,849
Selling, general and administrative expenses	70,061	66,986
Operating profit	129,278	96,862
Non-operating income		
Interest income	146	162
Dividend income	707	758
Insurance received and insurance dividends	508	437
Other	837	1,224
Total non-operating income	2,198	2,582
Non-operating expenses		
Interest expenses	222	291
Share of loss of entities accounted for using equity method	349	183
Commission expenses	754	582
Other	710	324
Total non-operating expenses	2,037	1,382
Ordinary profit	129,439	98,062
Extraordinary income		
Gain on sales of investment securities	—	341
Total extraordinary income	—	341
Extraordinary loss		
Loss on temporary closure	—	9,270
Total extraordinary loss	—	9,270
Profit before income taxes	129,439	89,133
Income taxes—current	39,193	25,048
Income taxes—deferred	(40)	1,868
Total income taxes	39,153	26,916
Profit	90,286	62,217
Profit attributable to owners of parent	90,286	62,217

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

Items	Fiscal Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Profit	90,286	62,217
Other comprehensive income		
Valuation difference on available-for-sale securities	3,735	(9,697)
Deferred gains or losses on hedges	314	74
Remeasurements of defined benefit plans, net of tax	(580)	(944)
Total other comprehensive income	3,468	(10,568)
Comprehensive income	93,754	51,649
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	93,754	51,649
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Net Assets

Fiscal Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	63,201	111,911	619,599	(89,794)	704,918
Changes of items during period					
Dividends of surplus			(13,167)		(13,167)
Profit attributable to owners of parent			90,286		90,286
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		26		611	638
Net changes of items other than shareholders' equity					
Total changes of items during period	—	26	77,118	611	77,756
Balance at end of current period	63,201	111,938	696,718	(89,183)	782,674

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	15,585	(314)	1,787	17,058	721,976
Changes of items during period					
Dividends of surplus					(13,167)
Profit attributable to owners of parent					90,286
Purchase of treasury shares					(0)
Disposal of treasury shares					638
Net changes of items other than shareholders' equity	3,735	314	(580)	3,468	3,468
Total changes of items during period	3,735	314	(580)	3,468	81,224
Balance at end of current period	19,320	—	1,206	20,526	803,201

Fiscal Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	63,201	111,938	696,718	(89,183)	782,674
Changes of items during period					
Dividends of surplus			(14,484)		(14,484)
Profit attributable to owners of parent			62,217		62,217
Purchase of treasury shares				(20,745)	(20,745)
Disposal of treasury shares		31		603	635
Net changes of items other than shareholders' equity					
Total changes of items during period	—	31	47,733	(20,141)	27,623
Balance at end of current period	63,201	111,970	744,452	(109,325)	810,298

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	19,320	—	1,206	20,526	803,201
Changes of items during period					
Dividends of surplus					(14,484)
Profit attributable to owners of parent					62,217
Purchase of treasury shares					(20,745)
Disposal of treasury shares					635
Net changes of items other than shareholders' equity	(9,697)	74	(944)	(10,568)	(10,568)
Total changes of items during period	(9,697)	74	(944)	(10,568)	17,055
Balance at end of current period	9,623	74	261	9,958	820,257

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Cash flows from operating activities		
Profit before income taxes	129,439	89,133
Depreciation	38,214	39,447
Increase (decrease) in retirement benefit liability	(367)	(814)
Interest and dividend income	(853)	(920)
Interest expenses	222	291
Foreign exchange losses (gains)	14	2
Shares of loss (profit) of entities accounted for using equity method	349	183
Loss (gain) on sales of investment securities	—	(341)
Decrease (increase) in notes and accounts receivable—trade	(2,134)	14,742
Decrease (increase) in inventories	649	(2,764)
Increase (decrease) in notes and accounts payable—trade	3,421	(7,384)
Increase (decrease) in accrued consumption taxes	393	(8,748)
Other, net	1,690	(11,176)
Subtotal	171,041	111,653
Interest and dividend income received	908	991
Interest expenses paid	(206)	(291)
Income taxes paid	(36,768)	(39,016)
Net cash provided by (used in) operating activities	134,974	73,336
Cash flows from investing activities		
Payments into time deposits	(290,000)	(340,000)
Proceeds from withdrawal of time deposits	250,000	500,000
Purchase of securities	(38,998)	(67,996)
Proceeds from redemption of securities	34,708	63,997
Purchase of property, plant and equipment	(78,574)	(126,974)
Purchase of intangible assets	(5,277)	(7,358)
Purchase of investment securities	(4,398)	(1,499)
Proceeds from sales of investment securities	—	1,854
Other, net	(2,820)	(1,489)
Net cash provided by (used in) investing activities	(135,360)	20,534
Cash flows from financing activities		
Proceeds from long-term loans payable	3,850	5,000
Repayments of long-term loans payable	(5,011)	(6,354)
Proceeds from issuance of bonds	49,855	—
Redemption of bonds	—	(20,000)
Cash dividends paid	(13,134)	(14,444)
Purchases of treasury shares	(0)	(20,745)
Proceeds from sales of treasury shares	1,046	1,309
Other, net	(3)	(22)
Net cash provided by (used in) financing activities	36,601	(55,257)
Effect of exchange rate change on cash and cash equivalents	(14)	0
Net increase (decrease) in cash and cash equivalents	36,200	38,613
Cash and cash equivalents at beginning of period	186,350	222,551
Cash and cash equivalents at end of period	222,551	261,164

(5) [Reference] Consolidated Statements of Income

* Loss on temporary closure

Under the unprecedented disaster caused by the new coronavirus(COVID-19) pandemic, loss on temporary closure constitutes fixed expenses (e.g., personnel expenses, depreciation and amortization) and loss on abandonment of merchandise and food ingredients incurred in the Theme Park Segment. Tokyo Disneyland and Tokyo DisneySea operated by the OLC Group have been temporarily closed since February 29, 2020 in response to the Japanese government's announcement on February 26, 2020 to request organizers of national-level sports and culture events that draw large numbers of people to take such responses as cancellation, postponement or downsizing over a period of two weeks. The temporary closure has been extended to date in view of the situation in Japan and abroad, the status of the new coronavirus (COVID-19) pandemic and requests from the national and local governments.