

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

October 27, 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.

Code number: 4661, Prime Market of the Tokyo Stock Exchange

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

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Planned Date for Submission of the Quarterly Report: November 14, 2022

Planned Date for Start of Dividend Payment: December 5, 2022

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 Second Quarter of the Fiscal Year Ending March 31, 2023 (April 1, 2022 to September 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)	(%)
Six months ended September 30, 2022	204,043	109.1	37,993	—	38,584	—
Six months ended September 30, 2021	97,568	65.0	(19,380)	—	(18,598)	—

Note: Comprehensive income:

Six months ended September 30, 2022: ¥29,077 million (—%)

Six months ended September 30, 2021: ¥(12,879) million (—%)

	Profit (Loss) attributable to owners of parent		Earnings per share	Earnings per share (diluted)
	(¥ million)	(%)	(¥)	(¥)
Six months ended September 30, 2022	26,459	—	80.78	79.57
Six months ended September 30, 2021	(14,191)	—	(43.34)	—

Note: Earnings per share (diluted) for six months ended September 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 September 30, 2022	1,115,681	781,205	70.0	2,384.83
As of March 31, 2022	1,086,884	756,317	69.6	2,309.12

Reference: Shareholders' equity:

As of September 30, 2022: ¥781,205 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: Yes

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	442,128	60.3	80,088	935.7	80,612	614.8	55,917	593.1	170.71

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

*Notes

- (1) Changes in Major Subsidiaries during the Six Months Ended September 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 Second 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)	Six months ended September 30, 2022:	363,690,160 shares	Year ended March 31, 2022:	363,690,160 shares
(b) Number of treasury stock at end of period	Six months ended September 30, 2022:	36,117,482 shares	Year ended March 31, 2022:	36,154,941 shares
(c) Average number of shares outstanding (quarterly cumulative period)	Six months ended September 30, 2022:	327,552,568 shares	Six months ended September 30, 2021:	327,481,610 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 second quarter (September 30, 2022)
ASSETS		
Current assets		
Cash and deposits	199,870	192,257
Notes and accounts receivable—trade, and contract assets	15,581	22,697
Securities	34,997	50,998
Merchandise and finished goods	6,062	10,717
Work in process	109	341
Raw materials and supplies	8,783	8,986
Other	6,016	6,219
Allowance for doubtful accounts	(10)	(10)
Total current assets	271,410	292,208
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	322,830	340,685
Machinery, equipment and vehicles, net	44,831	40,573
Land	115,890	115,890
Construction in progress	218,731	216,912
Other, net	17,958	15,647
Total property, plant and equipment	720,241	729,709
Intangible assets		
Other	18,329	18,005
Total intangible assets	18,329	18,005
Investments and other assets		
Other	76,998	75,853
Allowance for doubtful accounts	(95)	(95)
Total investments and other assets	76,903	75,758
Total non-current assets	815,474	823,473
Total assets	1,086,884	1,115,681

(Millions of yen)

Items	At the end of the previous fiscal year (March 31, 2022)	At the end of the second quarter (September 30, 2022)
LIABILITIES		
Current liabilities		
Notes and accounts payable—trade	12,164	14,324
Current portion of long-term borrowings	5,246	5,383
Income taxes payable	2,578	7,371
Other	65,258	62,518
Total current liabilities	85,247	89,597
Non-current liabilities		
Bonds payable	230,000	230,000
Long-term borrowings	7,401	6,440
Retirement benefit liability	3,641	3,903
Other	4,276	4,533
Total non-current liabilities	245,320	244,878
Total liabilities	330,567	334,476
NET ASSETS		
Shareholders' equity		
Share capital	63,201	63,201
Capital surplus	115,005	115,036
Retained earnings	678,566	700,108
Treasury shares	(113,257)	(112,559)
Total shareholders' equity	743,515	765,786
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,741	13,510
Deferred gains or losses on hedges	172	134
Remeasurements of defined benefit plans	1,886	1,774
Total accumulated other comprehensive income	12,801	15,419
Total net assets	756,317	781,205
Total liabilities and net assets	1,086,884	1,115,681

(2) Quarterly Consolidated Statements of (Comprehensive) Income
(Quarterly Consolidated Statements of Income)
Six months ended September 30, 2022

(Millions of yen)

Items	Six months ended September 30, 2021 (April 1, 2021 to September 30, 2021)	Six months ended September 30, 2022 (April 1, 2022 to September 30, 2022)
Net sales	97,568	204,043
Cost of sales	*1 90,350	*1 130,490
Gross profit (loss)	7,217	73,553
Selling, general and administrative expenses	*1 26,598	*1 35,559
Operating profit (loss)	(19,380)	37,993
Non-operating income		
Interest income	69	54
Dividend income	313	287
Insurance received and insurance dividends	266	258
Subsidy income	*2 1,000	*2 194
Other	668	483
Total non-operating income	2,318	1,279
Non-operating expenses		
Interest expenses	237	180
Share of loss of entities accounted for using equity method	244	25
Commission expenses	445	268
Depreciation	438	—
Other	170	213
Total non-operating expenses	1,536	687
Ordinary profit (loss)	(18,598)	38,584
Profit (Loss) before income taxes	(18,598)	38,584
Income taxes—current	154	6,368
Income taxes—deferred	(4,560)	5,756
Total income taxes	(4,406)	12,125
Profit (Loss)	(14,191)	26,459
Profit (Loss) attributable to owners of parent	(14,191)	26,459

(Quarterly Consolidated Statements of Comprehensive Income)
Six months ended September 30, 2022

(Millions of yen)

Items	Six months ended September 30, 2021 (April 1, 2021 to September 30, 2021)	Six months ended September 30, 2022 (April 1, 2022 to September 30, 2022)
Profit (Loss)	(14,191)	26,459
Other comprehensive income		
Valuation difference on available-for-sale securities	1,431	2,768
Deferred gains or losses on hedges	(15)	(38)
Remeasurements of defined benefit plans, net of tax	(103)	(112)
Total other comprehensive income	1,312	2,618
Comprehensive income	(12,879)	29,077
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(12,879)	29,077
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes Regarding the Consolidated Financial Statements for the Second 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 second 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 ¥6,313 million from the cost of sales and ¥183 million from the selling, general and administrative expenses in the previous second 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 second 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. Six months ended September 30, 2021 (April 1, 2021 to September 30, 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	35,831	—	35,831	—	35,831	—	35,831
Merchandise	25,380	—	25,380	—	25,380	—	25,380
Food and beverages	12,299	—	12,299	—	12,299	—	12,299
Other revenue	1,660	—	1,660	—	1,660	—	1,660
Hotel	—	18,038	18,038	—	18,038	—	18,038
Other	—	—	—	4,357	4,357	—	4,357
Revenues from external customers	75,172	18,038	93,210	4,357	97,568	—	97,568
Transactions with other segments	2,628	206	2,835	1,727	4,562	(4,562)	—
Total	77,801	18,245	96,046	6,084	102,131	(4,562)	97,568
Segment profit (loss)	(18,067)	(512)	(18,580)	(955)	(19,535)	155	(19,380)

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 155 million yen is the result of elimination of intersegment transactions.

3. The segment profit (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. Six months ended September 30, 2022 (April 1, 2022 to September 30, 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	81,757	—	81,757	—	81,757	—	81,757
Merchandise	51,191	—	51,191	—	51,191	—	51,191
Food and beverages	28,645	—	28,645	—	28,645	—	28,645
Other revenue	3,005	—	3,005	—	3,005	—	3,005
Hotel	—	33,842	33,842	—	33,842	—	33,842
Other	—	—	—	5,600	5,600	—	5,600
Revenues from external customers	164,600	33,842	198,443	5,600	204,043	—	204,043
Transactions with other segments	4,176	328	4,505	1,995	6,501	(6,501)	—
Total	168,777	34,170	202,948	7,596	210,544	(6,501)	204,043
Segment profit (loss)	31,343	6,943	38,287	(428)	37,858	134	37,993

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 134 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

Significant Subsequent Events

Significant capital expenditure

At its Board of Directors' meeting held on October 27, 2022, Oriental Land Co., Ltd. resolved to change the opening schedule and investment amount for Fantasy Springs, its eighth theme port, currently being developed under the Tokyo DisneySea Large-Scale Expansion Project.

(1) Reason for the changes

The opening schedule was postponed due to the extension of the construction period, which was attributable to the impact of the COVID-19 pandemic in the form of restrictions on entry into Japan, logistics slowdowns, and delays in overseas manufacturing. The investment amount was increased owing to a rise in material and personnel expenses, the sophistication of design, planning and construction methods, and the progressive depreciation of the yen, among other factors, in addition to the extended construction period.

(2) Details of the changes

	Initial plan	Revised plan
Opening schedule	By the end of the fiscal year ending March 31, 2024	First quarter of the fiscal year ending March 31, 2025
Investment amount	Approx. 250.0 billion yen	Approx. 320.0 billion yen