Oriental Land Co.,Ltd.

Results for the First Quarter of the Fiscal Year Ending March 31, 2021

July 30, 2020

Oriental Land Co., Ltd.

Reopening of Tokyo Disney Resort®

Tokyo Disneyland® Tokyo DisneySea®	• Reopened on July 1 (with changes in park hours and service) Note: Opening date of the area of Tokyo Disneyland Large-Scale Development will be decided in consideration of the situations at our Theme Parks
Disney Hotels	• Reopened on June 30 (with changes in service) Note: Tokyo Disney Celebration Hotel - Discover is still closed
Ikspiari	• Reopened on June 1 (with changes in service) Note: Some stores reopened on April 13
Disney Resort Line	• Continues to remain in operation Note: Revised operating time from April 6 to June 30

Decisions on reopening made with top priority given to the safety of Guests and Cast Members

Oriental Land Co.,Ltd.

Ⅰ. Results for the First Quarter of the Fiscal Year Ending March 31, 2021

Kyoichiro Uenishi
Representative Director,
President and COO

1. Results for the First Quarter of FY3/21 / FY3/20

[¥billion]

Consolidated Statement of Income	Three months ended June 30, 2019	Three months ended June 30, 2020	Change	Change [%]
Net Sales	120.5	6.1	(114.3)	(94.9)
Theme Park Segment	100.1	5.1	(95.0)	(94.9)
Hotel Business Segment	16.4	0.1	(16.2)	(99.1)
Other Business Segment	3.9	0.8	(3.0)	(77.4)
Operating Profit	31.9	(15.6)	(47.5)	-
Theme Park Segment	27.1	(11.4)	(38.6)	-
Hotel Business Segment	3.7	(3.1)	(6.9)	-
Other Business Segment	0.9	(1.0)	(1.9)	-
Ordinary Profit	32.7	(15.2)	(48.0)	-
Extraordinary loss	-	21.1	21.1	-
Profit before income taxes	32.7	(36.4)	(69.2)	-
Profit attributable to owners of parent	22.9	(24.8)	(47.7)	-

Net sales and all levels of profit fell short compared to the same period of the previous fiscal year due to the temporary closure of both Parks, etc.

2. Breakdown of Decrease in Operating Expenses

[¥billion]

Operating profit/ Profit before income taxes	Three months ended June 30, 2019	Three months ended June 30, 2020	Change	Change [%]
Operating profit	31.9	(15.6)	(47.5)	-
Extraordinary loss	-	21.1	21.1	-
Profit before income taxes	32.7	(36.4)	(69.2)	-

	Impact on profits
Decrease in operating expenses	
Part of fixed costs during temporary closure recorded as extraordinary loss*	19.7
Decrease in personnel expenses for part-time employees, marketing expenses, special events related costs, etc.	7.1
Loss on temporary closure	(21.1)
Personnel expenses (Part of personnel expenses incurred during the temporary closure of both Parks, etc.)*	(7.9)
Miscellaneous expenses (Outsourcing, fixed asset tax during the temporary closure of both Parks, etc.)	(3.6)
Depreciation and amortization expenses (Depreciation and amortization expenses during the temporary closure, etc.)	(8.1)
Personnel expenses in costs of food and beverages*, disposal of merchandise and raw material, etc.	(1.4)
Decrease in profit before income taxes	(69.2)

*As the employment adjustment subsidy to be received from the government as a special measure to address the impact of COVID-19, highly accurate amount to be received is reasonably calculated, and has been deducted from the extraordinary loss.

In addition to decrease of operating expenses during the temporary closure, we partially recorded expenses into extraordinary loss

【Appendix】Analysis Operating Expenses by Segment (Year-on-year comparison)

[¥billion]

Theme Park Segment	Three months ended June 30, 2019	Three months ended June 30, 2020	Change	Change [%]
Net Sales	100.1	5.1	(95.0)	(94.9)
Operating Profit	27.1	(11.4)	(38.6)	-

[¥billion]

Items	Primary reasons for decrease in operating expenses (Year-on-year comparison)		Primary reasons for transferring of extraordinary loss	
Personnel expenses	14.5	Transfer to extraordinary loss, decrease in personnel expenses for part-time employees, etc.	7.7	Part of the personnel expenses incurred during the temporary closure of both Parks*
Miscellaneous expenses	6.9	Transfer to extraordinary loss, decrease in marketing expenses, special events related costs, etc.	3.2	Outsourcing, fixed asset tax during the temporary closure of both Parks, etc.
Depreciation and amortization expenses	6.8	Transfer to extraordinary loss, etc.	7.2	Depreciation and amortization expenses during the temporary closure of both Parks
Others			1.4	Personnel expenses in costs of food and beverages, disposal of merchandise and raw material, etc.

*As the employment adjustment subsidy to be received from the government as a special measure to address the impact of COVID-19, highly accurate amount to be received is reasonably calculated, and has been deducted from the extraordinary loss.

In addition to decrease in personnel expenses for part-time employees and miscellaneous expenses, etc., we partially recorded expenses into extraordinary loss

【Appendix】Analysis Operating Expenses by Segment (Year-on-year comparison)

[¥billion]

Hotel Business Segment	Three months ended June 30, 2019	Three months ended June 30, 2020	Change	Change [%]
Net Sales	16.4	0.1	(16.2)	(99.1)
Operating Profit	3.7	(3.1)	(6.9)	-

[¥billion]

Items	Primary reasons for decrease in operating expenses (Year-on-year comparison)		Primary reasons for transferring of extraordinary loss	
Personnel expenses	2.3	Transfer to extraordinary loss, decrease due to reduction of working hours, etc.	0.1	Part of the personnel expenses incurred during the temporary closure of hotels*
Miscellaneous expenses	0.9	Decrease in maintenance costs, transfer to extraordinary loss, etc.	0.3	Fixed asset tax during the temporary closure of hotels, etc.
Depreciation and amortization expenses	0.7	Transfer to extraordinary loss, etc.	0.7	Depreciation and amortization expenses during the temporary closure of hotels

*As the employment adjustment subsidy to be received from the government as a special measure to address the impact of COVID-19, highly accurate amount to be received is reasonably calculated, and has been deducted from the extraordinary loss.

In addition to reduction of working hours, etc.,
we partially recorded expenses into extraordinary loss

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II. Response to COVID-19 Pandemic

Response during the Temporary Park Closure

Preparation of Park Operation	• In coordination with The Walt Disney Company, worked on formulating an operation policy that gives top priority to the safety and peace of mind of Guests and Cast Members • Hands-on training implemented for Cast Members
Strengthen financial position	• Concluded a line of credit contract worth ¥200 billion on May 15
Guests	• Offered Theme Park goods via online Tokyo Disney Resort Shopping function from May 26 to June 24 • Reopened Ikspiari on June 1 • Reopened Bon Voyage (the Disney shop outside our Parks) on June 25
Employees/ Executive Directors	• Extended payment period of special leave allowance for part-time Cast Members and show performers until September • Started the furlough of employees on May 18 • Reduced executive directors' remuneration from June Note: Voluntarily returned up until May • Partially reduced summer bonuses for managerial positions
Society	• Donated rainwear to Chiba Prefecture and Urayasu City

Prepared Park operations and financial arrangements to reopen as safe and reliable Theme Parks

Response to COVID-19 Pandemic

Overall measures	• Ensured health checks and social distancing • Limited Theme Park attendance, shortened Park operation hours, introduced Fixed Date Time Passport • Suspended special events and programs
Attractions	• Closed one-room and interactive attraction facilities
Entertainment	• Changed method of character greetings • Suspended shows and parades
Food	• Introduced two-dimensional barcodes for seeing menus • Provided a complimentary holder for storing mask while dining
Merchandise	• Promoted Tokyo Disney Resort Shopping • Recommended credit card, electronic, and other cashless payments • Installed shields between Guests and Cast Members at cash registers
Disney Hotels	• Recommended use of online check-in function on official app



Sign showing where to stand


Social distancing at an attraction


2D barcode for seeing menu


Greetings by characters

Introduced Park operation methods with top priority given to the safety and peace of mind of Guests and Cast Members

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Financial Operating Status as of Mid-July

Note: The following shows our financial operating status as of mid-July, not an outlook on future trends

Theme Park Segment

Attendance ↓		• Phased easing of attendance limits since reopening; currently operating at maximum attendance of 50% of the usual level • High demand especially among Guests in Tokyo metropolitan area
Net sales per Guest ↑	**Tickets**	• Increase due to Park Ticket price revisions on April 1 • Temporary increase owing to restriction in ticket types
	Merchandise	• Temporary increase owing to sales of goods for events that could not be offered during the temporary closure • Increase owing to sales of new Duffy and Friends merchandise • Decrease owing to closure of some stores
	Food and beverages	• Increase owing to a temporary rise in the proportion of Guests using table service • Decrease owing to shortened Park operation hours


Duffy and Friends
New character Olu Mel (left)

Factors that may cause change
• Decrease due to visits by Annual Passport holders
• Decrease due to fall in the temporary high demand level
• Decrease due to increase in counter and wagon services

Disney Hotels ↓	• Limited number of overnight hotel guests accepted owing to limits set on hotel room sales in line with number of Park Tickets sold • Changes in special offers for overnight hotel guests and service offerings

Note: Arrows indicate year-on-year comparison.

Net sales decreased owing to limited attendance, resulting in an operating loss

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Discussion for Restoring Financial Performance

Net sales

Attendance

- Theme Park Attendance will continue to be limited to give priority to Guests and Cast Members' safety and peace of mind over making profit and to maintain a high Theme Park experience value, although the limit will gradually be eased
- Extension of Park operation hours and opening date of Large-Scale Development area of Tokyo Disneyland will be decided in consideration of future Park situations

Expenses

Trends of Fixed Expenses in the fiscal year ending March 2021

Personnel expenses ↓	• Reduced working hours • Enhanced productivity resulting from employee reallocations • Application and receipt of employment adjustment subsidy
Depreciation and amortization expenses ↑	• Increasing when Large-Scale Development area of Tokyo Disneyland opens
Other fixed expenses ↓	• Costs reduced in line with decreased attendance (e.g., marketing expenses) • Costs reduced as a result of suspension of special events and programs to prevent the spread of COVID-19

Note: Arrows indicate year-on-year comparison

Cost Control Team was urgently formed as a time-limited organization directly reporting to the president (June 2020)

Swiftly and rigorously examines and controls expenses, investment, and costs such as personnel expenses in view of our current situation and long-term perspective, while ascertaining the Group-wide earnings level and cash flow

Cost Control Team examines ways to significantly reduce fixed costs and miscellaneous costs

For Medium and Long-term Growth

Increase per-unit sales

- Explore new Park Ticket strategy
- Explore creation of new earnings sources based on Guests' experience within Parks

Investment plans

- "Believe! Sea of Dreams," a new entertainment program, will be introduced at Tokyo DisneySea in FY 3/22
- "Fantasy Springs" and a new Disney hotel themed to the Disney/Pixar *Toy Story* film series, will be opened as scheduled
- Suspension, downsizing, or postponement of less urgent remodeling works will be considered



New businesses

New subsidiary, Oriental Land Innovations Co., Ltd., established (June 5, 2020)

- Address the risk of having all businesses concentrated in Maihama
- With the aim of creating businesses that contribute to the development of a society filled with "dreams, moving experiences, happiness and contentment," the subsidiary will make a small-scale minority investment, after which it will pursue research in fields it believes are promising to increase the probability of success in new business development
- In addition to the establishment of the new subsidiary, research and study of new businesses will be continued in areas expected to grow over the long term, and a wide range of options will be considered to contribute to the OLC Group's sustained growth

Forecast for FY 3/21 and updates on 2020 Medium-Term Plan will be announced upon presenting the financial results for the second quarter

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Oriental Land Co., Ltd.

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Cautionary Statement:

This document includes statements about Oriental Land's plans, estimates, strategies and beliefs. The statements made that are not based on historical fact represent the assumptions and expectations of Oriental Land in light of the information available to it as of the date when this document was prepared, and should be considered as forward-looking.

Oriental Land uses a variety of business measures to constantly strive to increase its net sales and management efficiency. However, Oriental Land recognizes that there are certain risks and uncertainties that should be considered which could cause actual performance results to differ from those discussed in the forward-looking statements.

Potential risks could include, but are not limited to, weather, general economic conditions, and consumer preferences. Therefore, there is no firm assurance that the forward-looking statements in this document will prove to be accurate.

Theme park attendance figures have been rounded. Financial figures have been truncated.

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