

HONG KONG DISNEYLAND ANNUAL BUSINESS REVIEW FOR THE FISCAL YEAR 2024

KEY HIGHLIGHTS

1. Hong Kong Disneyland Resort (“HKDL”) remains committed to fostering the development of Hong Kong as a top tourist destination in Asia and continuing its pivotal role in the community. By the end of fiscal 2024¹, HKDL had achieved a total cumulative attendance of over 106 million since the theme park opened in 2005.
2. The resort achieved a record year in fiscal 2024. Attendance reached a historic high at 7.7 million, attributable to strong rebound in Mainland China and other markets’ visitation as well as continued solid local attendance. Of note, HKDL’s non-local attendance growth outpaced Hong Kong’s total visitor arrival growth for the second consecutive year. HKDL also recorded a historic level of net profit, which amounted to HK\$838 million, representing a year-on-year improvement of HK\$1,194 million. HKDL continued to be a driver of tourism and contribute to job creation and economic growth in Hong Kong.
3. Central to HKDL’s success were the strength of the Disney brand and continued investment in guest-centric offerings, which culminated in the opening of the world’s first and largest *Frozen*-themed land, World of Frozen, in November 2023. HKDL’s agile business strategy delivered upon guests’ experiential consumption needs. Together with new products and digital innovation, guests were able to experience the resort in tailored, interactive and engaging ways with some of Disney’s most beloved stories and characters. HKDL’s marketing, sales and publicity campaigns evolved with the market, including working with industry leaders to foster the resort’s and Hong Kong’s tourism growth. With sustained investment in its dedicated and motivated staff, the resort continued to be a recognised employer, creating jobs and nurturing talents for the industry.
4. On other financial highlights, HKDL recorded historic high revenue and earnings before interest, taxes, depreciation and amortisation (“EBITDA”) in fiscal 2024. Revenue grew by 54% year-on-year to HK\$8.8 billion, and EBITDA increased by HK\$1,399 million to HK\$2,323 million. Per capita

¹ With a year-end date on the Saturday closest to, if not on, 30 September, the fiscal year consists of 52 weeks with the exception that approximately every six years, the fiscal year comprises a 53-week period. Fiscal 2024 and 2023 were both a 52-week year ending on 28 September 2024 and 30 September 2023, respectively.

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guest spending also grew by 28%. At HKDL hotels, utilisation² for the year was 88% and overall occupancy increased by 26 percentage points to 73%. HKDL did not draw on the revolver facility funded by a subsidiary of The Walt Disney Company (together with one or more of its subsidiaries, “Disney”) and fully repaid the outstanding balance in the year. Additionally, HKDL started to repay the term loans from shareholders with over 40% of the outstanding balance repaid by the end of fiscal 2024.

5. HKDL continues to be optimistic about its long-term business prospects. As the resort enters its 20th anniversary in 2025, an array of celebratory offerings is scheduled, including the all new largest ever parade at HKDL, “Friendtastic!”. While near-term macroeconomic conditions remain uncertain, the achievements and strategies in fiscal 2024 well-positioned the resort for opportunities ahead and solidified its role as a leading international travel destination in Hong Kong and the Greater Bay Area (“GBA”).

BUSINESS OVERVIEW

6. HKDL consists of a Disney-branded theme park, themed hotels and associated complex and infrastructure on Lantau Island in Hong Kong. HKDL is owned by Hongkong International Theme Parks Limited (“HKITP”), a joint venture between the Government of the Hong Kong Special Administrative Region (“HKSARG”) and Disney. HKDL is managed by a separate subsidiary wholly owned by The Walt Disney Company, Hong Kong Disneyland Management Limited. At the end of fiscal 2024, HKSARG owned a 52% majority interest in HKITP and Disney owned the remaining 48%.
7. The theme park includes themed attractions, entertainment and interactive experiences, restaurants, merchandise shops and refreshment stands. Additionally, there are daily daytime and nighttime entertainment as well as seasonal offerings. The theme park is also in the midst of a multi-year expansion and development plan that has been adding a number of new guest offerings based on some of Disney’s most popular stories, such as the new *Frozen*-themed land, World of Frozen, which opened in November 2023.
8. There are three themed hotels at HKDL with a total of 1 750 rooms.

² Hotel utilisation is calculated based on adjusted available capacity, which excludes room inventory temporarily removed from service having regard to a number of factors, such as the temporary closure of hotel rooms for planned renovation and management’s best estimates of the market situation and operational needs.

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OPERATIONAL HIGHLIGHTS

9. In fiscal 2024, HKDL continued to introduce one-of-a-kind offerings and expand immersive experiences for guests. With the launch of World of Frozen, year-round offerings based on some of Disney's most beloved stories and characters, as well as targeted marketing, sales and publicity campaigns, HKDL achieved historic results in the year. This included theme park attendance reaching a record high at 7.7 million. While inbound tourism grew, HKDL's local attendance remained solid and well above fiscal 2018 level. HKDL also achieved record-breaking revenue, EBITDA and net profit in the year. Key accomplishments include:
- a) *Elevating HKDL with World of Frozen:* The opening of the new *Frozen*-themed land, World of Frozen, in November 2023 drew worldwide attention and marked a significant milestone for the resort. Inspired by the popular Walt Disney Animation Studios' *Frozen* films, this new land represented the next level of storytelling, receiving positive reviews from guests especially on its atmosphere and level of immersion. In addition to the new, popular rides, the immersive and interactive play experience "Playhouse in the Woods" exemplified HKDL's innovation in elevating character interaction with guests. Specially designed merchandise and food & beverage offerings in World of Frozen enhanced the guest experience even further.
 - b) *Captivating guests with innovative, experiential offerings:* HKDL continued to create unique products in a way that only Disney can, aligning with experiential tourism. HKDL offered seasonal events intended to drive repeat visitation and deepen Disney fandom, including the "Marvel Season of Super Heroes" that comprised a new nighttime drone show, and the return of "House of De Vil-lains" during Halloween with new entertainment elements. Characters roaming in World of Frozen and Tomorrowland created new immersive and interactive experiences for guests and fans. To leverage new popular movies, characters from the Pixar Animation Studios film *Inside Out 2* were featured in new merchandise and the "Pixar Water Play Street Party!" during the summer. HKDL also staged its first New Year's Eve countdown celebration since 2017, where fireworks and mesmerising drones danced over the Castle of Magical Dreams.
 - c) *Enriching guests' visits with new optimised products:* Following the successful launch of Disney Premier Access, HKDL continued to

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introduce products to respond to guests' diverse demands. The Early Park Entry Pass debuted in the year, providing guests an opportunity to be the first to experience parts of the park. Such new product offerings also included the new "Arendelle Royal Breakfast Buffet" at Golden Crocus Inn, an eat-ertainment experience in the early morning. Disney's Hollywood Hotel's newly designed Mickey and Friends- and Marvel-themed rooms opened in the year, further expanding guest options.

- d) *Driving rebound of Mainland guests:* HKDL launched extensive marketing and social media campaigns dedicated to GBA and the wider Mainland market. In addition to holding a live-stream for the launch of World of Frozen, HKDL proactively engaged the market throughout the year on RedNote and other platforms with both HKDL and user-generated content. Targeting its unwavering fandom in the Mainland, Duffy and Friends franchise themed co-marketing with Shenzhen MTR, a dedicated WeChat Mini Program, and the "Duffy and Friends Play Days" celebration were aimed to drive visitation. Leveraging strong transportation connectivity between Shenzhen and HKDL, Magic Access offerings targeting Shenzhen residents were also launched.
- e) *Reactivating inbound tourism from other markets:* Visitation from other markets to HKDL continued to grow and achieved a record high in fiscal 2024, demonstrating the strength of the Disney brand. Apart from Southeast Asian markets, visitation growth year-on-year from Japan, Korea and India was especially strong. With *Frozen*'s strong affinity in Asia, in-market sales, marketing and publicity campaigns were launched to heighten visit intent. Exclusive World of Frozen content featuring a K-pop celebrity on Disney+ was well-received, inspiring even more Key Opinion Leaders' ("KOLs") content. HKDL also collaborated with Hong Kong Tourism Board ("HKTb") and others to host delegations comprising the travel trade, the media, KOLs and/or relevant authorities from the Middle East, Japan, Korea and Southeast Asia. These visits highlighted HKDL's exceptional guest experiences and inclusive environment, while reinforcing Hong Kong as a premier tourism destination.
- f) *Embarking on city-wide tourism collaborations and campaigns:* HKDL's special events expanded Hong Kong's mega events offerings, integrating culture, sports and tourism in creative ways only Disney can deliver. The "Disney Christmas Live in Concert!" series in December 2023, "Disney

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Classic Live in Concert Presents Lang Lang” performance in January 2024, and return of “StellaLou's Wonderful Wishes Ballet” co-presented with Hong Kong Ballet in April – May 2024 showcased the resort’s commitment to cultural tourism. HKDL also participated in HKTB’s “International Chinese New Year Night Parade”, which together with the resort’s Christmas and Halloween events in the year, enriched the city’s nighttime offerings. Additionally, athletes from around the world participating in sporting events in Hong Kong were hosted in-park to support sports tourism and boost publicity.

g) *Gearing up for HKDL’s 20th anniversary celebration:* As an iconic landmark for tourism, HKDL has offered unique Disney storytelling and authentic experiences to locals and tourists for nearly two decades. Entering its 20th anniversary in 2025, the resort aspires to celebrate this significant milestone with guests, fans, cast members, the community and more. HKDL plans to roll out the all new largest ever parade at HKDL, “Friendtastic!”. Year-long anniversary campaigns will be launched in local, Mainland and other markets to promote visit intent and nurture brand loyalty.

10. In fiscal 2024, HKDL continued to bring happiness and support to the community. In the year, over 100 000 complimentary theme park tickets were provided to those in need. Over the past 19 years, HKDL has contributed almost 123 000 Disney VoluntEARS hours, delivering happiness, support and comfort to the community. With renewed dedication, HKDL’s community efforts continued to focus on the following three areas:

Supporting Child Patients and Children with Disabilities

a) *Caring for Child Patients with Disney Magic:* HKDL launched “PlayWell with Disney” at Hong Kong Children’s Hospital in April 2024. As the resort’s large-scale Disney VoluntEARS outreach programme and the only such service after the pandemic for young patients, it served more than 800 children and their families in the year. HKDL also introduced the “Disney Hospital Care Packages” initiative, distributing more than 6 000 exclusive Disney-themed gift packages to major hospitals across Hong Kong.

b) *Making wishes come true:* HKDL continued its longstanding support of Make-A-Wish Hong Kong, granting nearly 340 wishes since 2008. For the first time, the resort worked with Make-A-Wish Hong Kong to host

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the Summer Snow Day Wishes Celebration at World of Frozen in December 2023, joined by 130 guests including 11 wish kids and their families from Singapore, the Philippines and more.

- c) *Embracing inclusion and empowering growth:* HKDL collaborated with Heep Hong Society to launch Hong Kong's first and largest real-life social adaptation training programme for children with special educational needs ("SEN"), benefiting 450 SEN children and their family members in the year.

Empowering Youth

- d) *Inspiring young talent through performing arts:* In July 2024, HKDL launched its first performing arts inspiration programme for local and other cities' youth, A Magical Odyssey in Music, joining hands with The Hong Kong Federation of Youth Groups. The event featured performances by 400 young artists from the Philippines, Hong Kong, and GBA Mainland cities, fostering cross-cultural connections.
- e) *Supporting youth and athletes:* HKDL reinforced its commitment to local youth and sports development by hosting a homecoming celebration for the Hong Kong, China delegation to the Paris 2024 Olympic Games. Additionally, through sports training programmes supported by the Sports Legacy Scheme, HKDL provided over 300 hours of training to 190 children, inspiring the next generation in sports and personal development.

Preserving the Environment

- f) *Caring for the environment:* In fiscal 2024, HKDL received its first Gold Award in the Hong Kong Awards for Environmental Excellence. Since the opening of HKSARG's Organic Resources Recovery Centre in Siu Ho Wan in July 2019, HKDL had delivered over 3 400 tonnes of food waste for processing. HKDL also continued its food donation campaign by donating 150 tonnes of food for those in need.
11. On average, HKDL employed approximately 5 800 full-time and 3 000 part-time staff during fiscal 2024, remaining one of Hong Kong's largest employers in the tourism and family entertainment industry. The resort fulfilled its growing business and manpower needs in innovative ways. Apart from local recruitment year-round, the "International College

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Programme” was pioneered in September 2024, which provided over 50 students from Southeast Asia internship opportunities in addition to local interns. Moreover, HKDL provided over 382 800 hours of professional and technical training to staff in fiscal 2024, including the resort’s inaugural learning festival to support continuous personal and professional development.

12. HKDL continued to generate exceptional guest satisfaction ratings. In fiscal 2024, 96% of theme park guests surveyed and 93% of hotel guests surveyed responded that their overall experience was “excellent”, “very good” or “good”.
13. HKDL received various awards during fiscal 2024, including in recognition of its publicity and marketing excellence, employment relationship, and commitment to the environment. HKDL’s publicity and marketing campaign for World of Frozen was recognised by Marketing Interactive, with multiple awards including “Best Launch/Rebranding Campaign”, “Best Performance PR Campaign”, and “Best Viral Campaign”. HKDL was also named the “Best Employer in Hong Kong” by the Aon Hewitt Best Employers Programme as well as “Recruitment Team of the Year” and “Employer of the Year” by Ctgoodjobs. Additionally, HKDL’s resort hotels received three awards from the Hong Kong Awards for Environmental Excellence.

KEY BUSINESS DRIVERS AND FINANCIAL HIGHLIGHTS

14. With the positive impacts of both strong inbound visitation and the opening of World of Frozen, HKDL generated record high revenue of HK\$8,813 million for fiscal 2024, which represented 54% increase year-on-year. EBITDA for the year grew by 151% to a record high at HK\$2,323 million. Fiscal 2024 was also the most profitable year in HKDL’s history with an improvement in net profit of HK\$1,194 million to HK\$838 million.
15. For fiscal 2024, attendance reached a record high at 7.7 million, 21% more than the prior year, reflecting an increase in inbound visitors. Per capita guest spending increased by 28% year-on-year, which benefitted from expanded guest offerings and effective pricing strategies. Overall hotel occupancy increased by 26 percentage points to 73%. After adjusting room availability due to the planned renovation of Disney’s Hollywood Hotel, hotel utilisation for the year was 88%.

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Key revenue drivers for the fiscal year were as follows:

	2024	2023
Park operating days	345	288
Park attendance (in millions)	7.7	6.4
Hotel occupancy	73%	47%
Hotel utilisation	88%	77%

Year-on-year change for key revenue drivers	Percentage change	
	2024	2023
Park attendance	21%	87%
Per capita guest spending	28%	54%
Available room nights	- %	- %
Per room guest spending	(2%)	(5%)

Origin of visitors as a percentage of total attendance	2024	2023
Local	40%	65%
Mainland China	38%	24%
Other markets	22%	11%

Key financial results for the fiscal year were as follows:

	2024	2023	Variance
(in HK\$ millions)			
Revenue	8,813	5,737	3,076
Costs and expenses	(6,490)	(4,813)	(1,677)
Earnings before interest, taxes, depreciation and amortisation	2,323	924	1,399
Depreciation and amortisation	(1,386)	(1,198)	(188)
Net finance cost	(99)	(82)	(17)
NET PROFIT / (LOSS)	838	(356)	1,194
Current assets	1,446	1,092	354
Non-current assets	18,531	19,133	(602)
Current liabilities	(4,030)	(2,503)	(1,527)
Non-current liabilities	(225)	(2,929)	2,704
SHAREHOLDERS' EQUITY	15,722	14,793	929

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Revenue

16. HKDL generates revenue predominantly from the sale of theme park admission tickets, room nights at the hotels as well as merchandise, food and beverage at both the theme park and hotels. For fiscal 2024, total revenue increased by 54%, or HK\$3,076 million, to HK\$8,813 million primarily due to growth in theme park attendance and occupied hotel room nights, as well as higher guest spending in the theme park.

Costs and expenses

17. Costs and expenses consist principally of labour, operating and support costs, costs of sales, and marketing and sales expenses. For fiscal 2024, total costs and expenses increased by 35%, or HK\$1,677 million, to HK\$6,490 million, driven by higher operating expenses to support guest offerings including the launch of World of Frozen, as well as higher costs of sales from volume growth.

Depreciation and amortisation

18. Depreciation and amortisation increased by 16%, or HK\$188 million, to HK\$1,386 million, mainly due to the depreciation associated with new guest offerings, including World of Frozen.

Net finance cost

19. Net finance cost consists of interest expense, net of interest income. The net finance cost increased by HK\$17 million to HK\$99 million in fiscal 2024, primarily due to higher interest rates, partially offset by the full repayment of the revolver facility during the year.

Net profit

20. Net profit improved by HK\$1,194 million, from a loss of HK\$356 million in fiscal 2023 to a profit of HK\$838 million in fiscal 2024. The improvement reflects growth in revenue partially offset by higher costs and expenses.

Current assets

21. Current assets consist of cash and cash equivalents, trade and other receivables and inventories. The increase of 32%, or HK\$354 million, to HK\$1,446 million in fiscal 2024 was mainly attributable to a net increase in cash and cash equivalents (See “FINANCIAL LIQUIDITY” section below for details) and higher inventories.

Non-current assets

22. Non-current assets include property, plant and equipment, leased land and projects in progress. Non-current assets decreased by 3%, or

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HK\$602 million, to HK\$18,531 million, reflecting the current-year depreciation being partly offset by the spending on the multi-year expansion and development plan and other capital projects.

Current liabilities

23. Current liabilities consist of trade and other payables, deferred revenue and current borrowings. The increase of 61%, or HK\$1,527 million, to HK\$4,030 million reflects the change in classification of the term loans from HKSARG and Disney from non-current to current and higher payables.

Non-current liabilities

24. Non-current liabilities include long-term borrowings and retirement plan liabilities. The decrease of 92%, or HK\$2,704 million to HK\$225 million, was mainly due to the change in classification of the term loans from HKSARG and Disney from non-current to current, as well as repayments of the revolver facility and the term loans during the year.

FINANCIAL LIQUIDITY

Summary of the changes in cash and cash equivalents was as follows:

(in HK\$ millions)	2024	2023	Variance
Cash generated by / (used in):			
Operating activities	2,285	1,548	737
Investing activities	(602)	(662)	60
Financing activities	(1,459)	(840)	(619)
NET INCREASE IN			
CASH AND CASH EQUIVALENTS	224	46	178

25. Cash and cash equivalents increased by HK\$224 million, from HK\$806 million at the end of fiscal 2023 to HK\$1,030 million at the end of fiscal 2024. The increase was primarily attributable to net cash generated from operating activities and the equity contributions from shareholders for the multi-year expansion and development plan, partially offset by repayments of the revolver facility and term loans, as well as spending on capital projects.

26. During fiscal 2024, HKDL did not draw on the revolver facility funded by Disney and fully repaid the outstanding balance. Additionally, HKDL started to repay the term loans from HKSARG and Disney with over 40% of the outstanding balance repaid by the end of fiscal 2024.

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DISCLAIMER

This Annual Business Review has been prepared for information purposes only. The information set forth in this Annual Business Review presents a summary of certain operational and financial information relating to HKDL and does not represent the complete financial results of HKDL reflected in the audited financial statements of HKDL.