

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 12, 2023

Company name: MELCO HOLDINGS INC.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 6676 URL <https://melco-hd.jp/>
 Representative: President and CEO Hiroyuki Maki
 Inquiries: General Manager, IR Division Yasukazu Kouketsu TEL 03-4213-1122
 Scheduled date of ordinary general meeting of shareholders: June 26, 2023
 Scheduled date to file Securities Report: June 27, 2023
 Scheduled date to commence dividend payments: June 8, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2023	142,576	(1.1)	4,518	(64.4)	4,718	(63.9)	3,057	(67.3)
Year ended March 31, 2022	144,137	–	12,698	43.5	13,083	44.2	9,346	41.1

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2023	181.23	–	4.9	5.0	3.2
Year ended March 31, 2022	584.32	–	16.2	14.4	8.8

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	93,410	62,463	66.9	3,705.70
As of March 31, 2022	95,798	63,123	65.9	3,739.64

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2023	392	2,744	(4,506)	20,506
Year ended March 31, 2022	1,005	(1,839)	(6,958)	21,834

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2022	–	50.00	–	60.00	110.00	1,767	18.8	3.1
Year ended March 31, 2023	–	60.00	–	60.00	120.00	2,023	66.2	3.2
Year ending March 31, 2024 (Forecast)	–	60.00	–	60.00	120.00		67.4	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	150,000	5.2	4,000	(11.5)	4,300	(8.9)	3,000	(1.9)	177.98

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2023	16,937,873 shares	As of March 31, 2022	17,937,873 shares
----------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of March 31, 2023	81,726 shares	As of March 31, 2022	1,064,359 shares
----------------------	---------------	----------------------	------------------

Average number of shares during the period

Year ended March 31, 2023	16,872,713 shares	Year ended March 31, 2022	15,996,338 shares
---------------------------	-------------------	---------------------------	-------------------

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	21,834	20,506
Notes receivable - trade	53	68
Accounts receivable - trade	15,877	16,625
Securities	6,687	–
Merchandise and finished goods	15,848	15,284
Raw materials and supplies	5,963	7,136
Accounts receivable - other	732	1,696
Advance payments to suppliers	596	1,159
Income taxes refund receivable	29	2,098
Consumption taxes refund receivable	1,151	711
Other	954	740
Allowance for doubtful accounts	(6)	(7)
Total current assets	69,722	66,020
Non-current assets		
Property, plant and equipment		
Buildings and structures	16,899	17,050
Accumulated depreciation	(13,060)	(13,347)
Buildings and structures, net	3,838	3,702
Machinery, equipment and vehicles	18,316	18,738
Accumulated depreciation	(14,673)	(14,958)
Machinery, equipment and vehicles, net	3,643	3,779
Tools, furniture and fixtures	3,783	4,075
Accumulated depreciation	(3,268)	(3,471)
Tools, furniture and fixtures, net	515	604
Land	2,992	3,047
Construction in progress	43	102
Total property, plant and equipment	11,033	11,236
Intangible assets		
Other	2,012	3,394
Total intangible assets	2,012	3,394
Investments and other assets		
Investment securities	10,662	10,395
Deferred tax assets	1,602	1,645
Other	884	841
Allowance for doubtful accounts	(118)	(124)
Total investments and other assets	13,030	12,757
Total non-current assets	26,075	27,389
Total assets	95,798	93,410

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,466	14,588
Electronically recorded obligations - operating	807	742
Current portion of long-term borrowings	861	99
Accrued expenses	3,142	2,920
Income taxes payable	1,507	303
Accounts payable - other	3,820	3,117
Contract liabilities	4,078	4,432
Deposits received	757	1,291
Provision for bonuses for directors (and other officers)	26	15
Provision for product warranties	79	74
Other	1,068	354
Total current liabilities	29,618	27,941
Non-current liabilities		
Long-term borrowings	99	–
Deferred tax liabilities	67	55
Retirement benefit liability	2,305	2,173
Provision for retirement benefits for directors (and other officers)	237	501
Provision for recycles	141	140
Other	203	133
Total non-current liabilities	3,056	3,005
Total liabilities	32,674	30,946
Net assets		
Shareholders' equity		
Share capital	1,000	1,000
Capital surplus	250	250
Retained earnings	64,898	61,092
Treasury shares	(3,486)	(267)
Total shareholders' equity	62,662	62,075
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	605	611
Deferred gains or losses on hedges	243	31
Foreign currency translation adjustment	(110)	(31)
Remeasurements of defined benefit plans	(299)	(222)
Total accumulated other comprehensive income	438	388
Share acquisition rights	22	–
Total net assets	63,123	62,463
Total liabilities and net assets	95,798	93,410

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	144,137	142,576
Cost of sales	100,219	106,589
Gross profit	43,918	35,987
Selling, general and administrative expenses	31,220	31,468
Operating profit	12,698	4,518
Non-operating income		
Interest income	0	0
Dividend income	245	113
Share of profit of entities accounted for using equity method	38	147
Royalty income	150	35
Subsidy income	149	88
Other	272	128
Total non-operating income	856	512
Non-operating expenses		
Interest expenses	7	3
Foreign exchange losses	190	220
Commission expenses	75	6
Depreciation	7	4
Provision of allowance for doubtful accounts	98	–
Other	90	77
Total non-operating expenses	470	312
Ordinary profit	13,083	4,718
Extraordinary income		
Gain on reversal of share acquisition rights	–	22
Total extraordinary income	–	22
Extraordinary losses		
Loss on retirement of non-current assets	47	71
Loss on valuation of investment securities	–	166
Loss on litigation	–	415
Total extraordinary losses	47	652
Profit before income taxes	13,036	4,088
Income taxes - current	3,751	1,041
Income taxes - deferred	(62)	(10)
Total income taxes	3,689	1,030
Profit	9,346	3,057
Profit attributable to owners of parent	9,346	3,057

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	9,346	3,057
Other comprehensive income		
Valuation difference on available-for-sale securities	(157)	6
Deferred gains or losses on hedges	67	(212)
Foreign currency translation adjustment	53	46
Remeasurements of defined benefit plans, net of tax	75	105
Share of other comprehensive income of entities accounted for using equity method	16	3
Total other comprehensive income	54	(50)
Comprehensive income	9,401	3,007
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,401	3,007

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,000	4,404	65,117	(18,735)	51,786
Changes during period					
Dividends of surplus			(1,391)		(1,391)
Profit attributable to owners of parent			9,346		9,346
Purchase of treasury shares				(4,668)	(4,668)
Disposal of treasury shares		1,736		5,834	7,570
Cancellation of treasury shares		(5,890)	(8,193)	14,083	-
Change in scope of equity method			17		17
Net changes in items other than shareholders' equity					
Total changes during period	-	(4,154)	(219)	15,249	10,875
Balance at end of period	1,000	250	64,898	(3,486)	62,662

	Accumulated other comprehensive income					Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	765	176	(187)	(370)	383	22	52,193
Changes during period							
Dividends of surplus							(1,391)
Profit attributable to owners of parent							9,346
Purchase of treasury shares							(4,668)
Disposal of treasury shares							7,570
Cancellation of treasury shares							-
Change in scope of equity method							17
Net changes in items other than shareholders' equity	(160)	67	76	71	54	-	54
Total changes during period	(160)	67	76	71	54	-	10,930
Balance at end of period	605	243	(110)	(299)	438	22	63,123

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,000	250	64,898	(3,486)	62,662
Changes during period					
Dividends of surplus			(2,024)		(2,024)
Profit attributable to owners of parent			3,057		3,057
Purchase of treasury shares				(57)	(57)
Payment of the difference in the purchase of treasury stock of a subsidiary			(1,562)		(1,562)
Cancellation of treasury shares			(3,276)	3,276	–
Net changes in items other than shareholders' equity					
Total changes during period	–	–	(3,805)	3,218	(586)
Balance at end of period	1,000	250	61,092	(267)	62,075

	Accumulated other comprehensive income					Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	605	243	(110)	(299)	438	22	63,123
Changes during period							
Dividends of surplus							(2,024)
Profit attributable to owners of parent							3,057
Purchase of treasury shares							(57)
Payment of the difference in the purchase of treasury stock of a subsidiary							(1,562)
Cancellation of treasury shares							–
Net changes in items other than shareholders' equity	5	(212)	79	77	(50)	(22)	(73)
Total changes during period	5	(212)	79	77	(50)	(22)	(659)
Balance at end of period	611	31	(31)	(222)	388	–	62,463

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	13,036	4,088
Depreciation	2,280	2,254
Amortization of goodwill	109	–
Increase (decrease) in provision for product warranties	(6)	(5)
Interest and dividend income	(245)	(113)
Share of loss (profit) of entities accounted for using equity method	(38)	(147)
Interest expenses	7	3
Loss on litigation	–	415
Loss (gain) on valuation of investment securities	–	166
Loss on retirement of non-current assets	47	71
Gain on reversal of share acquisition rights	–	(22)
Increase (decrease) in retirement benefit liability	(92)	(133)
Decrease (increase) in trade receivables	60	224
Decrease (increase) in inventories	(7,979)	(563)
Increase (decrease) in trade payables	(1,245)	850
Increase (decrease) in accrued consumption taxes	(254)	(650)
Decrease (increase) in consumption taxes refund receivable	(801)	439
Decrease (increase) in accounts receivable - other	18	(963)
Increase (decrease) in accounts payable - other	(97)	(670)
Other, net	217	(826)
Subtotal	5,015	4,417
Interest and dividends received	245	517
Interest paid	(5)	(2)
Payments for loss on litigation	–	(415)
Income taxes paid	(4,341)	(4,248)
Income taxes refund	91	124
Net cash provided by (used in) operating activities	1,005	392
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,250)	(1,857)
Proceeds from sale of property, plant and equipment	61	12
Purchase of intangible assets	(1,287)	(2,046)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	–	91
Purchase of short-term and long-term investment securities	(6,714)	(6,866)
Proceeds from sale and redemption of short-term and long-term investment securities	7,289	13,411
Other, net	63	(1)
Net cash provided by (used in) investing activities	(1,839)	2,744

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Repayments of long-term borrowings	(899)	(861)
Purchase of treasury shares	(4,668)	(57)
Payment of the difference in the purchase of treasury stock of a subsidiary	–	(1,562)
Dividends paid	(1,391)	(2,024)
Net cash provided by (used in) financing activities	(6,958)	(4,506)
Effect of exchange rate change on cash and cash equivalents	64	40
Net increase (decrease) in cash and cash equivalents	(7,727)	(1,327)
Cash and cash equivalents at beginning of period	29,562	21,834
Cash and cash equivalents at end of period	21,834	20,506