

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

November 14, 2022

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 to file Quarterly Securities Report: November 14, 2022
 Scheduled date to commence dividend payments: December 6, 2022
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(1) Consolidated operating results (cumulative)

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	%
Six months ended September 30, 2022	68,707	(2.0)	3,310	(51.7)	3,318	(54.3)	2,190	(56.9)
Six months ended September 30, 2021	70,143	–	6,859	67.3	7,262	69.5	5,082	79.2

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	129.80		–	
Six months ended September 30, 2021	326.55		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2022	97,660	62,878	64.4	3,725.12
As of March 31, 2022	95,798	63,123	65.9	3,739.64

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2022	–	50.00	–	60.00	110.00
Year ending March 31, 2023	–	60.00	–	–	–
Year ending March 31, 2023 (Forecast)	–	–	–	60.00	120.00

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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	4.1	6,500	(48.8)	7,000	(46.5)	5,000	(46.5)	296.32

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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

(4) Number of issued shares (common shares)

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

As of September 30, 2022	17,937,873 shares	As of March 31, 2022	17,937,873 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	1,064,486 shares	As of March 31, 2022	1,064,359 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2022	16,873,494 shares	Six months ended September 30, 2021	15,564,530 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	21,834	26,866
Notes and accounts receivable - trade, and contract assets	15,930	14,994
Securities	6,687	–
Merchandise and finished goods	15,848	16,895
Raw materials and supplies	5,963	8,328
Other	3,463	3,812
Allowance for doubtful accounts	(6)	(8)
Total current assets	69,722	70,888
Non-current assets		
Property, plant and equipment	11,033	11,054
Intangible assets	2,012	3,040
Investments and other assets		
Investment securities	10,662	10,449
Other	2,486	2,352
Allowance for doubtful accounts	(118)	(125)
Total investments and other assets	13,030	12,676
Total non-current assets	26,075	26,772
Total assets	95,798	97,660
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,466	16,421
Electronically recorded obligations - operating	807	752
Current portion of long-term borrowings	861	511
Income taxes payable	1,507	1,089
Accrued expenses	3,142	2,920
Accounts payable - other	3,820	5,022
Contract liabilities	4,078	4,202
Provision for bonuses for directors (and other officers)	26	16
Provision for product warranties	79	74
Other	1,826	800
Total current liabilities	29,618	31,813
Non-current liabilities		
Long-term borrowings	99	–
Retirement benefit liability	2,305	2,277
Provision for retirement benefits for directors (and other officers)	237	345
Provision for recycles	141	140
Other	271	205
Total non-current liabilities	3,056	2,969
Total liabilities	32,674	34,782

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Net assets		
Shareholders' equity		
Share capital	1,000	1,000
Capital surplus	250	250
Retained earnings	64,898	64,513
Treasury shares	(3,486)	(3,486)
Total shareholders' equity	62,662	62,277
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	605	552
Deferred gains or losses on hedges	243	229
Foreign currency translation adjustment	(110)	44
Remeasurements of defined benefit plans	(299)	(247)
Total accumulated other comprehensive income	438	578
Share acquisition rights	22	22
Total net assets	63,123	62,878
Total liabilities and net assets	95,798	97,660

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	70,143	68,707
Cost of sales	48,427	49,884
Gross profit	21,715	18,823
Selling, general and administrative expenses	14,855	15,512
Operating profit	6,859	3,310
Non-operating income		
Interest income	0	0
Royalty income	150	35
Dividend income	142	91
Share of profit of entities accounted for using equity method	1	25
Subsidy income	134	–
Other	63	76
Total non-operating income	492	228
Non-operating expenses		
Interest expenses	4	2
Foreign exchange losses	49	183
Commission expenses	3	3
Other	32	31
Total non-operating expenses	89	221
Ordinary profit	7,262	3,318
Extraordinary losses		
Loss on retirement of non-current assets	23	13
Loss on litigation	–	415
Total extraordinary losses	23	428
Profit before income taxes	7,239	2,889
Income taxes - current	2,254	646
Income taxes - deferred	(97)	52
Total income taxes	2,156	699
Profit	5,082	2,190
Profit attributable to owners of parent	5,082	2,190

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	5,082	2,190
Other comprehensive income		
Valuation difference on available-for-sale securities	(87)	(53)
Deferred gains or losses on hedges	(72)	(13)
Foreign currency translation adjustment	13	97
Remeasurements of defined benefit plans, net of tax	49	48
Share of other comprehensive income of entities accounted for using equity method	–	60
Total other comprehensive income	(95)	139
Comprehensive income	4,987	2,329
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,987	2,329

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	7,239	2,889
Depreciation	1,047	1,016
Interest and dividend income	(142)	(91)
Share of loss (profit) of entities accounted for using equity method	(1)	(25)
Interest expenses	4	2
Loss on litigation	–	415
Decrease (increase) in trade receivables	(370)	2,066
Decrease (increase) in inventories	(6,950)	(3,319)
Increase (decrease) in trade payables	529	2,296
Increase (decrease) in accounts payable - other	(298)	(370)
Other, net	(1,488)	(871)
Subtotal	(432)	4,008
Interest and dividends received	142	293
Interest paid	(3)	(1)
Income taxes paid	(3,216)	(2,318)
Income taxes refund	91	124
Net cash provided by (used in) operating activities	(3,417)	2,106
Cash flows from investing activities		
Purchase of property, plant and equipment	(627)	(910)
Proceeds from sale of property, plant and equipment	0	2
Purchase of intangible assets	(310)	(1,506)
Purchase of short-term and long-term investment securities	(6,702)	(6,702)
Proceeds from sale and redemption of short-term and long-term investment securities	7,288	13,411
Other, net	(34)	11
Net cash provided by (used in) investing activities	(385)	4,305
Cash flows from financing activities		
Repayments of long-term borrowings	(449)	(449)
Purchase of treasury shares	(4,668)	(0)
Dividends paid	(636)	(1,012)
Net cash provided by (used in) financing activities	(5,754)	(1,462)
Effect of exchange rate change on cash and cash equivalents	12	82
Net increase (decrease) in cash and cash equivalents	(9,545)	5,031
Cash and cash equivalents at beginning of period	29,562	21,834
Cash and cash equivalents at end of period	20,017	26,866