

Notice: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

March 19, 2024

| | |
|--|--|
| Company name: | MELCO HOLDINGS INC. |
| Name of representative: (Securities code: 6676) | Hiroyuki Maki, President and CEO |
| Inquiries: | Yasukazu Kouketsu, General Manager of IR Division (Telephone: +81-3-4213-1122) |

Notice Concerning Change in Equity-Method Associate (Share Transfer), Recording of Extraordinary Income, and Revision of Earnings Forecasts

MELCO HOLDINGS INC. (the “Company”) hereby announces that it has resolved, by written resolution in lieu of a resolution at a meeting of the Board of Directors pursuant to Article 370 of the Companies Act (Act No. 86 of 2005, as amended) and the Company’s Articles of Incorporation, to transfer a portion of the shares (the “Share Transfer”) of its equity-method associate, SAISON INFORMATION SYSTEMS CO., LTD. (“SAISON INFORMATION”), to MELCO Group Inc. (“MELCO Group”), the parent company of the Company, and to THE UBIQUITOUS MASTER SERIES TRUST MELCO GROUP MASTER FUND (the “Fund”), managed by STM Heritage Pte. Ltd., on March 19, 2024. As a result of the Share Transfer, SAISON INFORMATION will no longer be an equity-method associate of the Company; however, the Company will continue to hold 0.5% of the voting rights of SAISON INFORMATION and will continue to collaborate with it.

1. Reasons for the Share Transfer

As part of its reorganization and balance sheet optimization, the Company has reviewed its shareholdings and determined that, to further enhance its corporate value, it is best to transfer its shares of SAISON INFORMATION in order to make more appropriate investments and shareholder returns.

In conjunction with the Share Transfer, the Company group (the “Group”) and SAISON INFORMATION have decided to continue the capital and business alliance agreement dated October 29, 2021, as amended by adding MELCO Group as a party to the agreement, and will continue to maintain a collaborative relationship to further enhance the corporate value of both companies.

2. Overview of equity-method associate to be transferred

| | | |
|---|---|--------|
| (1) Name | SAISON INFORMATION SYSTEMS CO., LTD. | |
| (2) Address | 1-8-1 Akasaka, Minato-ku, Tokyo | |
| (3) Title and name of representative | Makoto Hayama, President & CEO | |
| (4) Business description | HULFT business, data platform business, distribution IT services business, financial IT services business | |
| (5) Share capital | ¥1,367 million | |
| (6) Date of establishment | September 1, 1970 | |
| (7) Major shareholders and percentage of shareholding | Credit Saison Co., Ltd. | 46.84% |
| | MELCO HOLDINGS INC. | 27.71% |
| | ECM Master Fund SPV 1 | 5.29% |
| | Intelligent Wave Inc. | 3.09% |
| | Dai Nippon Printing Co., Ltd. | 1.90% |
| | SAISON INFORMATION SYSTEMS Employee Shareholding Association | 1.64% |
| | Kyowa Seika K.K. | 1.06% |
| | Fujitsu Limited | 0.49% |
| | Mizuho Trust & Banking Co., Ltd. | 0.37% |
| Tomohiro Yoshida | 0.25% | |
| | Note: As of September 30, 2023 | |

| | | | |
|--|-------------------------------------|--|-------------------------------------|
| (8) Relation between the listed company and the said company | Capital relationship | The Company holds 27.71% of the total number of issued shares of the said company. | |
| | Personnel relationship | One Director of the Company concurrently serves as a Director of the said company. | |
| | Business relationship | The Company has concluded a capital and business alliance agreement with the said company, and there are system development transactions, etc. | |
| (9) Consolidated financial results and consolidated financial position of the said company for the last three years (Millions of yen, unless otherwise noted) | | | |
| Fiscal year | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 |
| Consolidated net assets | 14,037 | 14,748 | 14,742 |
| Consolidated total assets | 20,471 | 20,833 | 21,299 |
| Consolidated net assets per share (yen) | 866.53 | 910.41 | 910.08 |
| Consolidated net sales | 22,499 | 23,218 | 23,952 |
| Consolidated operating profit | 2,989 | 2,916 | 2,183 |
| Consolidated ordinary profit | 3,003 | 2,943 | 2,223 |
| Profit attributable to owners of parent | 2,460 | 2,051 | 1,440 |
| Consolidated earnings per share (yen) | 151.91 | 126.64 | 88.94 |
| Dividend per share (yen) | 85.00 | 90.00 | 90.00 |

3. Company to which shares will be transferred

| | | |
|---|---|---|
| (1) Name | MELCO Group Inc. | |
| (2) Address | 1-11-1 Marunouchi, Chiyoda-ku, Tokyo | |
| (3) Title and name of representative | Hiroyuki Maki, Representative Director | |
| (4) Business description | Holding and managing securities, business management and operation through subsidiaries | |
| (5) Share capital | ¥98 million | |
| (6) Date of establishment | September 28, 2009 | |
| (7) Net assets | ¥36,190 million (March 31, 2023) | |
| (8) Total assets | ¥42,289 million (March 31, 2023) | |
| (9) Major shareholders and percentage of shareholding | Makis Holding B.V. 100% | |
| (10) Relation between the listed company and the said company | Capital relationship | The said company is the parent company of the Company (holds 57.92% of voting rights). Note: MELCO Group Inc. holds 46.25% of the voting rights of the Company, but is considered to be the parent company of the Company as it holds 57.92% of the voting rights of the Company when including 11.67% held by persons with whom it has a close relationship/agreement with. Note: As of September 30, 2023 |
| | Personnel relationship | Three Directors of the Company concurrently serve as Directors of the said company. |
| | Business relationship | The Company's consolidated subsidiary MELCO FINANCIAL HOLDINGS INC. transferred all the issued shares of Melco Capital Pte. Ltd., a former consolidated subsidiary of the Company, to Makis Holding B.V., the parent company of Makis Co., Ltd. (currently MELCO Group Inc.), on November 18, 2022. The amount of this transaction was ¥123 million, and was determined reasonably through discussions based on stock price valuation conducted by a third party. |
| | Correspondence to related party | The said company corresponds to a related party because it is the parent company of the Company. |

| | | |
|---|---|--|
| (1) Name | THE UBIQUITOUS MASTER SERIES TRUST MELCO GROUP MASTER FUND | |
| (2) Address | One Nexus Way Camana Bay Grand Cayman KY1-9005, Cayman Islands | |
| (3) Basis of establishment, etc. | Unit trust under Cayman law | |
| (4) Purpose of incorporation | Fund operation | |
| (5) Date of incorporation | October 22, 2004 | |
| (6) Total amount of investment | Undisclosed due to confidentiality obligations, etc. | |
| (7) Investors, investment ratio and overview of investors | Undisclosed as consent for disclosure has not been obtained. | |
| (8) Overview of managing partners or similar parties | Name | STM Heritage Pte. Ltd. |
| | Address | 18 Robinson Road, 18 Robinson #15-01, Singapore 048547 |
| | Title and name of representative | Kazuki Sakita |
| | Business description | Investment management services |
| | Share capital | SG\$1,000,000 |
| (9) Overview of domestic agent | Not applicable. | |
| (10) Relation between the listed company and the Fund | Relation between the listed company and the Fund | None |
| | Relation between the listed company and the managing partner | The parent company of MELCO Group Inc. (Makis Holding B.V.), which is the parent company of the Company, holds 100% of the shares of the said company. |

4. Number of shares to be transferred, transfer value and the state of owned shares before and after transfer

| | |
|--|--|
| (1) Number of owned shares before transfer | 4,488,800 shares (Holding ratio of voting rights: 27.7%) |
| (2) Number of shares to be transferred | 4,407,800 shares (MELCO Group: 3,240,000 shares; the Fund: 1,167,800 shares) |
| (3) Total transfer value | ¥8,811,192,200 (MELCO Group: ¥6,476,760,000; the Fund: ¥2,334,432,200) |
| (4) Number of owned shares after transfer | 81,000 shares (Holding ratio of voting rights: 0.5%) |

5. Share transfer schedule

| | |
|---|----------------|
| (1) Date of resolution at the meeting of the Board of Directors | March 19, 2024 |
| (2) Date of share transfer agreement conclusion | March 19, 2024 |
| (3) Date of share transfer execution | March 21, 2024 |

6. Outlook for the future

As a result of the Share Transfer, the Company expects to record an extraordinary income of approximately ¥2.0 billion in its consolidated financial results for the fiscal year ending March 31, 2024.

7. Revision of earnings forecasts

- (1) Consolidated earnings forecasts for the full fiscal year ending March 31, 2024 (April 1, 2023 through March 31, 2024)

| | 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 |
| Previously announced forecasts (A) | 148,000 | 1,800 | 1,600 | 1,200 | 71.57 |
| Revised forecasts (B) | 145,000 | 1,900 | 1,700 | 2,300 | 137.00 |
| Differences (B-A) | (3,000) | 100 | 100 | 1,100 | |
| Change (%) | (2.0) | 5.6 | 6.3 | 91.7 | |
| (Reference) Actual results for the previous fiscal year (Fiscal year ended March 31, 2023) | 142,576 | 4,518 | 4,718 | 3,057 | 181.23 |

- (2) Reason for revisions

As stated in 6. above, the Company has revised its consolidated earnings forecasts for the full fiscal year ending March 31, 2024, as shown in the table above, in consideration of the recording as extraordinary income of gain on sale of shares of subsidiaries and associates of approximately ¥2.0 billion resulting from the transfer of SAISON INFORMATION's shares, the recording of income tax expense including a review of deferred tax assets, and recent business trends.

Note: The above earnings forecasts are prepared based on information currently available to the Company, and actual results may differ from these forecast figures due to a variety of factors going forward.

8. Matters concerning transactions with controlling shareholder, etc.

- (1) Correspondence to transactions with controlling shareholder, etc. and the state of conformity to the guidelines concerning measures to protect minority shareholders

The Share Transfer is a transaction with MELCO Group, the parent company of the Company, and the Share Transfer corresponds to a transaction with the Company's controlling shareholder, etc. As stated in the Guidelines Concerning Measures to Protect Minority Shareholders in Transactions, etc. with the Controlling Shareholder in the Corporate Governance Report which the Company disclosed on June 27, 2023, the Company has formulated the "Standards for Transactions with the Parent Company," to avoid disadvantaging minority shareholders in conducting transactions and personnel exchanges with the parent company and the subsidiaries thereof (excluding the Group companies) in an effort to ensure transparent procedures with fair conditions. The Company requires advance approval by the Board of Directors for significant transactions and personnel exchanges, and periodic reports to the Board of Directors regarding the state of all transactions and personnel exchanges. The Company views the Share Transfer is in conformity to the above policy because required measures have been taken as stated in the following section (2).

- (2) Matters concerning measures to guarantee fairness and measures to avoid conflicts of interest

Firstly, the Company decided that the common shares of SAISON INFORMATION, the asset to be transferred, would be traded at a fair market price, which was set at ¥1,999, the closing price of the common shares of SAISON INFORMATION on the Tokyo Stock Exchange on the day prior to the execution date of the share transfer agreement. The Company also requested that Deloitte Tohmatsu Financial Advisory LLC (Representative: Kazuhiro Fukushima, Address: Marunouchi Nijubashi Building, 3-2-3 Marunouchi, Chiyoda-ku, Tokyo) ("Deloitte"), a third-party valuation agent, calculate the value of the common shares of SAISON INFORMATION. There are no significant interests between Deloitte and the Company, nor with MELCO Group Inc. or THE UBIQUITOUS MASTER SERIES

TRUST MELCO GROUP MASTER FUND, which are the companies to which the shares will be transferred.

Deloitte used multiple methods to calculate the share value of SAISON INFORMATION based on the going concern assumption for the company and the belief that it is appropriate to evaluate the share value from multiple perspectives. The following methods were used to calculate the value of the common shares of SAISON INFORMATION: the market share price method, as SAISON INFORMATION is listed on the Tokyo Stock Exchange Standard Market and a market share price exists; the comparable company analysis method, as there are several comparable listed companies that can be compared with SAISON INFORMATION and it is possible to estimate the share value through comparisons with comparable companies; and the discounted cash flow method (the “DCF method”), in order to reflect the future business activities of SAISON INFORMATION into the calculation.

Market share price method: ¥1,933 to ¥1,999

Comparable company analysis method: ¥1,775 to ¥1,988

DCF method: ¥1,886 to ¥2,221

Even after taking the results of Deloitte’s calculations into consideration, the Company has assessed the value of common shares of SAISON INFORMATION at ¥1,999, the value that was determined through discussions with MELCO Group and the Fund, and has determined that the transfer of SAISON INFORMATION shares is a transaction at a fair price.

Secondly, in examining the Share Transfer, the Company inquired, as stated in the following section (3), four individuals who are its outside Directors not interested in MELCO Group, the Company’s controlling shareholder, and its independent officers registered with Tokyo Stock Exchange, Inc. (the “Tokyo Stock Exchange”), and obtained their opinion that the Share Transfer is not disadvantageous to the Company’s minority shareholders based on regulations established by the Tokyo Stock Exchange.

Thirdly, Hiroyuki Maki, the Company’s CEO who concurrently serves as the Representative Director of MELCO Group, the Company’s controlling shareholder; Tamio Matsuo and Iwao Tsusaka, the Company’s Directors who concurrently serve as Directors of MELCO Group; and Daisuke Maki, a former Director of MELCO Group, did not take part in the deliberation and resolution on the agenda item concerning the Share Transfer.

- (3) Summary of opinion obtained from parties not interested in the controlling shareholder concerning the point that the concerned transaction, etc. is not disadvantageous to minority shareholders

The Company asked Hiroyuki Miyajima, Kumiko Otsuka, Shogo Kimura and Jun Kamiya, who are the Company’s outside Directors and independent officers not interested in MELCO Group, the Company’s controlling shareholder, to examine whether or not the Company’s decision concerning the Share Transfer disadvantages its minority shareholders because the Share Transfer corresponds to transactions with the controlling shareholder, etc. The Company obtained from the four individuals a written opinion to the effect that the Share Transfer does not disadvantage the Company’s minority shareholders on March 19, 2024.

The details of the written opinion are as follows.

We judged that the transaction for transferring the shares of SAISON INFORMATION SYSTEMS CO., LTD. (“SAISON INFORMATION”) to MELCO Group Inc. (“MELCO Group”) and THE UBIQUITOUS MASTER SERIES TRUST MELCO GROUP MASTER FUND (the “Fund”) proposed to the Board of Directors of MELCO HOLDINGS INC. (the “Company”) does not disadvantage the Company’s minority shareholders from the following points of view.

- (i) Appropriateness of transaction objective

The Share Transfer is part of the Company’s reorganization and balance sheet optimization. Specifically, the transaction objective is to sell shares of SAISON INFORMATION, which are not commensurate with the Company’s cost of capital, and convert them into cash in order to consider more appropriate investments and shareholder returns, which is an appropriate transaction objective. The selection of MELCO Group as the company to which the shares will be transferred is a rational choice in this case because the capital and business alliance with SAISON INFORMATION can be maintained by transferring the shares to MELCO Group, the parent company of the Company. No intention or factor disadvantageous to minority shareholders is assumed to be findable in the objective or details of the SAISON INFORMATION share transfer.

(ii) Fairness of transaction procedures

Looking at transaction procedures, materials to determine the transfer value by an independent third-party agent were properly disclosed and explained at a meeting of the Company's Board of Directors. In addition, in the decision on the Share Transfer made by the Company's Board of Directors, Hiroyuki Maki, the Company's CEO who concurrently serves as the Representative Director of MELCO Group, the Company's controlling shareholder; Tamio Matsuo and Iwao Tsusaka, the Company's Directors who concurrently serve as Directors of MELCO Group; and Daisuke Maki, a former Director of MELCO Group, did not take part in the deliberation and resolution on the agenda item concerning the Share Transfer from the viewpoints of ensuring fairness and objectivity and avoiding doubts about conflicts of interest. Accordingly, decision-making procedures concerning the Share Transfer transaction are considered to have been performed fairly.

(iii) Fairness of transfer value determination

The transfer value is assumed to have been determined fairly because the independent third-party agent evaluated the price of the share and, after consideration of the valuation report, the market price (the closing price of the Tokyo Stock Exchange on the day prior to the execution date of the share transfer agreement) was determined as the transfer value.

(iv) Impact on the Company's corporate value

As stated above, the Share Transfer is part of the Company's reorganization and balance sheet optimization. The consideration of investments and shareholder returns going forward that are commensurate with the cost of capital with respect to the transferred funds is assumed to enhance the Company's corporate value.

###