

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 13, 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 of ordinary general meeting of shareholders: June 29, 2022
 Scheduled date to file Securities Report: June 30, 2022
 Scheduled date to commence dividend payments: June 30, 2022
 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, 2022 (from April 1, 2021 to March 31, 2022)

(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, 2022	144,137	–	12,698	43.5	13,083	44.2	9,346	41.1
Year ended March 31, 2021	129,912	13.1	8,848	113.9	9,071	84.6	6,625	111.1

	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, 2022	584.32	–	16.2	14.4	8.8
Year ended March 31, 2021	402.08	–	13.2	11.0	6.8

(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, 2022	95,798	63,123	65.9	3,739.64
As of March 31, 2021	85,802	52,193	60.8	3,277.94

(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, 2022	1,005	(1,839)	(6,958)	21,834
Year ended March 31, 2021	11,266	12,235	(4,441)	29,562

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, 2021	–	30.00	–	40.00	70.00	1,137	17.4	2.3
Year ended March 31, 2022	–	50.00	–	60.00	110.00	1,767	18.8	3.1
Year ending March 31, 2023 (Forecast)	–	60.00	–	60.00	120.00		40.5	

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 year ended March 31, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(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, 2022	17,937,873 shares	As of March 31, 2021	22,237,873 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	1,064,359 shares	As of March 31, 2021	6,322,195 shares
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Average number of shares during the period

Year ended March 31, 2022	15,996,338 shares	Year ended March 31, 2021	16,477,122 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	29,663	21,834
Notes and accounts receivable - trade	14,578	–
Notes receivable - trade	–	53
Accounts receivable - trade	–	15,877
Securities	6,687	6,687
Merchandise and finished goods	10,836	15,848
Raw materials and supplies	2,953	5,963
Consumption taxes refund receivable	349	1,151
Other	2,696	2,312
Allowance for doubtful accounts	(6)	(6)
Total current assets	67,759	69,722
Non-current assets		
Property, plant and equipment		
Buildings and structures	16,835	16,899
Accumulated depreciation	(12,827)	(13,060)
Buildings and structures, net	4,007	3,838
Machinery, equipment and vehicles	17,997	18,316
Accumulated depreciation	(13,978)	(14,673)
Machinery, equipment and vehicles, net	4,019	3,643
Tools, furniture and fixtures	3,716	3,783
Accumulated depreciation	(3,183)	(3,268)
Tools, furniture and fixtures, net	533	515
Land	3,012	2,992
Construction in progress	31	43
Total property, plant and equipment	11,604	11,033
Intangible assets		
Goodwill	109	–
Other	808	2,012
Total intangible assets	917	2,012
Investments and other assets		
Investment securities	3,228	10,662
Deferred tax assets	1,511	1,602
Other	801	884
Allowance for doubtful accounts	(21)	(118)
Total investments and other assets	5,520	13,030
Total non-current assets	18,042	26,075
Total assets	85,802	95,798

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,364	13,466
Electronically recorded obligations - operating	397	807
Current portion of long-term borrowings	899	861
Accrued expenses	3,031	3,142
Income taxes payable	2,101	1,507
Accounts payable - other	3,525	3,820
Unearned revenue	2,981	–
Contract liabilities	–	4,078
Provision for bonuses for directors (and other officers)	38	26
Provision for product warranties	85	79
Other	1,735	1,826
Total current liabilities	29,160	29,618
Non-current liabilities		
Long-term borrowings	961	99
Deferred tax liabilities	45	67
Retirement benefit liability	2,390	2,305
Provision for retirement benefits for directors (and other officers)	191	237
Provision for recycles	143	141
Other	716	203
Total non-current liabilities	4,449	3,056
Total liabilities	33,609	32,674
Net assets		
Shareholders' equity		
Share capital	1,000	1,000
Capital surplus	4,404	250
Retained earnings	65,117	64,898
Treasury shares	(18,735)	(3,486)
Total shareholders' equity	51,786	62,662
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	765	605
Deferred gains or losses on hedges	176	243
Foreign currency translation adjustment	(187)	(110)
Remeasurements of defined benefit plans	(370)	(299)
Total accumulated other comprehensive income	383	438
Share acquisition rights	22	22
Total net assets	52,193	63,123
Total liabilities and net assets	85,802	95,798

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

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	129,912	144,137
Cost of sales	94,537	100,219
Gross profit	35,374	43,918
Selling, general and administrative expenses	26,526	31,220
Operating profit	8,848	12,698
Non-operating income		
Interest income	0	0
Dividend income	262	245
Share of profit of entities accounted for using equity method	–	38
Royalty income	–	150
Subsidy income	–	149
Other	131	272
Total non-operating income	393	856
Non-operating expenses		
Interest expenses	13	7
Foreign exchange losses	85	190
Share of loss of entities accounted for using equity method	27	–
Commission expenses	6	75
Depreciation	2	7
Provision of allowance for doubtful accounts	–	98
Other	35	90
Total non-operating expenses	170	470
Ordinary profit	9,071	13,083
Extraordinary income		
Gain on liquidation of subsidiaries and associates	13	–
Total extraordinary income	13	–
Extraordinary losses		
Loss on retirement of non-current assets	76	47
Loss on sale of investment securities	153	–
Total extraordinary losses	229	47
Profit before income taxes	8,855	13,036
Income taxes - current	3,032	3,751
Income taxes - deferred	(802)	(62)
Total income taxes	2,230	3,689
Profit	6,625	9,346
Profit attributable to owners of parent	6,625	9,346

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	6,625	9,346
Other comprehensive income		
Valuation difference on available-for-sale securities	709	(157)
Deferred gains or losses on hedges	166	67
Foreign currency translation adjustment	52	53
Remeasurements of defined benefit plans, net of tax	(79)	75
Share of other comprehensive income of entities accounted for using equity method	–	16
Total other comprehensive income	849	54
Comprehensive income	7,474	9,401
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,474	9,401

Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(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	59,495	(16,192)	48,706
Changes during period					
Dividends of surplus			(1,002)		(1,002)
Profit attributable to owners of parent			6,625		6,625
Purchase of treasury shares				(2,542)	(2,542)
Net changes in items other than shareholders' equity					
Total changes during period			5,622	(2,542)	3,079
Balance at end of period	1,000	4,404	65,117	(18,735)	51,786

	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	55	10	(239)	(291)	(465)	19	48,260
Changes during period							
Dividends of surplus							(1,002)
Profit attributable to owners of parent							6,625
Purchase of treasury shares							(2,542)
Net changes in items other than shareholders' equity	709	166	52	(79)	849	3	852
Total changes during period	709	166	52	(79)	849	3	3,932
Balance at end of period	765	176	(187)	(370)	383	22	52,193

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

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	8,855	13,036
Depreciation	2,395	2,280
Amortization of goodwill	109	109
Increase (decrease) in provision for product warranties	2	(6)
Interest and dividend income	(262)	(245)
Share of loss (profit) of entities accounted for using equity method	27	(38)
Interest expenses	13	7
Loss (gain) on liquidation of subsidiaries and associates	(13)	–
Loss (gain) on sale of investment securities	153	–
Increase (decrease) in retirement benefit liability	247	(92)
Decrease (increase) in trade receivables	(151)	60
Decrease (increase) in inventories	100	(7,979)
Increase (decrease) in trade payables	(368)	(1,245)
Increase (decrease) in accrued consumption taxes	695	(254)
Decrease (increase) in consumption taxes refund receivable	68	(801)
Decrease (increase) in accounts receivable - other	(358)	18
Increase (decrease) in accounts payable - other	642	(97)
Other, net	65	264
Subtotal	12,220	5,015
Interest and dividends received	262	245
Interest paid	(9)	(5)
Income taxes paid	(1,695)	(4,341)
Income taxes refund	488	91
Net cash provided by (used in) operating activities	11,266	1,005
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,162)	(1,250)
Proceeds from sale of property, plant and equipment	0	61
Purchase of intangible assets	(417)	(1,287)
Purchase of short-term and long-term investment securities	(7,376)	(6,714)
Proceeds from sale and redemption of short-term and long-term investment securities	21,214	7,289
Other, net	(23)	63
Net cash provided by (used in) investing activities	12,235	(1,839)
Cash flows from financing activities		
Repayments of long-term borrowings	(899)	(899)
Purchase of treasury shares	(2,542)	(4,668)
Proceeds from issuance of share acquisition rights	3	–
Dividends paid	(1,002)	(1,391)
Net cash provided by (used in) financing activities	(4,441)	(6,958)
Effect of exchange rate change on cash and cash equivalents	57	64
Net increase (decrease) in cash and cash equivalents	19,118	(7,727)
Cash and cash equivalents at beginning of period	10,444	29,562
Cash and cash equivalents at end of period	29,562	21,834