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May 13, 2024

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(Securities code: 6676)
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Notice Concerning Dividends in Kind of Subsidiary Shares (Share-Distribution-Type Spin-off) and Change of Specified Subsidiaries

MELCO HOLDINGS INC. (the "Company") hereby announces that it has decided, at a meeting of the Board of Directors held on May 13, 2024, to submit to the 38th Annual General Meeting of Shareholders to be held on June 26, 2024 ("this General Meeting of Shareholders") a proposal to distribute all of the shares of the Company's subsidiary Shimadaya Corporation ("Shimadaya") held by the Company to shareholders through dividends in kind (dividends of property other than cash) (the "Spin-off").

The Spin-off uses a share-distribution-type spin-off under which tax exemption measures for the gain or loss on transfer with respect to the corporation distributing the shares, tax exemption measures with respect to the dividends to the shareholders receiving the distribution, and tax deferral measures for the gain or loss on transfer with respect to shareholders are created as a result of the 2017 tax reforms, and common shares of the Company's consolidated subsidiary Shimadaya are delivered to the Company's shareholders as of September 30, 2024, which is the record date, as dividends in kind. The Spin-off will issue dividends in kind that provide no right to demand distribution of monies (a right to demand delivery of monies in lieu of dividends of the said property from a stock company) in order to satisfy the requirements for qualification of the reorganization taxation system. For the Spin-off, therefore, the Company plans to acquire the approval by a special resolution at this General Meeting of Shareholders. In addition, from the standpoint of ensuring that shareholders have opportunities to purchase and sell the shares, the Company will conduct the Spin-off under the assumption that the shares of Shimadaya will be listed on the stock exchange of Tokyo Stock Exchange, Inc. ("Tokyo Stock Exchange"). For that purpose, Shimadaya submitted a preliminary application for initial listing to the Tokyo Stock Exchange on April 24, 2024. The Company will submit a main application for initial listing to the Tokyo Stock Exchange prior to the implementation of the Spin-off, and the Spin-off will be on condition that the Tokyo Stock Exchange approves the listing and the said approval is not revoked. On the other hand, the Company's shares will remain listed on the Tokyo Stock Exchange and Nagoya Stock Exchange, Inc. ("Nagoya Stock Exchange") after the Spin-off. Accordingly, shareholders of the Company as of the record date will hold listed shares of two stocks, which are the Company's shares and Shimadaya's shares, as a result of the Spin-off. Shimadaya will no longer be a consolidated subsidiary of the Company as a result of the Spin-off.

1. Reasons and purpose of the Spin-off

The reasons and purpose of the Spin-off, in light of the current conditions of drastic changes in the business environment and society, is to maximize long-term shareholder value by executing an agile business strategy and further promoting growth in each business field by making Shimadaya, which operates the food business, separate and independent and adopting independent management and capital.

The Company made a shift to a pure holding company structure in 2003, and has been practicing "Forest-like Management," which refers to an organization with a management framework, supporting long-term growth driven by many elements. Since the shift, the Melco Holdings Group has steadily strengthened its management base and expanded its business fields. As its business fields have extended too widely, various problems have emerged. In order to resolve these problems and maximize long-term shareholder value in light of the current conditions of drastic changes in the business environment and society, the Company has come to the conclusion that it is essential to implement organizational restructuring, including the spin-off and listing of Shimadaya. The Company also believes that the shift of Shimadaya to an independent listed company through the Spin-off and the listing on the Tokyo Stock Exchange will lead to improvement of motivation among employees of the Shimadaya Group to promote value creation through noodle products, as well as enable the implementation of future business strategy and the acceleration of growth toward the 100th anniversary in 2031.

The following is the background of the organizational restructuring at the Company.

Background of the organizational restructuring: 3 key points

(1) Clarification of management responsibilities

Under the pure holding company structure of the Company, important decision-making by the group's operating companies requires prior approval of the Company, which has sometimes resulted in unclear management responsibilities and hinderance to prompt management decision-making by the group's operating companies. This organizational restructuring aims to eliminate overlapping decision-making processes and clarify the respective management responsibilities.

(2) Clarification of governance

The Company aims to clarify governance by abolishing the pure holding company structure and listing the core companies in each business so that management of each company will become directly aware of governance from the capital markets and will have direct dialogue with markets.

(3) Clarification of brands

By aligning the company name used in the stock markets with the established brand "Shimadaya," the Company aims to further increase its customer awareness and establish its identity.

By continuing to accurately understand drastic changes in the business environment, effectively utilizing management resources and realizing improvement of shareholder value, the Company will make efforts to meet expectations of shareholders, investors and other stakeholders.

For the Spin-off, the Company has received advice on general matters including the listing of Shimadaya from Daiwa Securities Co. Ltd., and legal advice from Nagashima Ohno & Tsunematsu.

2. Overview of dividends in kind (dividends of property other than cash)

(1) Record date	Monday, September 30, 2024
(2) Type of dividend property	Shimadaya Corporation's common shares
(3) Total book value of dividend property and value per share	¥14,689,318,426 (¥879.37 per share)
(4) Total market value of dividend property and value per share	¥ – (¥ – per share) (Note) 1
(5) Effective date	Tuesday, October 1, 2024
(6) Reduction in capital, etc. due to dividends in kind	Retained earnings ¥14,689,318,426 The source of dividends is retained earnings, which will be reduced by the book value of Shimadaya's shares as of the timing of the Spin-off.

Note: 1. In the accounting of the dividends of all subsidiary shares in proportion to the number of shares, the value of subsidiary shares is calculated based on the proper book value in accordance with the provision of Paragraph 10 of the "Guidance on Accounting Standard for Treasury Shares and Appropriation of Legal Reserve" (ASBJ Guidance No. 2). The same shall apply to the calculation of the distributable amount of the Company. Accordingly, the market value of Shimadaya's shares, which are the dividend property, has not been calculated.

3. Overview of the Spin-off

(1) Listing of Shimadaya's shares

For Shimadaya's shares to be distributed in kind, Shimadaya submitted a preliminary application for initial listing to the Tokyo Stock Exchange on April 24, 2024, from the standpoint of ensuring that shareholders have opportunities to purchase and sell the shares. The Company will submit a main application for initial listing to the Tokyo Stock Exchange prior to the implementation of the Spin-off, and the Spin-off will be on condition that Shimadaya acquires approval for the listing from the Tokyo Stock Exchange and the said approval is not revoked. The listing of Shimadaya's shares and the timing thereof have not been assured at this moment, since they are on condition that the listing is approved by the Tokyo Stock Exchange as a result of future listing examinations by Japan Exchange Regulation and such approval will not be revoked, etc. The sale of Shimadaya's common shares ("Sale of Shares") will be conducted at the time of the initial listing. In the case that the Sale of Shares is conducted, it will be conducted at the price determined by the book-building prescribed in Rule 246 of the Enforcement Rules for Securities Listing Regulations established by the Tokyo Stock Exchange (a method of determining the selling price after understanding demand for the shares from investors by presenting a tentatively set price range for the selling price to investors at the time of solicitation of subscriptions to acquire shares). It has not been determined, however, whether or not and when the Sale of Shares will be conducted. If the Sale of Shares does not take place, the initial listing on the Tokyo Stock Exchange will be a direct listing (a domestic corporation that is not listed on a financial instruments exchange in Japan lists its shares without conducting a public offering, etc. prior to the listing). In this case, the first special quote display (Reference Price) on the first day of listing of Shimadaya's shares will be the trade reference price determined by "a document containing the trade reference price of the stock, etc., pertaining to the initial listing application" prepared by the managing trading participant prescribed in Rule 253-2, Paragraph 2 of the Enforcement Rules for Securities Listing Regulations established by the Tokyo Stock Exchange.

(2) Schedule for dividends in kind

Schedule	Details
Wednesday, June 26, 2024	This General Meeting of Shareholders (scheduled)
Friday, September 13, 2024	Date of public notice of the record date (Note) 1
Friday, September 27, 2024	Ex-rights date of the Company's shares
Monday, September 30, 2024	Distribution record date
Tuesday, October 1, 2024	Effective date of dividends in kind / Date of execution of distribution Date from which the distributed shares of Shimadaya can be sold and purchased on the Tokyo Stock Exchange (scheduled date of listing on the Tokyo Stock Exchange)

Notes: 1. In order to identify the shareholders eligible to receive the dividends in kind in the Spin-off, the Company plans to adopt a resolution on August 26, 2024 to establish a distribution record date as follows, after the proposal for the Spin-off is approved at this General Meeting of Shareholders.

- (1) Date of public notice September 13, 2024
(2) Distribution record date September 30, 2024
(3) Method of public notice The public notice will be posted electronically on the Company's website.
<https://melco-hd.jp/koukoku/index.html>

2. The above is the schedule for the dividends in kind and the planned listing of distributed shares of Shimadaya on the Tokyo Stock Exchange. The schedule for the Sale of Shares has not been determined.

(3) Method for dividends in kind

The Company plans to pay dividends in kind, with Monday, September 30, 2024 as the record date, at a ratio of one common share of Shimadaya per common share of the Company held by shareholders who are recorded on the last shareholder list as of the same date.

* For details of the procedures of this matter for shareholders and other general investors, please refer to "Explanation (Q&A) Concerning Dividends in Kind of Subsidiary Shares (Share-Distribution-Type Spin-off) and Change of Specified Subsidiaries" dated today (URL: <https://melco-hd.jp/news/index.html>).

4. Overview of the subsidiary whose status will be changed and that is the issuer of the shares to be distributed in kind (spun-off company) (as of March 31, 2024)

(1) Name	Shimadaya Corporation		
(2) Address	33-11 Ebisu nishi, 1-chome, Shibuya-ku Tokyo, Japan		
(3) Title and name of representative	Kenji Okada, President and CEO		
(4) Business description	Food product business		
(5) Share capital	¥1,000 million		
(6) Date of establishment	March 4, 1949		
(7) Major shareholders and percentage of shareholding	MELCO HOLDINGS INC. 100%		
(8) Total number of issued shares (Note) 1	10,577,900 shares		
(9) Number of dilutive shares due to share acquisition rights	-		
(10) Relationship with the Company	Capital relationship	Wholly owned subsidiary of the Company.	
	Personnel relationship	Hiroyuki Maki, Representative Director of the Company, was concurrently serving as an officer as of the end of the immediately preceding fiscal year and will remain the said position after the Spin-off. There are no other personnel relationships that should be noted.	
	Business relationship	In the immediately preceding fiscal year, the Company had no business relationships with Shimadaya and its group companies.	
	Applicability to the related party	The Company is a related party as the parent company that directly owns this company. Although this company will no longer be a subsidiary of the Company after the Spin-off, the Company will remain a related party as a company that has the same parent company.	
(11) Consolidated operating results and consolidated financial position of this company for the past three years			
Accounting period	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024

Net assets	¥19,732 million	¥19,551 million	¥15,837 million
Total assets	¥28,732 million	¥29,776 million	¥23,889 million
Net assets per share	¥1,865.49	¥1,848.32	¥1,497.26
Net sales	¥31,317 million	¥34,115 million	¥38,973 million
Operating profit	¥2,219 million	¥2,213 million	¥3,353 million
Ordinary profit	¥2,426 million	¥2,377 million	¥3,474 million
Profit attributable to owners of parent	¥1,686 million	¥1,834 million	¥2,524 million
Earnings per share	¥159.42	¥173.43	¥238.70
Dividend per share	¥40	¥40	¥567
(12) Composition of Directors (Note) 2	Norio Kinoshita, Director and Chairperson Kenji Okada, President and CEO Shinichiro Soma, Senior Managing Director Nobuyuki Obara, Managing Director Toshio Sasaki, Managing Director Naoki Soneda, Managing Director Ryuta Sugiyama, Director Tomoyuki Ota, Director Hiroyuki Maki, Director Masaru Kato, Director (Full-time Audit and Supervisory Committee Member) Takashi Fukayama, Outside Director (Audit and Supervisory Committee Member) Yasuyuki Takaki, Outside Director (Audit and Supervisory Committee Member)		
(13) Listing	A preliminary application for initial listing was submitted to the Tokyo Stock Exchange on April 24, 2024. A main application for the initial listing is planned to be submitted to the Tokyo Stock Exchange prior to the implementation of the Spin-off. For details, please refer to “3. Overview of the Spin-off (1) Listing of Shimadaya’s shares” above.		
(14) Major shareholders and percentage of shareholding after the Spin-off (Major shareholders of the Company and percentage of shareholding) (Note) 3	MELCO Group Inc.		46.336%
	Hiroyuki Maki		12.531%
	ECM MF (Standing proxy: Tachibana Securities Co., Ltd.)		9.705%
	The Master Trust Bank of Japan, Ltd. (trust account)		4.295%
	Maki Makoto Foundation		2.993%
	Custody Bank of Japan, Ltd. (trust account)		1.144%
	J.P. MORGAN SECURITIES PLC FOR AND ON BEHALF OF ITS CLIENTS JPMSP RE CLIENT ASSETS-SEGR ACCT (Standing Proxy: Citibank, N.A., Tokyo Branch)		0.972%
	Taiji Iwasaki		0.879%
	Melco Mutual Aid Association		0.673%
	Hiromi Maki		0.474%

- Notes:
- The total number of issued shares as of March 31, 2024, is 10,577,900 shares. In order to make the delivery ratio of Shimadaya’s shares in the Spin-off one common share of Shimadaya per common share of the Company, Shimadaya’s shares will be split so that the total number of issued shares of Shimadaya will match the total number of issued shares of the Company (excluding treasury shares held).
 - This shows the composition of Directors of the subsidiary whose status will be changed, as of today. As of today, Norio Kinoshita, Director and Chairperson of Shimadaya, and Ryuta Sugiyama, Director of Shimadaya, are scheduled to retire from the position of Director of Shimadaya due to the expiration of their terms of office at the Annual General Meeting of Shareholders to be held on June 20, 2024.
 - The dividends in kind under the Spin-off will be paid at a ratio of one share of Shimadaya per common share of the Company held by shareholders who are recorded on the shareholders list as of September 30, 2024, which is the record date. At the time when the Spin-off takes effect, therefore, the composition of Shimadaya’s shareholders as of the implementation of the distribution will be the same as that of the Company’s shareholders as of the record date. For this reason, this shows the Company’s shareholders as of March 31, 2024 for reference. As described in “3. Overview of the Spin-off (1) Listing of Shimadaya’s shares” above, however, the sale of Shimadaya’s shares by existing shareholders will be carried out.

5. Tax treatment for dividends in kind

(1) Taxation on dividends

Since the Spin-off will be conducted on the assumption that it falls under the qualified share distribution as defined in Article 2, Item 12-15-3 of the Corporation Tax Act, the taxation on deemed dividends will not be

applied to shareholders in connection with the dividends in kind of Shimadaya's shares (Article 24, Paragraph 1, Item 3 of the Corporation Tax Act and Article 25, Paragraph 1, Item 3 of the Income Tax Act).

(2) Taxation on capital gains and losses

The Spin-off is a share distribution in which no assets other than shares of the wholly owned subsidiary corporation are delivered, and those shares are delivered in proportion to the ratio of the number of shares of the corporation that makes distribution in kind held by shareholders of the corporation that makes distribution in kind to the total number of issued shares of the corporation that makes distribution in kind. Taxation on capital gains and losses, therefore, does not apply and is deferred (Article 61-2, Paragraph 8 of the Corporation Tax Act, Article 37-10, Paragraph 3, Item 3 of the Act on Special Measures Concerning Taxation, Article 37-11, Paragraph 3 of the same Act).

(3) Tax treatment for the acquisition prices

The acquisition prices of shares of the Company and shares of Shimadaya for shareholders for the purpose of taxation after the Spin-off shall be the prices calculated by the following formulas using the proportion of distributed assets (the proportion prescribed in Article 23, Paragraph 1, Item 3 of the Order for the Enforcement of the Corporation Tax Act and Article 61, Paragraph 2, Item 3 of the Order for Enforcement of the Income Tax Act related to share distribution) (Article 119, Paragraph 1, Item 8 of the Order for the Enforcement of the Corporation Tax Act, Article 113-2, Paragraph 1 of the Order for Enforcement of the Income Tax Act).

The proportion of distributed assets is a proportion calculated by dividing the "book value of Shimadaya's shares immediately prior to the share distribution" by the "amount obtained by subtracting the book value of liabilities from the book value of assets of the Company as of the end of the fiscal year preceding the fiscal year to which the share distribution date belongs (including the amount of increase or decrease in share capital, etc. and certain profit reserves between the end of the previous fiscal year and the time immediately preceding the share distribution)." The approximate value is expected to be about 0.249. At this moment, the proportion of distributed assets is expected to be determined around September 2024. The announcement will be released as soon as it is determined.

Acquisition price per share of Shimadaya (X) = Acquisition price before adjustment per share of the Company (Y) × Proportion of distributed assets

Acquisition price per share of the Company after the Spin-off (Z) = (Y) - (X)

<<Example>> Acquisition price after adjustment assuming that the proportion of distributed assets is 0.249 and in the case that 100 shares of the Company were purchased at ¥3,435 per share (the closing price of the Company's common shares on the Tokyo Stock Exchange Standard Market on April 30, 2024)

Acquisition price of Shimadaya's shares = ¥3,435 × 100 shares × 0.249 = ¥85,500

Acquisition price of the Company's shares after the Spin-off = ¥3,435 × 100 shares - ¥85,500 = ¥258,000

Please note that the adjustment of the acquisition prices is for tax purposes only, and the acquisition prices for tax purposes mentioned above do not mean the values of Shimadaya's shares and the Company's shares after the Spin-off, respectively.

* In the case of corporate shareholders, please replace "acquisition price" with "book value (for tax purposes)" in the calculation.

* The descriptions of tax treatment above do not exhaust the tax procedures, etc. required of shareholders, nor mention the tax treatment in countries other than Japan in relation to the Spin-off. Specific tax procedures and the tax treatment on the side of shareholders may vary depending on the individual circumstances of each shareholder. Please consult with your local tax office, tax accountant, etc. to determine how the Spin-off shall be treated for tax purposes under your own circumstances.

6. Outlook for the future

(1) Status of the Company after the Spin-off (planned)

(1) Name	MELCO HOLDINGS INC.	
(2) Address	1-11-1 Marunouchi, Chiyoda-ku, Tokyo, Japan	
(3) Title and name of representative	Hiroyuki Maki, President and CEO	
(4) Business description	Pure holding company	
(5) Share capital	¥1,000 million (Note) 1	
(6) Net assets	¥60,342 million (Note) 1	
(7) Total assets	¥62,679 million (Note) 1	
(8) Total number of issued shares	16,937,873 shares (Note) 2	
(9) Composition of Directors (Note) 3	Hiroyuki Maki, President and CEO Yoshimasa Nagase, Director Manabu Yano, Director Chisato Nakayama, Director Tamio Matsuo, Director Iwao Tsusaka, Director Daisuke Maki, Director Hiroyuki Miyajima, Outside Director Kumiko Otsuka, Outside Director Masanao Tsuzuki, Director (Full-time Audit and Supervisory Committee Member) Shogo Kimura, Outside Director (Audit and Supervisory Committee Member) Jun Kamiya, Outside Director (Audit and Supervisory Committee Member)	
(10) Listing	The Company's shares will remain listed on the Tokyo Stock Exchange and the Nagoya Stock Exchange.	
(11) Major shareholders of the Company and percentage of shareholding (Note) 4	MELCO Group Inc.	46.336%
	Hiroyuki Maki	12.531%
	ECM MF (Standing proxy: Tachibana Securities Co., Ltd.)	9.705%
	The Master Trust Bank of Japan, Ltd. (trust account)	4.295%
	Maki Makoto Foundation	2.993%
	Custody Bank of Japan, Ltd. (trust account)	1.144%
	J.P. MORGAN SECURITIES PLC FOR AND ON BEHALF OF ITS CLIENTS JPMS RE CLIENT ASSETS-SEGR ACCT (Standing Proxy: Citibank, N.A., Tokyo Branch)	0.972%
	Taiji Iwasaki	0.879%
	Melco Mutual Aid Association	0.673%
	Hiromi Maki	0.474%

Notes: 1. Figures for the Company on a non-consolidated basis. The amount of net assets and the total amount of assets are amounts before taking the decrease due to dividends in kind into account. Please also refer to “8. <<Reference>> Consolidated Financial Statements of the Company Excluding Shimadaya (Unaudited)” below.

2. The number of treasury shares held as of March 31, 2024, 233,526 shares, is not included.

3. This shows the composition of Directors of the Company as of today.

4. This shows the Company's shareholders as of March 31, 2024.

(2) Trading of the Company's shares

If the Spin-off is implemented, shareholders of the Company as of Monday, September 30, 2024, which is the distribution record date, will receive one share of Shimadaya per share of the Company held, and the last cum-rights date will be Thursday, September 26, 2024. The ex-rights date for the Company's shares will be Friday, September 27, 2024, and in theory, the value of the Company's shares will be adjusted by the value of Shimadaya's shares as of the same day. On the other hand, however, the Company's shareholders will receive distribution of Shimadaya's shares on Tuesday, October 1, 2024.

At the time of ex-rights of the Company's shares, since the total numbers of issued shares of the Company and Shimadaya excluding the number of treasury shares held as of the distribution record date will be the same, trading is expected to be carried out on the Tokyo Stock Exchange on Friday, September 27, 2024, using the per share price calculated by the following formula as the Company's base price. The base price refers to a price that is a basis of the daily price limit (a range within which the price can fluctuate during a day) but does not refer to an actual trading price for each trading conducted on Friday, September 27, 2024. The Tokyo Stock Exchange will separately announce the treatment of trading, including the calculation method of the base price.

Base price on the ex-rights date of the Company's shares (Friday, September 27, 2024) = Closing price of shares on the Company's last cum-rights date (Thursday, September 26, 2024) - Interim (forecast) dividend per share at the end of the first half of the fiscal year ending March 31, 2025 - Opening price of Shimadaya's shares

(3) Policy of holding of Shimadaya's shares by the founding family of the Company, who are shareholders of the Company, and the parent company after the Spin-off

Hiroyuki Maki, who is a member of the founding family of the Company and a shareholder of the Company,

and MELCO Group Inc., which is the parent company, have confirmed that they will hold Shimadaya's shares for a medium to long term after the Spin-off in a similar way to shares of the Company in the past. At the time of the Spin-off, however, some of shares held will be sold to improve the liquidity of Shimadaya's shares.

(4) Impact on the Company's operating results

While there will be no change in the operating results of the current Group prior to the Spin-off until the end of September 2024, Shimadaya will no longer be a consolidated subsidiary of the Company after the effective date of the dividends in kind. Accordingly, in the event that the approval at this General Meeting of Shareholders and the listing approval by the Tokyo Stock Exchange are obtained and the Spin-off is implemented, the operating results of the new Group in and after October 2024 will exclude those of the Shimadaya Group. Since the Spin-off is subject to the approval at this General Meeting of Shareholders and the listing approval by the Tokyo Stock Exchange and on condition that such approval is not revoked, etc., the following shows the consolidated earnings forecast for the current Group as a whole (in the case that the Spin-off is not implemented) for the fiscal year ending March 31, 2025, and the consolidated earnings forecast in the case that the Spin-off is implemented.

- Consolidated earnings forecast for the current Group as a whole (in the case that the Spin-off is not implemented) for the fiscal year ending March 31, 2025 (April 1, 2024 through March 31, 2025)

(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 (Note) 1	150,000	2.9	5,800	123.3	5,800	125.2	3,600	19.5	215.51

Note: 1. Since the Spin-off is subject to the approval at this General Meeting of Shareholders and the listing approval by the Tokyo Stock Exchange and on condition that such approval is not revoked, etc., the above shows the consolidated earnings forecast for the Company including that of the Shimadaya Group in the case that the Spin-off is not implemented.

- Consolidated earnings forecast in the case that the Spin-off is implemented for the fiscal year ending March 31, 2025 (April 1, 2024 through March 31, 2025)

	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 (Note) 1	133,000	-	5,200	-	5,200	-	3,400	-	203.54

Note: 1. The above is the consolidated earnings forecast of the Company in the case that the Spin-off is implemented, and the Shimadaya Group is not included in the consolidated earnings forecast of the Company for October 1, 2024 and thereafter. For this reason, the year-on-year changes are not shown.

7. Consolidated financial statements of Shimadaya (unaudited)

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	5,249	3,997
Accounts receivable - trade	4,326	5,645
Merchandise and finished goods	1,033	1,232
Raw materials and supplies	255	243
Deposits paid to subsidiaries and associates	6,300	–
Other	308	159
Allowance for doubtful accounts	(7)	(8)
Total current assets	17,465	11,270
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,438	3,308
Machinery, equipment and vehicles	3,724	3,648
Land	3,026	3,026
Leased assets	30	14
Construction in progress	86	231
Other	145	171
Total property, plant and equipment	10,452	10,401
Intangible assets		
Other	51	71
Total intangible assets	51	71
Investments and other assets		
Investment securities	1,010	1,301
Deferred tax assets	564	607
Other	349	353
Allowance for doubtful accounts	(116)	(116)
Total investments and other assets	1,806	2,146
Total non-current assets	12,311	12,619
Total assets	29,776	23,889

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,584	1,870
Short-term borrowings	4,259	–
Accrued expenses	1,686	2,781
Income taxes payable	84	446
Other	815	1,158
Total current liabilities	8,430	6,255
Non-current liabilities		
Retirement benefit liability	1,523	1,524
Other	270	271
Total non-current liabilities	1,794	1,796
Total liabilities	10,225	8,051
Net assets		
Shareholders' equity		
Share capital	1,000	1,000
Capital surplus	871	871
Retained earnings	17,005	13,110
Total shareholders' equity	18,877	14,981
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	423	607
Revaluation reserve for land	244	244
Remeasurements of defined benefit plans	6	4
Total accumulated other comprehensive income	674	856
Total net assets	19,551	15,837
Total liabilities and net assets	29,776	23,889

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

Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	34,115	38,973
Cost of sales	24,575	27,313
Gross profit	9,539	11,660
Selling, general and administrative expenses	7,326	8,307
Operating profit	2,213	3,353
Non-operating income		
Interest income	3	1
Dividend income	19	22
Other	159	111
Total non-operating income	182	134
Non-operating expenses		
Interest expenses	6	2
Other	11	11
Total non-operating expenses	18	13
Ordinary profit	2,377	3,474
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	10	76
Other	27	–
Total extraordinary income	37	77
Extraordinary losses		
Loss on retirement of non-current assets	67	51
Other	4	–
Total extraordinary losses	72	51
Profit before income taxes	2,343	3,500
Income taxes - current	550	1,100
Income taxes - deferred	(41)	(124)
Total income taxes	508	975
Profit	1,834	2,524
Profit attributable to owners of parent	1,834	2,524

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	1,834	2,524
Other comprehensive income		
Valuation difference on available-for-sale securities	1	184
Revaluation reserve for land	(32)	–
Remeasurements of defined benefit plans, net of tax	(0)	(1)
Total other comprehensive income	(30)	182
Comprehensive income	1,803	2,707
Comprehensive income attributable to owners of parent	1,803	2,707

(3) Consolidated statements of changes in equity

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of period	1,000	871	17,156	19,027
Changes during period				
Dividends of surplus			(423)	(423)
Profit attributable to owners of parent			1,834	1,834
Payment of the difference in the purchase of treasury stock			(1,562)	(1,562)
Net changes in items other than shareholders' equity				–
Total changes during period	–	–	(150)	(150)
Balance at end of period	1,000	871	17,005	18,877

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	421	276	6	705	19,732
Changes during period					
Dividends of surplus					(423)
Profit attributable to owners of parent					1,834
Payment of the difference in the purchase of treasury stock					(1,562)
Net changes in items other than shareholders' equity	1	(32)	0	(30)	(30)
Total changes during period	1	(32)	0	(30)	(181)
Balance at end of period	423	244	6	674	19,551

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of period	1,000	871	17,005	18,877
Changes during period				
Dividends of surplus			(6,420)	(6,420)
Profit attributable to owners of parent			2,524	2,524
Net changes in items other than shareholders' equity				
Total changes during period	–	–	(3,895)	(3,895)
Balance at end of period	1,000	871	13,110	14,981

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	423	244	6	674	19,551
Changes during period					
Dividends of surplus					(6,420)
Profit attributable to owners of parent					2,524
Net changes in items other than shareholders' equity	184	–	(1)	182	182
Total changes during period	184	–	(1)	182	(3,713)
Balance at end of period	607	244	4	856	15,837

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	2,343	3,500
Depreciation	1,412	1,398
Increase (decrease) in retirement benefit liability	(7)	1
Increase (decrease) in allowance for doubtful accounts	(0)	0
Interest and dividend income	(23)	(23)
Interest expenses	6	2
Loss (gain) on sale of property, plant and equipment	(0)	(0)
Loss on retirement of property, plant and equipment	67	51
Loss (gain) on sale of investment securities	(10)	(76)
Decrease (increase) in trade receivables	(523)	(1,319)
Decrease (increase) in inventories	(255)	(187)
Decrease (increase) in other assets	(27)	41
Increase (decrease) in trade payables	239	255
Increase (decrease) in other payables	(59)	1,339
Other, net	(67)	11
Subtotal	3,094	4,993
Interest and dividends received	23	24
Interest paid	(6)	(2)
Proceeds from insurance income	44	–
Income taxes paid	(436)	(469)
Income taxes refund	66	104
Net cash provided by (used in) operating activities	2,786	4,650
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,382)	(1,503)
Proceeds from sale of property, plant and equipment	0	0
Purchase of intangible assets	(18)	(41)
Purchase of investment securities	(27)	(29)
Proceeds from sale of investment securities	34	81
Decrease (increase) in deposits paid to subsidiaries and associates	(4,500)	6,300
Other, net	(2)	(3)
Net cash provided by (used in) investing activities	(5,896)	4,804

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,560	(4,160)
Repayments of long-term borrowings	(861)	(99)
Repayments of lease liabilities	(32)	(26)
Dividends paid	(423)	(6,420)
Payment of the difference in the purchase of treasury stock	(1,562)	—
Net cash provided by (used in) financing activities	(1,319)	(10,706)
Net increase (decrease) in cash and cash equivalents	(4,429)	(1,251)
Cash and cash equivalents at beginning of period	9,679	5,249
Cash and cash equivalents at end of period	5,249	3,997

8. <<Reference>> Consolidated Financial Statements of the Company Excluding Shimadaya (Unaudited)

The proforma data have been prepared by the Company in accordance with accounting standards adopted by the Company for the purpose of providing information to the general public. Accordingly, Tokai Audit Corporation, which is the Company's auditing firm, has inspected but not audited the data.

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	15,257	25,961
Notes receivable - trade	68	51
Accounts receivable - trade	12,299	14,833
Merchandise and finished goods	14,251	13,551
Raw materials and supplies	6,881	6,652
Accounts receivable - other	1,710	980
Advance payments to suppliers	1,158	564
Income taxes refund receivable	2,098	211
Consumption taxes refund receivable	654	769
Other	4,834	1,265
Allowance for doubtful accounts	(0)	(0)
Total current assets	59,213	64,842
Non-current assets		
Property, plant and equipment		
Buildings and structures	690	693
Accumulated depreciation	(426)	(450)
Buildings and structures, net	263	243
Machinery, equipment and vehicles	155	167
Accumulated depreciation	(100)	(117)
Machinery, equipment and vehicles, net	55	50
Tools, furniture and fixtures	3,228	3,452
Accumulated depreciation	(2,800)	(3,113)
Tools, furniture and fixtures, net	428	339
Land	425	434
Construction in progress	16	16
Total property, plant and equipment	1,188	1,083
Intangible assets		
Other	3,342	3,633
Total intangible assets	3,342	3,633
Investments and other assets		
Investment securities	9,385	2,439
Deferred tax assets	1,081	512
Other	492	482
Allowance for doubtful accounts	(8)	(26)
Total investments and other assets	10,951	3,408
Total non-current assets	15,482	8,126
Total assets	74,696	72,969

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,003	12,343
Electronically recorded obligations - operating	742	1,263
Accrued expenses	1,214	1,134
Income taxes payable	218	302
Accounts payable - other	2,346	2,796
Contract liabilities	4,432	4,680
Deposits received	7,564	113
Provision for bonuses for directors (and other officers)	15	7
Provision for product warranties	74	67
Other	316	350
Total current liabilities	29,929	23,059
Non-current liabilities		
Deferred tax liabilities	22	169
Retirement benefit liability	638	169
Provision for retirement benefits for directors (and other officers)	501	790
Provision for recycles	140	139
Other	10	14
Total non-current liabilities	1,312	1,282
Total liabilities	31,242	24,342
Net assets		
Shareholders' equity		
Share capital	1,000	1,000
Capital surplus	250	250
Retained earnings	42,093	46,994
Treasury shares	(267)	(756)
Total shareholders' equity	43,076	47,487
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	606	842
Deferred gains or losses on hedges	31	150
Foreign currency translation adjustment	(31)	(4)
Remeasurements of defined benefit plans	(229)	151
Total accumulated other comprehensive income	377	1,139
Total net assets	43,453	48,626
Total liabilities and net assets	74,696	72,969

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

Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	108,466	106,801
Cost of sales	82,013	82,387
Gross profit	26,452	24,413
Selling, general and administrative expenses	24,142	25,167
Operating profit	2,310	(753)
Non-operating income		
Interest income	0	0
Dividend income	93	60
Share of profit of entities accounted for using equity method	147	–
Other	54	92
Total non-operating income	295	153
Non-operating expenses		
Interest expenses	4	1
Foreign exchange losses	220	188
Share of loss of entities accounted for using equity method	–	26
Commission expenses	6	5
Depreciation	2	2
Other	62	75
Total non-operating expenses	297	300
Ordinary profit	2,308	(900)
Extraordinary income		
Gain on sale of investment securities	–	23
Gain on sale of shares of subsidiaries and associates	–	1,997
Gain on reversal of share acquisition rights	22	–
Total extraordinary income	22	2,021
Extraordinary losses		
Loss on retirement of non-current assets	9	11
Loss on valuation of investment securities	166	–
Loss on litigation	410	–
Total extraordinary losses	586	11
Profit before income taxes	1,745	1,109
Income taxes - current	756	764
Income taxes - deferred	(267)	(142)
Total income taxes	489	621
Profit	1,255	487
Profit attributable to owners of parent	1,255	487

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	1,255	487
Other comprehensive income		
Valuation difference on available-for-sale securities	4	231
Deferred gains or losses on hedges	(212)	119
Foreign currency translation adjustment	46	83
Remeasurements of defined benefit plans, net of tax	106	347
Share of other comprehensive income of entities accounted for using equity method	3	(19)
Total other comprehensive income	(50)	762
Comprehensive income	1,204	1,249
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,204	1,249

(3) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	1,745	1,109
Depreciation	842	1,673
Increase (decrease) in provision for product warranties	(5)	(7)
Interest and dividend income	(93)	(60)
Share of loss (profit) of entities accounted for using equity method	(147)	26
Interest expenses	4	1
Loss on litigation	410	–
Loss (gain) on sale of shares of subsidiaries and associates	–	(1,997)
Loss (gain) on sale of investment securities	–	(23)
Loss (gain) on valuation of investment securities	166	–
Gain on reversal of share acquisition rights	(22)	–
Increase (decrease) in retirement benefit liability	(126)	(474)
Decrease (increase) in trade receivables	747	(1,691)
Decrease (increase) in inventories	(307)	1,010
Increase (decrease) in trade payables	610	(714)
Other, net	(2,511)	2,656
Subtotal	1,312	1,507
Interest and dividends received	494	463
Interest paid	(3)	(2)
Payments for loss on litigation	(410)	–
Income taxes paid	(3,811)	(2,070)
Income taxes refund	58	2,103
Net cash provided by (used in) operating activities	(2,361)	2,001
Cash flows from investing activities		
Purchase of property, plant and equipment	(474)	(550)
Proceeds from sale of property, plant and equipment	12	5
Purchase of intangible assets	(2,027)	(1,437)
Proceeds from sale of shares of subsidiaries and associates	–	8,811
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	91	–
Purchase of short-term and long-term investment securities	(6,838)	(1)
Proceeds from sale and redemption of short-term and long-term investment securities	13,377	49
Effect of exclusion of Shimadaya Corporation from consolidation	3,363	4,280
Other, net	–	(15)
Net cash provided by (used in) investing activities	7,504	11,142
Cash flows from financing activities		
Purchase of treasury shares	(57)	(489)
Dividends paid	(2,024)	(2,017)
Net cash provided by (used in) financing activities	(2,082)	(2,506)
Effect of exchange rate change on cash and cash equivalents	40	66
Net increase (decrease) in cash and cash equivalents	3,101	10,703
Cash and cash equivalents at beginning of period	12,155	15,257
Cash and cash equivalents at end of period	15,257	25,961

Note: This document was prepared for the sole purpose of providing information on the Spin-off to the general public, and not for the purpose of soliciting investment or offering any securities of the Company or its subsidiaries, whether in Japan or overseas.