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Melco International Development Limited

(Incorporated in Hong Kong with limited liability)

Website : www.melco-group.com

(Stock Code : 200)

ANNOUNCEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2022 AND SHARE REPURCHASE (DISCLOSEABLE TRANSACTION)

**BY A LISTED SUBSIDIARY
— MELCO RESORTS & ENTERTAINMENT LIMITED**

This is not an announcement of the financial results of Melco International Development Limited (the “Company”, together with its subsidiaries, the “Group”). This announcement is made by the Company pursuant to the requirements of Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Inside Information Provisions of Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) to provide shareholders of the Company with information in respect of the financial results of a listed subsidiary of the Company, Melco Resorts & Entertainment Limited (“Melco Resorts”), which has released its unaudited financial results for the first quarter ended 31 March 2022 on 5 May 2022, and with information regarding share repurchases by Melco Resorts.

The First Quarter 2022 Results of Melco Resorts

Melco Resorts, a listed subsidiary of the Company, whose American depositary shares are listed on the Nasdaq Global Select Market in the United States, has released its unaudited financial results for the first quarter ended 31 March 2022 on 5 May 2022.

The Share Repurchase

The Company is notified by Melco Resorts that Melco Resorts has, pursuant to the Share Repurchase Program announced on 2 June 2021 and since the adoption of which, repurchased a total of 9,247,767 ADSs (equivalent to 27,743,301 Melco Resorts Shares) on the open market, for an aggregate consideration (before expenses) of approximately US\$79 million (equivalent to approximately HK\$616.2 million). As one or more of the applicable percentage ratios in respect of the Share Repurchase is 5% or more but all the applicable percentage ratios are less than 25%, the Share Repurchase is a discloseable transaction for the Company and subject to the reporting and announcement requirements applicable to a discloseable transaction under Chapter 14 of the Listing Rules.

THE FIRST QUARTER 2022 RESULTS OF MELCO RESORTS

Melco Resorts, a listed subsidiary of the Company, whose American depositary shares (“ADSs”) are listed on the Nasdaq Global Select Market in the United States, has released its unaudited financial results for the first quarter ended 31 March 2022 on 5 May 2022 (the “**Melco Resorts’ Earnings Release**”). Extracts of the unaudited financial results of Melco Resorts are provided below.

Total operating revenues for the first quarter of 2022 were US\$474.9 million, representing a decrease of approximately 8% from US\$518.9 million for the comparable period in 2021. The decrease in total operating revenues was primarily attributable to heightened border restrictions in Macau related to COVID-19 which led to softer performance in the mass market table games segment.

Operating loss for the first quarter of 2022 was US\$135.9 million, compared with operating loss of US\$162.8 million in the first quarter of 2021.

Melco Resorts generated Adjusted Property EBITDA (i.e. net income/loss before interest, taxes, depreciation, amortization, pre-opening costs, development costs, property charges and other, share-based compensation, payments to the Philippine parties under the cooperative arrangement (the “**Philippine Parties**”), land rent to Belle Corporation, corporate and other expenses and other non-operating income and expenses) of US\$56.0 million in the first quarter of 2022, compared with Adjusted Property EBITDA of US\$30.1 million in the first quarter of 2021.

Net loss attributable to Melco Resorts for the first quarter of 2022 was US\$183.3 million, or US\$0.39 per ADS, compared with net loss attributable to Melco Resorts of US\$232.9 million, or US\$0.49 per ADS, in the first quarter of 2021. The net loss attributable to non-controlling interests was US\$38.6 million and US\$44.6 million during the first quarters of 2022 and 2021, respectively, all of which were related to Studio City, City of Dreams Manila, and the Cyprus Operations.

Other Factors Affecting Earnings

Total net non-operating expenses for the first quarter of 2022 were US\$84.0 million, which mainly included interest expenses of US\$87.1 million, net of amounts capitalized.

Depreciation and amortization costs of US\$141.3 million were recorded in the first quarter of 2022, of which US\$14.3 million related to the amortization expense for gaming subconcession of Melco Resorts and US\$5.7 million related to the amortization expense for the land use rights.

Financial Position and Capital Expenditures

Total cash and bank balances as of 31 March 2022 aggregated to US\$1.90 billion, including US\$0.4 million of restricted cash. Total debt, net of unamortized deferred financing costs and original issue premiums, was US\$7.07 billion at the end of the first quarter of 2022.

Approximately 3.9 million ADSs were repurchased in the first quarter of 2022, for a total consideration of US\$27 million.

Capital expenditures for the first quarter of 2022 were US\$151.5 million, which primarily related to the construction projects at Studio City Phase 2 and City of Dreams Mediterranean.

Recent Developments

Uncertainty around COVID-19 outbreaks and related restrictions continue to have a material effect on Melco Resorts' operations, financial position, and future prospects into the second quarter of 2022.

In Macau, Melco Resorts' operations remain impacted by travel restrictions and quarantine requirements. A stream of COVID-19 outbreaks in China in mid-January 2022 led to a tightening of border controls for entry from Guangdong province and a reduction in the validity period of a negative COVID test from 7 days to 48 hours. Shortly thereafter, the validity period was further reduced to 24 hours until the end of January. The validity period increased to 48 hours until mid-March when it was reduced back to 24 hours in response to increasing COVID-19 cases in China. This restriction remained in place until 20 April 2022, when the Macau government increased the negative COVID test validity period for entry from Guangdong province back up to 48 hours, and then to 72 hours on 25 April 2022.

In the Philippines, the government announced a re-opening of the Philippines' borders to fully vaccinated international tourists with a negative RT-PCR test taken within 48 hours of departure of their country of origin, effective 10 February 2022, and lowered COVID-19 restrictions to alert level 1 starting from 1 March 2022 which has allowed casinos to operate at 100% capacity, subject to certain guidelines.

In Cyprus, with a surge in COVID-19 cases, authorities stepped up COVID-19 restrictions from the end of December 2021 by reducing the capacity at certain venues and increasing restrictions for unvaccinated people. However, such restrictions were eased from 21 February 2022 and travel restrictions into Cyprus were further eased on 18 April 2022. Melco Resorts' casinos remained open during the period and are currently still subject to certain COVID-19 health and safety measures.

Unaudited Condensed Consolidated Statements of Operations and Condensed Consolidated Balance Sheets

The unaudited condensed consolidated statements of operations for the three months ended 31 March 2022 and 31 March 2021 and the condensed consolidated balance sheets as at 31 March 2022 (unaudited) and 31 December 2021 (audited) of Melco Resorts and its subsidiaries are provided below:

Melco Resorts & Entertainment Limited and Subsidiaries
Condensed Consolidated Statements of Operations (Unaudited)
(In thousands of U.S. dollars, except share and per share data)

	Three Months Ended	
	31 March	
	2022	2021
Operating revenues:		
Casino	\$ 395,075	\$ 433,796
Rooms	36,509	39,680
Food and beverage	24,328	26,051
Entertainment, retail and other	19,033	19,395

Total operating revenues	<u>474,945</u>	<u>518,922</u>
Operating costs and expenses:		
Casino	(307,383)	(366,929)
Rooms	(12,964)	(12,839)
Food and beverage	(23,821)	(24,122)
Entertainment, retail and other	(5,988)	(7,704)
General and administrative	(101,223)	(108,160)
Payments to the Philippine Parties	(7,215)	(10,625)
Pre-opening costs	(2,355)	(997)
Development costs	-	(3,519)
Amortization of gaming subconcession	(14,254)	(14,342)
Amortization of land use rights	(5,682)	(5,717)
Depreciation and amortization	(121,356)	(121,040)
Property charges and other	<u>(8,601)</u>	<u>(5,724)</u>
Total operating costs and expenses	<u>(610,842)</u>	<u>(681,718)</u>
Operating loss	<u>(135,897)</u>	<u>(162,796)</u>
Non-operating income (expenses):		
Interest income	990	2,025
Interest expenses, net of amounts capitalized	(87,087)	(90,642)
Other financing costs	(1,343)	(2,487)
Foreign exchange gains, net	2,778	5,199
Other income, net	688	673
Loss on extinguishment of debt	<u>-</u>	<u>(28,817)</u>
Total non-operating expenses, net	<u>(83,974)</u>	<u>(114,049)</u>
Loss before income tax	(219,871)	(276,845)
Income tax expense	<u>(1,973)</u>	<u>(664)</u>
Net loss	(221,844)	(277,509)

Net loss attributable to noncontrolling interests	<u>38,560</u>	<u>44,601</u>
Net loss attributable to Melco Resorts & Entertainment Limited	\$ <u>(183,284)</u>	\$ <u>(232,908)</u>
Net loss attributable to Melco Resorts & Entertainment Limited per share:		
Basic	\$ <u>(0.129)</u>	\$ <u>(0.163)</u>
Diluted	\$ <u>(0.129)</u>	\$ <u>(0.163)</u>
Net loss attributable to Melco Resorts & Entertainment Limited per ADS:		
Basic	\$ <u>(0.387)</u>	\$ <u>(0.488)</u>
Diluted	\$ <u>(0.388)</u>	\$ <u>(0.488)</u>
Weighted average shares outstanding used in net loss attributable to Melco Resorts & Entertainment Limited per share calculation:		
Basic	<u>1,422,175,108</u>	<u>1,432,289,789</u>
Diluted	<u>1,422,175,108</u>	<u>1,432,289,789</u>

Note: The negative Adjusted EBITDA for Studio City for the three months ended 31 March 2022 referred to in the Melco Resorts' Earnings Release was US\$9.4 million less than the negative Adjusted EBITDA of Studio City contained in the earnings release for Studio City International Holdings Limited ("SCIHL") dated 5 May 2022 (the "**Studio City Earnings Release**"). The Adjusted EBITDA of Studio City contained in the Studio City Earnings Release includes certain intercompany charges that are not included in the Adjusted EBITDA for Studio City contained in the Melco Resorts' Earnings Release. Such intercompany charges include, among other items, fees and shared service charges billed between SCIHL and its subsidiaries and certain subsidiaries of Melco Resorts. Additionally, Adjusted EBITDA of Studio City included in the Melco Resorts' Earnings Release does not reflect certain intercompany costs related to the table games operations at Studio City Casino.

Melco Resorts & Entertainment Limited and Subsidiaries
Condensed Consolidated Balance Sheets
(In thousands of U.S. dollars, except share and per share data)

	31 March 2022	31 December 2021
	<u>(Unaudited)</u>	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,899,045	\$ 1,652,890
Restricted cash	289	285
Accounts receivable, net	54,274	54,491
Amounts due from affiliated companies	430	384
Inventories	28,903	29,589
Prepaid expenses and other current assets	114,385	109,330
Assets held for sale	<u>26,832</u>	<u>21,777</u>
Total current assets	<u>2,124,158</u>	<u>1,868,746</u>
Property and equipment, net	5,905,460	5,910,684
Gaming subconcession, net	12,742	27,065
Intangible assets, net	49,014	51,547
Goodwill	81,418	81,721
Long-term prepayments, deposits and other assets	171,844	177,142
Restricted cash	142	140
Deferred tax assets, net	2,711	4,029
Operating lease right-of-use assets	72,614	68,034
Land use rights, net	<u>686,340</u>	<u>694,582</u>
Total assets	<u>\$ 9,106,443</u>	<u>\$ 8,883,690</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 6,922	\$ 5,992

Accrued expenses and other current liabilities	781,872	935,483
Income tax payable	9,889	11,913
Operating lease liabilities, current	15,055	16,771
Finance lease liabilities, current	52,849	48,551
Current portion of long-term debt, net	128	128
Amounts due to affiliated companies	1,799	1,548
Liabilities related to assets held for sale	<u>1,571</u>	<u>1,497</u>
Total current liabilities	<u>870,085</u>	<u>1,021,883</u>
Long-term debt, net	7,073,660	6,559,854
Other long-term liabilities	32,322	30,520
Deferred tax liabilities, net	41,132	41,030
Operating lease liabilities, non-current	68,347	62,889
Finance lease liabilities, non-current	<u>334,452</u>	<u>347,629</u>
Total liabilities	<u>8,419,998</u>	<u>8,063,805</u>
Equity:		
Ordinary shares, par value \$0.01; 7,300,000,000 shares authorized; 1,456,547,942 and 1,456,547,942 shares issued; 1,417,283,554 and 1,423,370,314 shares outstanding, respectively	14,565	14,565
Treasury shares, at cost; 39,264,388 and 33,177,628 shares, respectively	(137,241)	(132,856)
Additional paid-in capital	3,231,969	3,238,600
Accumulated other comprehensive losses	(102,257)	(76,008)
Accumulated losses	<u>(2,982,636)</u>	<u>(2,799,555)</u>
Total Melco Resorts & Entertainment Limited shareholders' equity	24,400	244,746
Noncontrolling interests	<u>662,045</u>	<u>575,139</u>
Total equity	<u>686,445</u>	<u>819,885</u>
Total liabilities and equity	\$ <u><u>9,106,443</u></u>	\$ <u><u>8,883,690</u></u>

The full text of the Melco Resorts' Earnings Release has been posted on the Company's website at www.melco-group.com and on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk, as an overseas regulatory announcement, for the information of the Company's shareholders.

THE SHARE REPURCHASE

Reference is made to an announcement of the Company dated 2 June 2021 in relation to the share repurchase program (the "**Share Repurchase Program**") of Melco Resorts, pursuant to which Melco Resorts is permitted to purchase up to US\$500 million of its ordinary shares ("**Melco Resorts Shares**", and three of which are equivalent to one ADS) over a three-year period commencing from 2 June 2021, details of which are more particularized in the Company's announcement dated 2 June 2021.

The Company is notified by Melco Resorts that Melco Resorts has, pursuant to the Share Repurchase Program announced on 2 June 2021 and since the adoption of which, repurchased a total of 9,247,767 ADSs (equivalent to 27,743,301 Melco Resorts Shares) on the open market (the "**Share Repurchase**"), for an aggregate consideration (before expenses) of approximately US\$79 million (equivalent to approximately HK\$616.2 million) (the "**Consideration**").

The consideration for the Share Repurchase was determined by reference to the prevailing market prices of the ADSs repurchased. To the best of the knowledge, information and belief of the directors of the Company (the "**Directors**") having made all reasonable enquiry, the selling shareholders of the ADSs repurchased and their ultimate beneficial owners are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

The Consideration was paid by Melco Resorts in full and in cash, and financed by the Group's available liquidity sources.

Melco Resorts has yet to decide whether the Melco Resorts Shares repurchased under the Share Repurchase will be cancelled or held as treasury shares for future re-issuance. The repurchased shares currently remain registered in the name of a nominee of Deutsche Bank Trust Company Americas, as depositary in respect of Melco Resorts' ADS program. The Share Repurchase has not affected the percentage of Melco Resorts' issued share capital indirectly held by the Company as at the date of this announcement. If the Melco Resorts Shares repurchased under the Share Repurchase were cancelled, the Company's indirect holding of Melco Resorts' outstanding share capital would increase to approximately 56.88%.

Reasons for and Benefits of the Share Repurchase

The Share Repurchase reflects the confidence of the Company in Melco Resorts' long-term strategy and growth prospects.

The Directors (including the independent non-executive Directors) consider that the terms of the Share Repurchase are fair and reasonable, and that the Share Repurchase is on normal commercial terms or better (as far as the Company is concerned), in the ordinary and usual course of business of the Group, and in the interests of the Company and its shareholders as a whole.

Information about the Company and Melco Resorts

The Company, through its subsidiaries, is principally engaged in leisure, gaming and entertainment, and other investments.

Melco Resorts is a listed subsidiary of the Company, whose ADSs are listed on the Nasdaq Global Select Market in the United States. Melco Resorts, through its subsidiaries, is principally engaged in businesses in the leisure, gaming and entertainment sectors.

For the financial year ended 31 December 2021, Melco Resorts' audited loss before taxation was approximately US\$953,579,000 (equivalent to approximately HK\$7,437,916,200) and Melco Resorts' audited loss after taxation was approximately US\$956,464,000 (equivalent to approximately HK\$7,460,419,200).

For the financial year ended 31 December 2020, Melco Resorts' audited loss before taxation was approximately US\$1,457,527,000 (equivalent to approximately HK\$11,368,710,600) and Melco Resorts' audited loss after taxation was approximately US\$1,454,614,000 (equivalent to approximately HK\$11,345,989,200).

As at 31 December 2021, Melco Resorts' audited net asset value was approximately US\$819,885,000 (equivalent to approximately HK\$6,395,103,000).

Implications under the Listing Rules

As one or more of the applicable percentage ratios in respect of the Share Repurchase is 5% or more but all the applicable percentage ratios are less than 25%, the Share Repurchase is a discloseable transaction for the Company and subject to the reporting and announcement requirements applicable to a discloseable transaction under Chapter 14 of the Listing Rules.

By Order of the Board of
Melco International Development Limited
Leung Hoi Wai, Vincent
Company Secretary

Hong Kong, 5 May 2022

Unless stated otherwise, translations of quoted currency values are made on an approximate basis and at the rate of US\$1.00 = HK\$7.80. Percentages and figures expressed have been rounded.

As at the date of this announcement, the Directors comprises three Executive Directors, namely Mr. Ho, Lawrence Yau Lung (Chairman and Chief Executive Officer), Mr. Evan Andrew Winkler (President and Managing Director) and Mr. Chung Yuk Man, Clarence; one Non-executive Director, namely Mr. Ng Ching Wo; and three Independent Non-executive Directors, namely Mr. John William Crawford, Mr. Tsui Che Yin, Frank and Ms. Karuna Evelyne Shinsho.