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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 SECOND QUARTER ENDED 30 JUNE 2022 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 second quarter ended 30 June 2022 on 18 August 2022.

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 second quarter ended 30 June 2022 on 18 August 2022 (the “**Melco Resorts’ Earnings Release**”). Extracts of the unaudited financial results of Melco Resorts are provided below.

The Second Quarter 2022 Results of Melco Resorts

Total operating revenues for the second quarter of 2022 were US\$296.1 million, representing a decrease of approximately 48% from US\$566.4 million for the comparable period in 2021. The decrease in total operating revenues was primarily attributable to heightened border restrictions in Macau and mainland China related to COVID-19, which led to softer performance in the rolling chip and mass market table games segments.

Operating loss for the second quarter of 2022 was US\$209.2 million, compared with operating loss of US\$128.1 million in the second quarter of 2021.

Melco Resorts generated negative 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\$13.8 million in the

second quarter of 2022, compared with Adjusted Property EBITDA of US\$79.1 million in the second quarter of 2021.

Net loss attributable to Melco Resorts for the second quarter of 2022 was US\$251.5 million, or US\$0.53 per ADS, compared with net loss attributable to Melco Resorts of US\$185.7 million, or US\$0.39 per ADS, in the second quarter of 2021. The net loss attributable to non-controlling interests was US\$43.2 million and US\$34.8 million during the second 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 second quarter of 2022 were US\$84.9 million, which mainly included interest expenses of US\$91.2 million, net of amounts capitalized, partially offset by interest income of US\$7.2 million.

Depreciation and amortization costs of US\$136.7 million were recorded in the second quarter of 2022, of which US\$12.8 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 30 June 2022 aggregated to US\$1.65 billion, including US\$0.4 million of restricted cash. Total debt, net of unamortized deferred financing costs and original issue premiums, was US\$7.33 billion at the end of the second quarter of 2022.

Available liquidity, including cash and undrawn revolving credit facilities, as of 30 June 2022, was US\$2.8 billion. On 16 August 2022, MCO Nominee One Limited (the “**Borrower**”), a subsidiary of Melco Resorts, received confirmation that the majority of lenders of the Borrower’s credit facilities agreement dated 29 April 2020, (the “**2020 Credit Facilities Agreement**”) have consented and agreed to a waiver extension of the financial condition covenants contained therein, being the interest cover ratio (the ratio of consolidated EBITDA to consolidated net finance charges), the senior leverage ratio (the ratio of consolidated total debt to consolidated EBITDA) and the total leverage ratio (the ratio of consolidated total debt to consolidated EBITDA). The existing waiver remains valid in respect of the relevant periods ending on the 31 December 2022 test date, and the waiver extension granted extends that waiver for all relevant periods to and including the 31 March 2024 test date. The Borrower has paid a customary fee to all consenting lenders in relation to such consent and such consent has become effective upon receipt of the consent fee by the facility agent.

Approximately 1.7 million ADSs were repurchased in the second quarter of 2022, for a total consideration of approximately US\$8 million.

Capital expenditures for the second quarter of 2022 were US\$167.7 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 third quarter of 2022.

In Macau, Melco Resorts' operations remain significantly impacted by travel restrictions and quarantine requirements. On 23 June 2022, the Macau government issued a closure order for entertainment venues which did not include casinos. Effective from 11 July 2022, the Macau government issued a further order whereby from 11 July until 18 July 2022 all entities performing industrial and commercial activities, including gaming activities, were required to suspend operation, except for those in categories of activity deemed essential to the community and to the day-to-day lives of the members of the public. These restrictions were further extended until 23 July 2022 and Melco Resorts' casinos were closed for a total of 12 days. From 23 July 2022, Melco Resorts was able to resume its operations, subject to strict health and pandemic prevention requirements. From 2 August 2022, all restrictions were lifted, subject to certain guidelines set by Macau's Center for Disease Control and Prevention. The validity of nucleic acid tests to enter Macau vary from time to time and is currently set at 48 hours for entry from Zhuhai, and non-Macau resident individuals who are not residents of Taiwan, Hong Kong, or the PRC continue to be unable to enter Macau, except if they are eligible and have been approved for an exemption.

As of 30 May 2022, restrictions for inbound travelers into the Philippines have been eased and negative RT-PCR test results are no longer required for those people that are fully vaccinated. Furthermore, in Cyprus, as of 1 June 2022, passengers travelling to Cyprus are not required to present any sort of vaccination or recovery certificate, nor a negative COVID-19 test result. Although travel restrictions have eased in the Philippines and Cyprus, COVID-19 cases have been increasing in recent weeks, and the respective governments are closely observing the situation.

Uncertainty around COVID-19 outbreaks is expected to continue for at least the remainder of 2022 with travel bans or restrictions, visa restrictions and quarantine requirements being key factors impacting 2022 performance.

Unaudited Condensed Consolidated Statements of Operations and Condensed Consolidated Balance Sheets

The unaudited condensed consolidated statements of operations for the three months ended 30 June 2022 and six months ended 30 June 2022 and the condensed consolidated balance sheets as at 30 June 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		Six Months Ended	
	30 June		30 June	
	2022	2021	2022	2021
Operating revenues:				
Casino	\$ 231,893	\$ 478,638	\$ 626,968	\$ 912,434
Rooms	26,792	39,727	63,301	79,407
Food and beverage	19,937	25,444	44,265	51,495
Entertainment, retail and other	17,485	22,631	36,518	42,026
Total operating revenues	<u>296,107</u>	<u>566,440</u>	<u>771,052</u>	<u>1,085,362</u>
Operating costs and expenses:				
Casino	(204,403)	(369,826)	(511,786)	(736,755)
Rooms	(11,230)	(12,839)	(24,194)	(25,678)
Food and beverage	(19,991)	(23,686)	(43,812)	(47,808)
Entertainment, retail and other	(5,703)	(8,294)	(11,691)	(15,998)
General and administrative	(102,441)	(106,230)	(203,664)	(214,390)
Payments to the Philippine Parties	(11,246)	(6,468)	(18,461)	(17,093)
Pre-opening costs	(3,247)	(1,127)	(5,602)	(2,124)
Development costs	-	(3,812)	-	(7,331)
Amortization of gaming subconcession	(12,834)	(14,341)	(27,088)	(28,683)
Amortization of land use rights	(5,655)	(5,717)	(11,337)	(11,434)
Depreciation and amortization	(118,237)	(126,889)	(239,593)	(247,929)
Property charges and other	(10,298)	(15,268)	(18,899)	(20,992)
Total operating costs and expenses	<u>(505,285)</u>	<u>(694,497)</u>	<u>(1,116,127)</u>	<u>(1,376,215)</u>
Operating loss	<u>(209,178)</u>	<u>(128,057)</u>	<u>(345,075)</u>	<u>(290,853)</u>
Non-operating income (expenses):				
Interest income	7,221	1,556	8,211	3,581
Interest expenses, net of amounts capitalized	(91,221)	(87,067)	(178,308)	(177,709)
Other financing costs	(2,341)	(3,993)	(3,684)	(6,480)

Foreign exchange gains (losses), net	584	(3,590)	3,362	1,609
Other income, net	880	958	1,568	1,631
Loss on extinguishment of debt	-	-	-	(28,817)
Total non-operating expenses, net	(84,877)	(92,136)	(168,851)	(206,185)
Loss before income tax	(294,055)	(220,193)	(513,926)	(497,038)
Income tax expense	(617)	(327)	(2,590)	(991)
Net loss	(294,672)	(220,520)	(516,516)	(498,029)
Net loss attributable to noncontrolling interests	43,213	34,835	81,773	79,436
Net loss attributable to Melco Resorts & Entertainment Limited	<u>\$ (251,459)</u>	<u>\$ (185,685)</u>	<u>\$ (434,743)</u>	<u>\$ (418,593)</u>
Net loss attributable to Melco Resorts & Entertainment Limited per share:				
Basic	<u>\$ (0.177)</u>	<u>\$ (0.129)</u>	<u>\$ (0.306)</u>	<u>\$ (0.292)</u>
Diluted	<u>\$ (0.177)</u>	<u>\$ (0.129)</u>	<u>\$ (0.306)</u>	<u>\$ (0.292)</u>
Net loss attributable to Melco Resorts & Entertainment Limited per ADS:				
Basic	<u>\$ (0.531)</u>	<u>\$ (0.387)</u>	<u>\$ (0.917)</u>	<u>\$ (0.875)</u>
Diluted	<u>\$ (0.531)</u>	<u>\$ (0.387)</u>	<u>\$ (0.919)</u>	<u>\$ (0.875)</u>
Weighted average shares outstanding used in net loss attributable to Melco Resorts & Entertainment Limited per share calculation:				
Basic	<u>1,421,443,946</u>	<u>1,437,822,956</u>	<u>1,421,807,507</u>	<u>1,435,071,657</u>
Diluted	<u>1,421,443,946</u>	<u>1,437,822,956</u>	<u>1,421,807,507</u>	<u>1,435,071,657</u>

Note: The negative Adjusted EBITDA for Studio City for the three months ended 30 June 2022 referred to in the Melco Resorts' Earnings Release was US\$9.1 million less than the negative Adjusted EBITDA of Studio City contained in the earnings release for Studio City International Holdings Limited ("**SCIHL**") dated 18 August 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)

	30 June 2022	31 December 2021
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,646,321	\$ 1,652,890
Restricted cash	287	285
Accounts receivable, net	49,590	54,491
Receivables from affiliated companies	205,556	384
Inventories	28,283	29,589
Prepaid expenses and other current assets	95,121	109,330
Assets held for sale	26,043	21,777
Total current assets	2,051,201	1,868,746
Property and equipment, net	5,889,382	5,910,684
Gaming subconcession, net	5,688	27,065
Intangible assets, net	46,627	51,547
Goodwill	81,211	81,721
Long-term prepayments, deposits and other assets	179,112	177,142
Restricted cash	141	140
Deferred tax assets, net	2,302	4,029
Operating lease right-of-use assets	67,035	68,034
Land use rights, net	678,933	694,582
Total assets	\$ 9,001,632	\$ 8,883,690

LIABILITIES AND EQUITY

Current liabilities:

Accounts payable	\$ 5,897	\$ 5,992
Accrued expenses and other current liabilities	789,857	935,483
Income tax payable	10,463	11,913
Operating lease liabilities, current	13,728	16,771
Finance lease liabilities, current	44,751	48,551
Current portion of long-term debt, net	127	128
Payables to affiliated companies	1,685	1,548
Liabilities related to assets held for sale	<u>1,185</u>	<u>1,497</u>
Total current liabilities	<u>867,693</u>	<u>1,021,883</u>
Long-term debt, net	7,325,553	6,559,854
Other long-term liabilities	32,702	30,520
Deferred tax liabilities, net	40,511	41,030
Operating lease liabilities, non-current	62,165	62,889
Finance lease liabilities, non-current	<u>310,839</u>	<u>347,629</u>
Total liabilities	<u>8,639,463</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; 1,419,465,619 and 1,423,370,314 shares outstanding, respectively	14,565	14,565
Treasury shares, at cost; 37,082,323 and 33,177,628 shares, respectively	(116,628)	(132,856)
Additional paid-in capital	3,231,515	3,238,600
Accumulated other comprehensive losses	(144,762)	(76,008)
Accumulated losses	<u>(3,234,165)</u>	<u>(2,799,555)</u>
Total Melco Resorts & Entertainment Limited shareholders' (deficit) equity	(249,475)	244,746
Noncontrolling interests	<u>611,644</u>	<u>575,139</u>
Total equity	<u>362,169</u>	<u>819,885</u>
Total liabilities and equity	<u>\$ 9,001,632</u>	<u>\$ 8,883,690</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.

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

Hong Kong, 18 August 2022

As at the date of this announcement, the board of directors of the Company 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.