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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 THIRD QUARTER ENDED 30 SEPTEMBER 2023 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 third quarter ended 30 September 2023 on 7 November 2023.

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 third quarter ended 30 September 2023 on 7 November 2023 (the “**Melco Resorts’ Earnings Release**”). Extracts of the unaudited financial results of Melco Resorts are provided below.

The Third Quarter 2023 Results of Melco Resorts

Total operating revenues for the third quarter of 2023 were US\$1.02 billion, representing an increase of approximately 321% from US\$241.8 million for the comparable period in 2022. The increase in total operating revenues was primarily attributable to the improved performance in all gaming segments and non-gaming operations following the relaxation of COVID-19 related restrictions in Macau in January 2023 and the opening of Studio City Phase 2.

Operating income for the third quarter of 2023 was US\$94.7 million, compared with operating loss of US\$198.5 million in the third quarter of 2022.

Melco Resorts generated Adjusted Property EBITDA (i.e. net income/loss before interest, taxes, depreciation, amortization, pre-opening 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\$280.6 million in the third quarter of 2023, compared with negative Adjusted Property EBITDA of US\$34.9 million in the third quarter of 2022.

Net loss attributable to Melco Resorts for the third quarter of 2023 was US\$16.3 million, or US\$0.04 per ADS, compared with US\$243.8 million, or US\$0.53 per ADS, in the third quarter of 2022. The net loss attributable to noncontrolling interests was US\$20.5 million and US\$42.8 million during the third quarters of 2023 and 2022, respectively, all of which were related to Studio City, City of Dreams Manila, and City of Dreams Mediterranean and Other.

Other Factors Affecting Earnings

Total net non-operating expenses for the third quarter of 2023 were US\$129.5 million, which mainly included interest expenses of US\$131.1 million, partially offset by interest income of US\$6.1 million.

Depreciation and amortization costs of US\$140.7 million were recorded in the third quarter of 2023, of which US\$5.7 million related to the amortization expense for land use rights.

Financial Position and Capital Expenditures

Total cash and bank balances as of 30 September 2023 aggregated to US\$1.54 billion, including US\$124.8 million of restricted cash. Total debt, net of unamortized deferred financing costs and original issue premiums, was US\$7.77 billion at the end of the third quarter of 2023, a reduction of US\$100 million compared to the total debt balance as of 30 June 2023. Available liquidity, including cash and undrawn revolving credit facilities, as of 30 September 2023, was US\$2.26 billion.

Capital expenditures for the third quarter of 2023 were US\$61.1 million, which included costs related to the construction of the City of Dreams Mediterranean in Cyprus, Studio City Phase 2 and enhancement projects at City of Dreams in Macau.

Unaudited Condensed Consolidated Statements of Operations and Condensed Consolidated Balance Sheets

The unaudited condensed consolidated statements of operations for the three months ended 30 September 2023 and nine months ended 30 September 2023 and the condensed consolidated balance sheets as at 30 September 2023 (unaudited) and 31 December 2022 (audited) of Melco Resorts and its subsidiaries are provided below:

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

	Three Months Ended 30 September		Nine Months Ended 30 September	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Operating revenues:				
Casino	\$ 812,086	\$ 181,962	\$ 2,179,536	\$ 808,930
Rooms	96,113	25,976	234,776	89,277
Food and beverage	60,370	17,973	143,668	62,238
Entertainment, retail and other	48,646	15,926	123,654	52,444
Total operating revenues	1,017,215	241,837	2,681,634	1,012,889
Operating costs and expenses:				
Casino	(533,311)	(173,805)	(1,437,761)	(685,591)
Rooms	(25,345)	(10,863)	(59,567)	(35,057)
Food and beverage	(48,251)	(17,279)	(111,669)	(61,091)
Entertainment, retail and other	(25,770)	(5,145)	(68,336)	(16,836)
General and administrative	(130,447)	(98,819)	(358,776)	(302,483)
Payments to the Philippine Parties	(9,979)	(8,417)	(32,638)	(26,878)
Pre-opening costs	(10,184)	(3,313)	(40,444)	(8,915)
Amortization of gaming subconcession	-	(2,844)	-	(29,932)
Amortization of land use rights	(5,672)	(5,653)	(16,990)	(16,990)
Depreciation and amortization	(134,996)	(113,549)	(381,666)	(353,142)
Property charges and other	1,442	(696)	(14,445)	(19,595)
Total operating costs and expenses	(922,513)	(440,383)	(2,522,292)	(1,556,510)
Operating income (loss)	94,702	(198,546)	159,342	(543,621)
Non-operating income (expenses):				
Interest income	6,064	8,814	17,837	17,025

Interest expenses, net of amounts capitalized	(131,128)	(93,747)	(363,597)	(272,055)
Other financing costs	(1,097)	(1,755)	(3,021)	(5,439)
Foreign exchange (losses) gains, net	(3,833)	(505)	(2,292)	2,857
Other income, net	438	1,145	1,756	2,713
Gain on extinguishment of debt	<u>80</u>	<u>-</u>	<u>80</u>	<u>-</u>
Total non-operating expenses, net	<u>(129,476)</u>	<u>(86,048)</u>	<u>(349,237)</u>	<u>(254,899)</u>
Loss before income tax	(34,774)	(284,594)	(189,895)	(798,520)
Income tax (expense) benefit	<u>(2,021)</u>	<u>(2,028)</u>	<u>1,295</u>	<u>(4,618)</u>
Net loss	(36,795)	(286,622)	(188,600)	(803,138)
Net loss attributable to noncontrolling interests	<u>20,492</u>	<u>42,780</u>	<u>67,568</u>	<u>124,553</u>
Net loss attributable to Melco Resorts & Entertainment Limited	\$ <u>(16,303)</u>	\$ <u>(243,842)</u>	\$ <u>(121,032)</u>	\$ <u>(678,585)</u>
Net loss attributable to Melco Resorts & Entertainment Limited per share:				
Basic	\$ <u>(0.012)</u>	\$ <u>(0.176)</u>	\$ <u>(0.092)</u>	\$ <u>(0.481)</u>
Diluted	\$ <u>(0.012)</u>	\$ <u>(0.176)</u>	\$ <u>(0.092)</u>	\$ <u>(0.482)</u>
Net loss attributable to Melco Resorts & Entertainment Limited per ADS:				
Basic	\$ <u>(0.037)</u>	\$ <u>(0.528)</u>	\$ <u>(0.276)</u>	\$ <u>(1.444)</u>
Diluted	\$ <u>(0.037)</u>	\$ <u>(0.528)</u>	\$ <u>(0.276)</u>	\$ <u>(1.446)</u>
Weighted average shares outstanding used in net loss attributable to Melco Resorts & Entertainment Limited per share calculation:				
Basic	<u>1,311,270,775</u>	<u>1,386,720,527</u>	<u>1,315,728,852</u>	<u>1,409,983,323</u>
Diluted	<u>1,311,270,775</u>	<u>1,386,720,527</u>	<u>1,315,728,852</u>	<u>1,409,983,323</u>

Note: The Adjusted EBITDA for Studio City for the three months ended 30 September 2023 referred to in the Melco Resorts' Earnings Release is US\$11.5 million more than the Adjusted EBITDA of Studio City contained in the earnings release for Studio City International Holdings Limited ("SCIHL") dated 7 November 2023 (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 gaming concession related costs and 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, except share and per share data)

	30 September 2023 US\$	31 December 2022 US\$
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,417,998	\$ 1,812,729
Restricted cash	26	50,992
Accounts receivable, net	95,716	55,992
Receivables from affiliated companies	1,001	630
Inventories	28,106	26,416
Prepaid expenses and other current assets	130,977	119,410
Assets held for sale	-	8,503
Total current assets	1,673,824	2,074,672
Property and equipment, net ⁽¹⁾	5,690,991	5,870,905
Intangible assets, net ^{(1) (2)}	339,493	43,610
Goodwill	81,385	81,606
Long-term prepayments, deposits and other assets	84,042	159,697
Receivables from an affiliated company	-	216,333
Restricted cash	124,773	124,736
Deferred tax assets, net	-	638
Operating lease right-of-use assets	67,290	58,715
Land use rights, net	652,052	670,872
Total assets	\$ 8,713,850	\$ 9,301,784
LIABILITIES AND DEFICIT		
Current liabilities:		
Accounts payable	\$ 12,458	\$ 6,730
Accrued expenses and other current liabilities ^{(1) (2)}	933,688	809,305
Income tax payable	11,345	11,610
Operating lease liabilities, current	19,431	12,761

Finance lease liabilities, current	34,442	34,959
Current portion of long-term debt, net	-	322,500
Payables to affiliated companies	<u>253</u>	<u>761</u>
Total current liabilities	<u>1,011,617</u>	<u>1,198,626</u>
Long-term debt, net	7,768,815	8,090,008
Other long-term liabilities ^{(1) (2)}	312,622	33,712
Deferred tax liabilities, net	36,980	39,677
Operating lease liabilities, non-current	56,225	55,832
Finance lease liabilities, non-current	<u>186,131</u>	<u>198,291</u>
Total liabilities	<u>9,372,390</u>	<u>9,616,146</u>
Deficit:		
Ordinary shares, par value US\$0.01; 7,300,000,000 shares authorized; 1,404,679,067 and 1,445,052,143 shares issued; 1,311,270,775 and 1,335,307,327 shares outstanding, respectively	14,047	14,451
Treasury shares, at cost; 93,408,292 and 109,744,816 shares, respectively	(255,068)	(241,750)
Additional paid-in capital	3,100,820	3,218,895
Accumulated other comprehensive losses	(130,469)	(111,969)
Accumulated losses	<u>(3,850,984)</u>	<u>(3,729,952)</u>
Total Melco Resorts & Entertainment Limited shareholders' deficit	(1,121,654)	(850,325)
Noncontrolling interests	<u>463,114</u>	<u>535,963</u>
Total deficit	<u>(658,540)</u>	<u>(314,362)</u>
Total liabilities and deficit	\$ <u><u>8,713,850</u></u>	\$ <u><u>9,301,784</u></u>

Notes:

- (1) On 16 December 2022, the Macau government awarded a ten-year concession to operate games of fortune and chance in casinos in Macau (the “**Concession**”) to Melco Resorts (Macau) Limited (“**Melco Resorts Macau**”), a subsidiary of Melco Resorts. The term of the Concession commenced on 1 January 2023 and ends on 31 December 2032 and Melco Resorts Macau is authorized to operate the Altira Casino, the City of Dreams Casino and the Studio City Casino as well as the Grand Dragon Casino and the Mocha Clubs. Under the Concession, Melco Resorts Macau is obligated to pay the Macau government a fixed annual premium of Macau Patacas (“**MOP**”) 30,000 (equivalent to US\$3,719) plus a variable annual premium calculated in accordance with the number and type of gaming tables (subject to a minimum of 500 tables) and electronic gaming machines (subject to a minimum of 1,000 machines) operated by Melco Resorts Macau. The variable annual premium is MOP300 (equivalent to US\$37) for each gaming table reserved exclusively to certain kinds of games or players, MOP150 (equivalent to US\$19) for each gaming table not so exclusively reserved and MOP1 (equivalent to US\$0.1) for each electronic gaming machine.

On 30 December 2022, in accordance with the obligations under the letters of undertakings dated 23 June 2022, Melco Resorts Macau and certain subsidiaries of Melco Resorts, which hold the land lease rights for the properties on which the Altira Casino, City of Dreams Casino and Studio City Casino are located, executed a public deed pursuant to which the gaming and gaming support areas comprising the Altira Casino, City of Dreams Casino and Studio City Casino with an area of 17,128.8 square meters, 31,227.3 square meters and 28,784.3 square meters, respectively, and related gaming equipment and utensils (collectively as referred to the “**Reversion Assets**”), reverted to the Macau government, without compensation and free and clear from any charges or encumbrances, at the expiration of the previous subconcession in accordance with the Macau gaming law. The Reversion Assets that reverted to the Macau government at the expiration of the previous subconcession are owned by the Macau government. Under the terms of the Macau gaming law and the Concession, effective as of 1 January 2023, the Reversion Assets have been transferred by the Macau government to Melco Resorts Macau for use in its operations during the Concession for a fee of MOP0.75 (equivalent to US\$0.09) per square meter of the casino for years 1 to 3 of the Concession, subject to a consumer price index increase in years 2 and 3 of the Concession and such fee will increase to MOP2.5 (equivalent to US\$0.3) per square meter of the casino for years 4 to 10 of the Concession, subject to a consumer price index increase in years 5 to 10 of the Concession (the “**Fee**”). As Melco Resorts Macau continues to operate the Reversion Assets in the same manner as under the previous subconcession, obtains substantially all of the economic benefits and bears all of the risks arising from the use of these assets, as well as assuming it will be successful in the awarding of a new concession upon expiry of the Concession, Melco Resorts continues to recognize these Reversion Assets as property and equipment over their remaining estimated useful lives.

On 1 January 2023, Melco Resorts recognized an intangible asset and financial liability of US\$239,588, representing the right to operate the Reversion Assets, the right to conduct games of fortunes and chance in Macau and the unconditional obligation to make payments under the Concession. This intangible asset comprises the contractually obligated annual payments of fixed premium and variable premiums, as well as the Fee without considering the consumer price index under the Concession. The contractually obligated annual variable premium payments associated with the intangible asset were determined using the total number of gaming tables and the total number of electronic gaming machines that Melco Resorts Macau is currently approved to operate by the Macau government. In the accompanying condensed consolidated balance sheet, the noncurrent portion of the financial liability is included in “Other long-term liabilities” and the current portion is included in “Accrued expenses and other current liabilities”. The intangible asset is being amortized on a straight-line basis over the period of the Concession, being 10 years.

- (2) On 26 June 2017, the Cyprus government granted a gaming license (the “**Cyprus License**”) to an affiliate of Melco Resorts in Cyprus (the “**Cyprus Subsidiary**”) to develop, operate and maintain an integrated casino resort in Limassol, Cyprus (and, up until completion and opening of the integrated casino resort, a temporary casino facility) and up to four satellite casino premises in Cyprus for a term of 30 years, the first 15 years of which are exclusive. Pursuant to the Cyprus License agreement, the Cyprus Subsidiary is obligated to pay the Cyprus government an annual license fee for the integrated casino resort (and prior to opening of the integrated casino resort, the temporary casino) and any operating satellite casinos. The Cyprus License required the integrated casino resort to open by the extended deadline of 30 June 2023 as approved by the Cyprus government (the “**Cyprus License Requirement**”), failing which the Cyprus government would have been entitled to terminate the Cyprus License.

On 28 June 2023, upon fulfillment of the Cyprus License Requirement, Melco Resorts recognized an intangible asset of US\$73,928 and financial liability of US\$73,059, representing the right under the Cyprus License and the unconditional obligation to pay i) a minimum annual license fee for City of Dreams Mediterranean of Euros (“**EUR**”) 5,000 (equivalent to US\$5,281) per year; and ii) an aggregate annual license fee for three operating satellite casinos of EUR2,000 (equivalent to US\$2,112), during the term of the Cyprus License from 28 June 2023. In the accompanying condensed consolidated balance sheet, the noncurrent portion of the financial liability of the Cyprus License is included in “Other long-term liabilities” and the current portion is included in “Accrued expenses and other current liabilities”. The intangible asset is being amortized on a straight-line basis over the remaining period of the Cyprus License until June 2047.

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, 7 November 2023

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, and three Independent Non-executive Directors, namely Mr. John William Crawford, Mr. Tsui Che Yin, Frank and Ms. Karuna Evelyne Shinsho.