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## **Melco International Development Limited**

*(Incorporated in Hong Kong with limited liability)*

Website : [www.melco-group.com](http://www.melco-group.com)

(Stock Code : 200)

### **ANNOUNCEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 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 first quarter ended 31 March 2023 on 10 May 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 first quarter ended 31 March 2023 on 10 May 2023 (the “**Melco Resorts’ Earnings Release**”). Extracts of the unaudited financial results of Melco Resorts are provided below.

#### **The First Quarter 2023 Results of Melco Resorts**

Total operating revenues for the first quarter of 2023 were US\$716.5 million, representing an increase of approximately 51% from US\$474.9 million for the comparable period in 2022. The increase in total operating revenues was primarily attributable to the improved performance in all gaming segments primarily due to the relaxation of COVID-19 related restrictions in Macau during the quarter.

Operating income for the first quarter of 2023 was US\$0.4 million, compared with operating loss of US\$135.9 million in the first 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\$190.8 million in the first quarter of 2023, compared with Adjusted Property EBITDA of US\$56.0 million in the first quarter of 2022.

Net loss attributable to Melco Resorts for the first quarter of 2023 was US\$81.3 million, or US\$0.18 per ADS, compared with US\$183.3 million, or US\$0.39 per ADS, in the first quarter of 2022. The net loss attributable to noncontrolling interests was US\$19.4 million and US\$38.6 million during the first quarters of 2023 and 2022, 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 2023 were US\$103.3 million, which mainly included interest expenses of US\$109.0 million, net of amounts capitalized, partially offset by interest income of US\$6.8 million.

Depreciation and amortization costs of US\$121.5 million were recorded in the first 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 31 March 2023 aggregated to US\$1.46 billion, including US\$124.5 million of restricted cash. Total debt, net of unamortized deferred financing costs and original issue premiums, was US\$7.86 billion at the end of the first quarter of 2023.

Available liquidity, including cash and undrawn revolving credit facilities, as of 31 March 2023, was US\$2.08 billion.

US\$169.8 million of ADSs were repurchased in the first quarter of 2023 through a privately-negotiated transaction with Melco Leisure and Entertainment Group Limited, a wholly-owned subsidiary of the Company.

Capital expenditures for the first quarter of 2023 were US\$69.8 million, which primarily related to the construction projects at Studio City Phase 2 and City of Dreams Mediterranean.

### **Recent Developments**

On 6 April 2023, Melco Resorts announced the opening of an indoor water park and the Epic hotel tower, at Studio City Phase 2. The indoor water park spans nearly 10,000 square meters with 16 waterslides and attractions. The outdoor water park at Studio City opened for the season on 28 April 2023. The Epic hotel tower has a total of 338 suites in eight room types including two villas.

## 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 2023 and 31 March 2022 and the condensed consolidated balance sheets as at 31 March 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 31 March	
	2023 US\$	2022 US\$
Operating revenues:		
Casino	\$ 599,000	\$ 395,075
Rooms	58,588	36,509
Food and beverage	36,755	24,328
Entertainment, retail and other	<u>22,137</u>	<u>19,033</u>
Total operating revenues	<u>716,480</u>	<u>474,945</u>
Operating costs and expenses:		
Casino	(398,869)	(307,383)
Rooms	(14,351)	(12,964)
Food and beverage	(27,514)	(23,821)
Entertainment, retail and other	(6,026)	(5,988)
General and administrative	(110,004)	(101,223)
Payments to the Philippine Parties	(13,348)	(7,215)
Pre-opening costs	(13,112)	(2,355)
Amortization of gaming subconcession	-	(14,254)
Amortization of land use rights	(5,658)	(5,682)
Depreciation and amortization	(115,801)	(121,356)
Property charges and other	<u>(11,442)</u>	<u>(8,601)</u>
Total operating costs and expenses	<u>(716,125)</u>	<u>(610,842)</u>
Operating income (loss)	<u>355</u>	<u>(135,897)</u>

Non-operating income (expenses):

Interest income	6,794	990
Interest expenses, net of amounts capitalized	(108,958)	(87,087)
Other financing costs	(934)	(1,343)
Foreign exchange (losses) gains, net	(819)	2,778
Other income, net	<u>660</u>	<u>688</u>
Total non-operating expenses, net	<u>(103,257)</u>	<u>(83,974)</u>
Loss before income tax	(102,902)	(219,871)
Income tax benefit (expense)	<u>2,241</u>	<u>(1,973)</u>
Net loss	(100,661)	(221,844)
Net loss attributable to noncontrolling interests	<u>19,373</u>	<u>38,560</u>
Net loss attributable to Melco Resorts & Entertainment Limited	\$ <u>(81,288)</u>	\$ <u>(183,284)</u>
Net loss attributable to Melco Resorts & Entertainment Limited per share:		
Basic	\$ <u>(0.061)</u>	\$ <u>(0.129)</u>
Diluted	\$ <u>(0.061)</u>	\$ <u>(0.129)</u>
Net loss attributable to Melco Resorts & Entertainment Limited per ADS:		
Basic	\$ <u>(0.184)</u>	\$ <u>(0.387)</u>
Diluted	\$ <u>(0.184)</u>	\$ <u>(0.388)</u>
Weighted average shares outstanding used in net loss attributable to Melco Resorts & Entertainment Limited per share calculation:		
Basic	<u>1,325,716,287</u>	<u>1,422,175,108</u>
Diluted	<u>1,325,716,287</u>	<u>1,422,175,108</u>

Note: The Adjusted EBITDA for Studio City for the three months ended 31 March 2023 referred to in the Melco Resorts' Earnings Release was 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 10 May 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)

	<b>31 March 2023 US\$</b>	<b>31 December 2022 US\$</b>
	(Unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,338,558	\$ 1,812,729
Restricted cash	22	50,992
Accounts receivable, net	69,043	55,992
Receivables from affiliated companies	654	630
Inventories	26,216	26,416
Prepaid expenses and other current assets	132,901	119,410
Assets held for sale	8,372	8,503
Total current assets	1,575,766	2,074,672
Property and equipment, net*	5,820,049	5,870,905
Intangible assets, net*	274,383	43,610
Goodwill	81,188	81,606
Long-term prepayments, deposits and other assets	159,983	159,697
Receivables from an affiliated company	-	216,333
Restricted cash	124,483	124,736
Deferred tax assets, net	362	638
Operating lease right-of-use assets	66,921	58,715
Land use rights, net	661,781	670,872
Total assets	\$ 8,764,916	\$ 9,301,784
<b>LIABILITIES AND DEFICIT</b>		
Current liabilities:		
Accounts payable	\$ 8,516	\$ 6,730

Accrued expenses and other current liabilities*	869,782	809,305
Income tax payable	9,999	11,610
Operating lease liabilities, current	17,398	12,761
Finance lease liabilities, current	36,045	34,959
Current portion of long-term debt, net	-	322,500
Payables to affiliated companies	<u>322</u>	<u>761</u>
Total current liabilities	<u>942,062</u>	<u>1,198,626</u>
Long-term debt, net	7,862,705	8,090,008
Other long-term liabilities*	257,509	33,712
Deferred tax liabilities, net	37,914	39,677
Operating lease liabilities, non-current	59,374	55,832
Finance lease liabilities, non-current	<u>201,318</u>	<u>198,291</u>
Total liabilities	<u>9,360,882</u>	<u>9,616,146</u>
Deficit:		
Ordinary shares, par value \$0.01; 7,300,000,000 shares authorized; 1,404,679,067 and 1,445,052,143 shares issued; 1,299,279,721 and 1,335,307,327 shares outstanding, respectively	14,047	14,451
Treasury shares, at cost; 105,399,346 and 109,744,816 shares, respectively	(290,076)	(241,750)
Additional paid-in capital	3,105,273	3,218,895
Accumulated other comprehensive losses	(122,068)	(111,969)
Accumulated losses	<u>(3,811,240)</u>	<u>(3,729,952)</u>
Total Melco Resorts & Entertainment Limited shareholders' deficit	(1,104,064)	(850,325)
Noncontrolling interests	<u>508,098</u>	<u>535,963</u>
Total deficit	<u>(595,966)</u>	<u>(314,362)</u>
Total liabilities and deficit	<u>\$ 8,764,916</u>	<u>\$ 9,301,784</u>

\* 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\$3,730) 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 letter of undertakings dated 23 June 2022, Melco Resorts Macau and certain subsidiaries of Melco Resorts, which holds 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 subconcession in accordance with the Macau gaming law. The Reversion Assets that reverted to the Macau government at the expiration of the 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 will continue to operate the Reversion Assets in the same manner as under the previous subconcession, obtain substantially all of the economic benefits and bear 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 will continue 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 was determined at the rate using the total number of gaming tables not reserved exclusively to certain kinds of games or players 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.

The full text of the Melco Resorts' Earnings Release has been posted on the Company's website at [www.melco-group.com](http://www.melco-group.com) and on the website of The Stock Exchange of Hong Kong Limited at [www.hkex.com.hk](http://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, 10 May 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; 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.*