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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 2021 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 2021 on 27 July 2021.

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 2021 on 27 July 2021 (the “**Melco Resorts’ Earnings Release**”). Extracts of the unaudited financial results of Melco Resorts are provided below.

The Second Quarter 2021 Results of Melco Resorts

Total operating revenues for the second quarter of 2021 were US\$566.4 million, representing an increase of approximately 222% from US\$175.9 million for the comparable period in 2020. The increase in total operating revenues was primarily attributable to an improved performance in all gaming segments and non-gaming operations as a result of a year-over-year increase in inbound tourism in Macau.

Operating loss for the second quarter of 2021 was US\$128.1 million, compared with operating loss of US\$370.8 million in the second quarter of 2020.

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\$79.1 million in the second quarter of 2021, compared with negative Adjusted Property EBITDA of US\$156.3 million in the second quarter of 2020.

Net loss attributable to Melco Resorts for the second quarter of 2021 was US\$185.7 million, or US\$0.39 per ADS, compared with net loss attributable to Melco Resorts of US\$368.1 million, or US\$0.77 per ADS, in the second quarter of 2020. The net loss attributable to noncontrolling interests was US\$34.8 million and US\$58.7 million during the second quarters of 2021 and 2020, 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 2021 were US\$92.1 million, which mainly included interest expenses of US\$87.1 million, net of amounts capitalized.

Depreciation and amortization costs of US\$146.9 million were recorded in the second quarter of 2021, of which US\$14.3 million related to the amortization expense for Melco Resorts’ gaming subconcession 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 2021 aggregated to US\$1.81 billion, including US\$298.7 million of bank deposits with original maturities over three months and US\$0.4 million of restricted cash. Total debt, net of unamortized deferred financing costs and original issue premiums, was US\$6.16 billion at the end of the second quarter of 2021.

Capital expenditures for the second quarter of 2021 were US\$153.0 million, which primarily related to various construction projects at City of Dreams, Studio City Phase 2 and City of Dreams Mediterranean.

Recent Developments

The COVID-19 outbreak continues to have a material effect on Melco Resorts’ operations, financial position, and prospects during the third quarter of 2021.

Melco Resorts’ operations in Macau continue to be impacted by travel bans, restrictions, and quarantine requirements imposed by the governments in Macau, Hong Kong and China, despite the nationwide resumption of issuance of Individual Visit Scheme visas by China in September 2020. Such bans, restrictions and requirements have been, and may continue to be, modified by the relevant authorities from time to time as COVID-19 developments unfold. Additionally, health-related precautionary measures remain in place at Melco Resorts’ properties in Macau, which could continue to impact visitation and customer spending. Melco Resorts has

experienced improvements in its business in Macau during the second quarter, especially due to strong visitation during the May Golden Week holidays. Notwithstanding the resurgence of COVID-19 cases in the Guangdong province in June, which led to tightened travel restrictions for Chinese visitors, visitation has normalized in July month to date.

In the Philippines, City of Dreams Manila remained closed from 29 March to 30 April 2021, under the government imposed enhanced community quarantine measures over Metro Manila and adjacent provinces. On 1 May 2021, City of Dreams Manila reopened operations with limited gaming capacity at 50% while hotels could take guests only on a complimentary basis. As of 26 July 2021, gaming capacity has been limited to 40% as part of the government's further quarantine measures while hotels have been allowed to accept Philippine-resident paying guests under the government's "staycation" program.

In Cyprus, Melco Resorts' casinos were closed from 1 January to 16 May 2021 due to a government mandated lockdown. Melco Resorts' Cyprus casinos resumed operations on 17 May 2021, for the first time in 2021, at limited capacities (which have progressively increased) after the Cyprus government relaxed COVID-19 restrictions.

Construction at both Studio City Phase 2 and City of Dreams Mediterranean has been impacted by the COVID-19 outbreak. The Macau government has granted an extension of the development period from 31 May 2022 to 27 December 2022, and Melco Resorts currently expects to complete construction within the period.

The pace of recovery from COVID-19 related disruptions continues to depend on various future events, such as the successful production, distribution and widespread acceptance of safe and effective vaccines, the development of effective treatments for COVID-19, including for new strains of COVID-19, the duration of travel and visa restrictions as well as customer sentiment and behavior, together with the length of time before customers resume traveling and participating in entertainment and leisure activities at high-density venues and the impact of potential higher unemployment rates, declines in income levels and loss of personal wealth resulting from the COVID-19 outbreak on consumer behavior related to discretionary spending and traveling, all of which remain highly uncertain.

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 2021 and six months ended 30 June 2021 and the condensed consolidated balance sheets as at 30 June 2021 (unaudited) and 31 December 2020 (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	
	2021	2020	2021	2020
Operating revenues:				
Casino	\$ 478,638	\$ 147,584	\$ 912,434	\$ 860,139
Rooms	39,727	7,223	79,407	52,044
Food and beverage	25,444	5,719	51,495	34,662
Entertainment, retail and other	<u>22,631</u>	<u>15,324</u>	<u>42,026</u>	<u>40,180</u>
Total operating revenues	<u>566,440</u>	<u>175,850</u>	<u>1,085,362</u>	<u>987,025</u>
Operating costs and expenses:				
Casino	(369,826)	(215,789)	(736,755)	(779,630)
Rooms	(12,839)	(8,383)	(25,678)	(26,324)
Food and beverage	(23,686)	(15,430)	(47,808)	(47,660)
Entertainment, retail and other	(8,294)	(15,213)	(15,998)	(35,537)
General and administrative	(106,230)	(113,932)	(214,390)	(245,229)
Payments to the Philippine Parties	(6,468)	2,771	(17,093)	(4,935)
Pre-opening costs	(1,127)	(226)	(2,124)	(621)
Development costs	(3,812)	(6,372)	(7,331)	(19,802)
Amortization of gaming subconcession	(14,341)	(14,363)	(28,683)	(28,686)
Amortization of land use rights	(5,717)	(5,726)	(11,434)	(11,435)
Depreciation and amortization	(126,889)	(135,085)	(247,929)	(277,318)
Property charges and other	<u>(15,268)</u>	<u>(18,892)</u>	<u>(20,992)</u>	<u>(30,564)</u>
Total operating costs and expenses	<u>(694,497)</u>	<u>(546,640)</u>	<u>(1,376,215)</u>	<u>(1,507,741)</u>
Operating loss	<u>(128,057)</u>	<u>(370,790)</u>	<u>(290,853)</u>	<u>(520,716)</u>
Non-operating income (expenses):				
Interest income	1,556	1,153	3,581	2,295
Interest expenses, net of amounts capitalized	(87,067)	(80,269)	(177,709)	(158,424)
Other financing costs	(3,993)	(1,929)	(6,480)	(3,173)
Foreign exchange (losses) gains, net	(3,590)	(2,907)	1,609	(6,218)

Other income (expenses), net	958	27,590	1,631	(151,807)
Loss on extinguishment of debt	-	(1,236)	(28,817)	(1,236)
Costs associated with debt modification	<u>-</u>	<u>(310)</u>	<u>-</u>	<u>(310)</u>
Total non-operating expenses, net	<u>(92,136)</u>	<u>(57,908)</u>	<u>(206,185)</u>	<u>(318,873)</u>
Loss before income tax	(220,193)	(428,698)	(497,038)	(839,589)
Income tax (expense) credit	<u>(327)</u>	<u>1,886</u>	<u>(991)</u>	<u>6,726</u>
Net loss	(220,520)	(426,812)	(498,029)	(832,863)
Net loss attributable to noncontrolling interests	<u>34,835</u>	<u>58,683</u>	<u>79,436</u>	<u>100,686</u>
Net loss attributable to Melco Resorts & Entertainment Limited	\$ <u>(185,685)</u>	\$ <u>(368,129)</u>	\$ <u>(418,593)</u>	\$ <u>(732,177)</u>
Net loss attributable to Melco Resorts & Entertainment Limited per share:				
Basic	\$ <u>(0.129)</u>	\$ <u>(0.257)</u>	\$ <u>(0.292)</u>	\$ <u>(0.511)</u>
Diluted	\$ <u>(0.129)</u>	\$ <u>(0.257)</u>	\$ <u>(0.292)</u>	\$ <u>(0.511)</u>
Net loss attributable to Melco Resorts & Entertainment Limited per ADS:				
Basic	\$ <u>(0.387)</u>	\$ <u>(0.772)</u>	\$ <u>(0.875)</u>	\$ <u>(1.533)</u>
Diluted	\$ <u>(0.387)</u>	\$ <u>(0.772)</u>	\$ <u>(0.875)</u>	\$ <u>(1.533)</u>
Weighted average shares outstanding used in net loss attributable to Melco Resorts & Entertainment Limited per share calculation:				
Basic	<u>1,437,822,956</u>	<u>1,430,748,936</u>	<u>1,435,071,657</u>	<u>1,433,255,599</u>
Diluted	<u>1,437,822,956</u>	<u>1,430,748,936</u>	<u>1,435,071,657</u>	<u>1,433,255,599</u>

Note: The negative Adjusted EBITDA for Studio City for the three months ended 30 June 2021 referred to in the Melco Resorts' Earnings Release was US\$8.3 million less than the negative Adjusted EBITDA of Studio City contained in the earnings release for Studio City International Holdings Limited ("SCIHL") dated 27 July 2021 (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 2021	31 December 2020
	<u>(Unaudited)</u>	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,512,385	\$ 1,755,351
Bank deposits with original maturities over three months	298,666	-
Restricted cash	274	13
Accounts receivable, net	76,849	129,619
Amounts due from affiliated companies	287	765
Inventories	36,675	37,277
Prepaid expenses and other current assets	108,051	85,798
Assets held for sales	<u>3,373</u>	<u>-</u>
Total current assets	<u>2,036,560</u>	<u>2,008,823</u>
Property and equipment, net	5,768,686	5,681,268
Gaming subconcession, net	55,870	84,663
Intangible assets, net	55,500	58,833
Goodwill	82,095	82,203
Long-term prepayments, deposits and other assets	236,158	284,608
Restricted cash	131	406
Deferred tax assets, net	6,593	6,376
Operating lease right-of-use assets	81,930	92,213
Land use rights, net	<u>709,190</u>	<u>721,574</u>
Total assets	<u>\$ 9,032,713</u>	<u>\$ 9,020,967</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Accounts payable	\$ 9,671	\$ 9,483
Accrued expenses and other current liabilities	920,353	983,865
Income tax payable	12,548	14,164
Operating lease liabilities, current	26,779	27,066
Finance lease liabilities, current	33,604	80,004
Current portion of long-term debt, net	129	-
Amounts due to affiliated companies	<u>1,491</u>	<u>1,668</u>
Total current liabilities	<u>1,004,575</u>	<u>1,116,250</u>
Long-term debt, net	6,155,577	5,645,391
Other long-term liabilities	37,621	29,213
Deferred tax liabilities, net	46,044	45,952
Operating lease liabilities, non-current	66,743	75,867
Finance lease liabilities, non-current	<u>374,104</u>	<u>270,223</u>
Total liabilities	<u>7,684,664</u>	<u>7,182,896</u>
Shareholders' equity:		
Ordinary shares, par value \$0.01; 7,300,000,000 shares authorized; 1,456,547,942 and 1,456,547,942 shares issued; 1,437,950,665 and 1,430,965,312 shares outstanding, respectively	14,565	14,565
Treasury shares, at cost; 18,597,277 and 25,582,630 shares, respectively	(88,106)	(121,028)
Additional paid-in capital	3,209,461	3,207,312
Accumulated other comprehensive losses	(32,610)	(11,332)
Accumulated losses	<u>(2,405,989)</u>	<u>(1,987,396)</u>
Total Melco Resorts & Entertainment Limited shareholders' equity	697,321	1,102,121
Noncontrolling interests	<u>650,728</u>	<u>735,950</u>
Total shareholders' equity	<u>1,348,049</u>	<u>1,838,071</u>
Total liabilities and shareholders' equity	<u>\$ 9,032,713</u>	<u>\$ 9,020,967</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, 27 July 2021

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.