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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 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 third quarter ended 30 September 2021 on 9 November 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 third quarter ended 30 September 2021 on 9 November 2021 (the “**Melco Resorts’ Earnings Release**”). Extracts of the unaudited financial results of Melco Resorts are provided below.

The Third Quarter 2021 Results of Melco Resorts

Total operating revenues for the third quarter of 2021 were US\$446.4 million, representing an increase of approximately 110% from US\$212.9 million for the comparable period in 2020. The increase in total operating revenues was primarily attributable to 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 third quarter of 2021 was US\$182.2 million, compared with operating loss of US\$275.0 million in the third 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\$31.9 million in the third quarter of 2021, compared with negative Adjusted Property EBITDA of US\$76.7 million in the third quarter of 2020.

Net loss attributable to Melco Resorts for the third quarter of 2021 was US\$233.2 million, or US\$0.49 per ADS, compared with net loss attributable to Melco Resorts of US\$331.6 million, or US\$0.70 per ADS, in the third quarter of 2020. The net loss attributable to noncontrolling interests was US\$35.3 million and US\$55.3 million during the third 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 third quarter of 2021 were US\$87.1 million, which mainly included interest expenses of US\$87.4 million, net of amounts capitalized.

Depreciation and amortization costs of US\$147.7 million were recorded in the third 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 September 2021 aggregated to US\$1.52 billion, including 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 third quarter of 2021.

Capital expenditures for the third quarter of 2021 were US\$221.3 million, which primarily related to various construction projects at Studio City Phase 2 and City of Dreams Mediterranean.

On 5 November 2021, MCO Nominee One Limited ("**MCO Nominee One**"), a subsidiary of Melco Resorts, received confirmation that the majority of lenders of the senior facilities agreement dated 29 April 2020, entered into between, among others, MCO Nominee One, as borrower, and Bank of China Limited, Macau Branch, Bank of Communications Co., Ltd. Macau Branch and Morgan Stanley Senior Funding, Inc., as joint global coordinators, under which lenders have made available HK\$14.85 billion (equivalent to US\$1.92 billion) in a revolving credit facility for a term of five years (the "**2020 Credit Facilities**") have consented and agreed to a waiver extension of the following financial condition covenants contained in the revolving credit facility under the 2020 Credit Facilities (the "**Facility Agreement**"): (i) meet or exceed the interest cover ratio (ratio of consolidated EBITDA to consolidated net finance charges as such terms are defined in the Facility Agreement) of 2.50 to 1.00; (ii) not exceed the senior leverage ratio (ratio of consolidated total debt to consolidated EBITDA as such terms are defined in the Facility Agreement) of 3.50 to 1.00; and (iii) not exceed the total leverage ratio (ratio of consolidated total debt to consolidated EBITDA as such terms are defined in the Facility Agreement) of 4.50 to 1.00, in each case in respect of the relevant periods ending on the following applicable test dates: (a) 31 March 2022; (b) 30 June 2022; (c) 30 September 2022; and (d) 31 December 2022. MCO Nominee One 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 of the lenders to the 2020 Credit Facilities.

Recent Developments

COVID-19 outbreaks continue to have a material effect on Melco Resorts' operations, financial position, and future prospects in the fourth quarter of 2021.

In Macau, Melco Resorts' operations have been impacted by on-and-off travel restrictions and quarantine requirements as imposed by the governments of Macau, Hong Kong, and China in response to isolated cases. The appearance of COVID-19 cases in early August 2021 led to city-wide mandatory testing, mandatory closure of most entertainment and leisure venues (casinos and gaming areas excluded), and strict travel restrictions and requirements being implemented to enter and exit Macau. Similarly in late September 2021, the identification of additional COVID-19 cases again led to a repeat of testing, closure, and travel restrictions, which led to reduced turnout for October Golden Week holiday. Since 19 October 2021, authorities have eased pandemic prevention measures such that travelers no longer require a 14-day quarantine on arrival in Zhuhai, and the validity of negative nucleic acid tests were extended from 24 hours to 48 hours or seven days. As a result, Melco Resorts' visitation has been gradually recovering.

In the Philippines, City of Dreams Manila was operating at limited capacity since the beginning of the quarter until 5 August 2021, when Manila was put into lockdown on 6 August 2021 due to a surge in COVID-19 cases. On 17 September 2021, City of Dreams Manila reopened operations with capacity limited at 50% under the new Alert Level 4 classification. Hotels were not open to the general public, but indoor F&B operations were allowed to take customers who had been vaccinated. On 16 October 2021, the Philippines downgraded to Alert Level 3, allowing hotels to take vaccinated local guests on staycation packages. Most recently in the fourth quarter, this was further downgraded to Alert Level 2 on 5 November 2021 allowing hotels to take leisure guests. Meanwhile, from a business development front, City of Dreams Manila commenced operating online gaming, namely, live-dealer table games on 10 August 2021 and slot machines on 15 September 2021 after receiving the required approvals from Philippine Amusement and Gaming Corporation. Such online gaming offerings are only available to registered patrons of City of Dreams Manila inside the Philippines.

In Cyprus, Melco Resorts' casinos were fully opened throughout the third quarter and Melco Resorts saw sequential improvement versus the second quarter thanks to progressively higher permitted capacities and increased visitation over the summer months, although with permitted capacity limited at 50%. Certain other COVID-19 restrictions continue to remain in force, such as wearing of masks on the casino floor and smoking only in designated areas.

The pace of recovery from COVID-19 will depend on future events, including duration of travel and visa restrictions, the pace of vaccination progress, development of new medicine for COVID-19, the impact of potentially higher unemployment rates, declines in income levels, and loss of personal wealth resulting from the COVID-19 outbreak affecting discretionary spending and travel, 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 September 2021 and nine months ended 30 September 2021 and the condensed consolidated balance sheets as at 30 September 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 30 September		Nine Months Ended 30 September	
	2021	2020	2021	2020
Operating revenues:				
Casino	\$ 373,170	\$ 170,775	\$ 1,285,604	\$ 1,030,914
Rooms	33,428	15,184	112,835	67,228
Food and beverage	20,529	13,385	72,024	48,047
Entertainment, retail and other	<u>19,259</u>	<u>13,552</u>	<u>61,285</u>	<u>53,732</u>
Total operating revenues	<u>446,386</u>	<u>212,896</u>	<u>1,531,748</u>	<u>1,199,921</u>
Operating costs and expenses:				
Casino	(297,847)	(207,188)	(1,034,602)	(986,818)
Rooms	(11,592)	(8,573)	(37,270)	(34,897)
Food and beverage	(20,967)	(14,822)	(68,775)	(62,482)
Entertainment, retail and other	(7,110)	(9,378)	(23,108)	(44,915)
General and administrative	(112,011)	(80,985)	(326,401)	(326,214)
Payments to the Philippine Parties	(3,176)	(2,743)	(20,269)	(7,678)
Pre-opening costs	(650)	(428)	(2,774)	(1,049)
Development costs	(24,648)	(2,831)	(31,979)	(22,633)
Amortization of gaming subconcession	(14,307)	(14,364)	(42,990)	(43,050)
Amortization of land use rights	(5,703)	(5,726)	(17,137)	(17,161)
Depreciation and amortization	(127,663)	(133,439)	(375,592)	(410,757)
Property charges and other	<u>(2,945)</u>	<u>(7,426)</u>	<u>(23,937)</u>	<u>(37,990)</u>
Total operating costs and expenses	<u>(628,619)</u>	<u>(487,903)</u>	<u>(2,004,834)</u>	<u>(1,995,644)</u>
Operating loss	<u>(182,233)</u>	<u>(275,007)</u>	<u>(473,086)</u>	<u>(795,723)</u>
Non-operating income (expenses):				
Interest income	1,580	1,437	5,161	3,732
Interest expenses, net of amounts capitalized	(87,387)	(91,864)	(265,096)	(250,288)
Other financing costs	(3,473)	(2,471)	(9,953)	(5,644)

Foreign exchange gains (losses), net	1,441	1,101	3,050	(5,117)
Other income (expenses), net	741	(50)	2,372	(151,857)
Loss on extinguishment of debt	-	(18,497)	(28,817)	(19,733)
Costs associated with debt modification	-	-	-	(310)
Total non-operating expenses, net	(87,098)	(110,344)	(293,283)	(429,217)
Loss before income tax	(269,331)	(385,351)	(766,369)	(1,224,940)
Income tax credit (expense)	837	(1,560)	(154)	5,166
Net loss	(268,494)	(386,911)	(766,523)	(1,219,774)
Net loss attributable to noncontrolling interests	35,273	55,330	114,709	156,016
Net loss attributable to Melco Resorts & Entertainment Limited	\$ (233,221)	\$ (331,581)	\$ (651,814)	\$ (1,063,758)
Net loss attributable to Melco Resorts & Entertainment Limited per share:				
Basic	\$ (0.162)	\$ (0.232)	\$ (0.454)	\$ (0.743)
Diluted	\$ (0.162)	\$ (0.232)	\$ (0.454)	\$ (0.743)
Net loss attributable to Melco Resorts & Entertainment Limited per ADS:				
Basic	\$ (0.487)	\$ (0.695)	\$ (1.362)	\$ (2.228)
Diluted	\$ (0.487)	\$ (0.696)	\$ (1.362)	\$ (2.230)
Weighted average shares outstanding used in net loss attributable to Melco Resorts & Entertainment Limited per share calculation:				
Basic	1,437,651,448	1,430,817,899	1,435,941,037	1,432,437,101
Diluted	1,437,651,448	1,430,817,899	1,435,941,037	1,432,437,101

Note: The negative Adjusted EBITDA for Studio City for the three months ended 30 September 2021 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 9 November 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 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)

	<u>30 September 2021</u>	<u>31 December 2020</u>
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,521,562	\$ 1,755,351
Restricted cash	274	13
Accounts receivable, net	52,168	129,619
Amounts due from affiliated companies	280	765
Inventories	35,572	37,277
Prepaid expenses and other current assets	119,019	85,798
Assets held for sales	<u>3,287</u>	<u>-</u>
Total current assets	<u>1,732,162</u>	<u>2,008,823</u>
Property and equipment, net	5,821,612	5,681,268
Gaming subconcession, net	41,409	84,663
Intangible assets, net	53,782	58,833
Goodwill	81,858	82,203
Long-term prepayments, deposits and other assets	187,424	284,608
Restricted cash	131	406
Deferred tax assets, net	6,701	6,376
Operating lease right-of-use assets	74,527	92,213
Land use rights, net	<u>701,442</u>	<u>721,574</u>
Total assets	<u>\$ 8,701,048</u>	<u>\$ 9,020,967</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 6,882	\$ 9,483
Accrued expenses and other current liabilities	914,616	983,865
Income tax payable	12,847	14,164
Operating lease liabilities, current	21,107	27,066

Finance lease liabilities, current	41,120	80,004
Current portion of long-term debt, net	128	-
Amounts due to affiliated companies	<u>1,443</u>	<u>1,668</u>
Total current liabilities	<u>998,143</u>	<u>1,116,250</u>
Long-term debt, net	6,157,476	5,645,391
Other long-term liabilities	41,750	29,213
Deferred tax liabilities, net	44,450	45,952
Operating lease liabilities, non-current	64,480	75,867
Finance lease liabilities, non-current	<u>351,456</u>	<u>270,223</u>
Total liabilities	<u>7,657,755</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; 1,431,608,590 and 1,430,965,312 shares outstanding, respectively	14,565	14,565
Treasury shares, at cost; 24,939,352 and 25,582,630 shares, respectively	(109,184)	(121,028)
Additional paid-in capital	3,227,235	3,207,312
Accumulated other comprehensive losses	(59,399)	(11,332)
Accumulated losses	<u>(2,639,276)</u>	<u>(1,987,396)</u>
Total Melco Resorts & Entertainment Limited shareholders' equity	433,941	1,102,121
Noncontrolling interests	<u>609,352</u>	<u>735,950</u>
Total shareholders' equity	<u>1,043,293</u>	<u>1,838,071</u>
Total liabilities and shareholders' equity	<u>\$ 8,701,048</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, 9 November 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.