THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Melco International Development Limited, you should at once hand this circular to the purchaser or transferee or to the bank, the licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

MELCO

Melco International Development Limited

(Incorporated in Hong Kong with limited liability)

Website: www.melco-group.com

(Stock Code: 200)

MAJOR TRANSACTION

SHARE REPURCHASE BY A LISTED SUBSIDIARY – MELCO RESORTS & ENTERTAINMENT LIMITED

A letter from the Board is set out on pages 3 to 12 of this circular.

26 May 2025

CONTENTS

In this circular, the following terms and expressions shall have the following meanings unless the context requires otherwise:

"ADSs"	American depositary shares of Melco Resorts
"Announcement"	the announcement of the Company on 7 April 2025 in relation to the Share Repurchase Program
"Board"	the board of Directors
"Company"	Melco International Development Limited, a company incorporated in Hong Kong with limited liability and having its shares listed and traded on the Main Board of the Stock Exchange
"Director(s)"	the directors of the Company
"Group"	the Company and its subsidiaries (from time to time)
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"HKFRS"	Hong Kong Financial Reporting Standards
"HKSAE"	Hong Kong Standard on Assurance Engagements
"Latest Practicable Date"	16 May 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Melco Resorts"	Melco Resorts & Entertainment Limited, a company incorporated in the Cayman Islands with limited liability and a subsidiary of the Company, whose ADSs are listed on the Nasdaq Global Select Market in the United States of America
"Melco Resorts Group"	Melco Resorts and its subsidiaries
"Melco Resorts Share(s)"	ordinary share(s) of Melco Resorts, three of which are equivalent to one ADS
"Mr. Ho"	Mr. Ho, Lawrence Yau Lung, the executive director, chairman and chief executive officer of the Company
"SEC"	Securities and Exchange Commission of the United States of America

"SFO"	The Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended or supplemented from time to time
"Share(s)"	the ordinary share(s) of the Company
"Share Repurchase Program"	the share repurchase program of Melco Resorts announced by Melco Resorts on 3 June 2024 (after trading hours), pursuant to which Melco Resorts is permitted to purchase up to US$500 million (equivalent to approximately HK$3,900 million) of Melco Resorts Shares and/or ADSs over a three-year period commencing from 2 June 2024
"Shareholder(s)"	the holder(s) of the Share(s) in issue
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary"	has the meaning ascribed to it under the Listing Rules, and "subsidiaries" shall be construed accordingly
"US$"	United States dollars, the lawful currency of The United States of America
"US GAAP"	United States generally accepted accounting principles
"%"	per cent.

In this circular, except for the figures in Appendix I and III or where indicated which are translated based on the Company's group exchange rates for the relevant periods, translations of quoted currency values are made on an approximate basis and at the rate of US$1.00 = HK$7.80. Percentages and figures expressed have been rounded.

Melco International Development Limited

(Incorporated in Hong Kong with limited liability)
Website: www.melco-group.com
(Stock Code: 200)

Executive Directors:
Mr. Ho, Lawrence Yau Lung
(Chairman and Chief Executive Officer)
Mr. Evan Andrew Winkler
(President and Managing Director)
Mr. Chung Yuk Man, Clarence

Independent Non-executive Directors:
Mr. Tsui Che Yin, Frank
Ms. Karuna Evelyne Shinsho

Registered Office:
38th Floor
The Centrium
60 Wyndham Street
Central
Hong Kong

26 May 2025

To the Shareholders

Dear Sir or Madam,

SHARE REPURCHASE
BY A LISTED SUBSIDIARY
– MELCO RESORTS & ENTERTAINMENT LIMITED

INTRODUCTION

Reference is made to the announcements of the Company dated 3 June 2024, 19 August 2024, 27 February 2025 and 7 April 2025 in relation to, among others, the Share Repurchase Program and the repurchases of ADSs by Melco Resorts pursuant to the Share Repurchase Program. The purpose of this circular is to provide you with, among other things, (i) information in relation to the Share Repurchase Program; (ii) financial information relating to the Group; and (iii) other information as required under the Listing Rules.

THE SHARE REPURCHASE PROGRAM OF MELCO RESORTS

Reference is made to the announcement of the Company dated 3 June 2024 in relation to the Share Repurchase Program of Melco Resorts which permits Melco Resorts to purchase up to US$500 million (equivalent to approximately HK$3,900 million) of Melco Resorts Shares and/or ADSs over a three-year period commencing from 2 June 2024.

Reference is also made to the announcement of the Company dated 19 August 2024 (the "**2024 Announcement**") in relation to the repurchases of a total of approximately 8.3 million ADSs (equivalent to approximately 25 million Melco Resorts Shares) by Melco Resorts on the open market for an aggregate consideration (before expenses) of approximately US$44.5 million (equivalent to approximately HK$347.1 million) pursuant to the Share Repurchase Program since the adoption of which to the date of the 2024 Announcement.

Reference is also made to the announcement of the Company dated 27 February 2025 in relation to, among others, the repurchases by Melco Resorts pursuant to the Share Repurchase Program on the open market of (i) approximately 20.7 million ADSs (representing approximately 62.1 million Melco Resorts Shares) at an aggregate purchase price of approximately US$112 million (equivalent to approximately HK$873.6 million) for the year ended 31 December 2024; and (ii) approximately 3.7 million ADSs (representing approximately 11.1 million Melco Resorts Shares) at an aggregate purchase price of approximately US$20 million (equivalent to approximately HK$156 million) during the period from 1 January 2025 to 26 February 2025.

The Company is notified by Melco Resorts that, as of the date of the Announcement, a total of approximately 32.4 million ADSs (equivalent to approximately 97.3 million Melco Resorts Shares) have been repurchased by Melco Resorts on the open market for an aggregate consideration (before expenses) of approximately US$174 million (equivalent to approximately HK$1,357.2 million) pursuant to the Share Repurchase Program.

The Company is notified by Melco Resorts that, since the adoption of the Share Repurchase Program up to the Latest Practicable Date, Melco Resorts had repurchased approximately 53.1 million ADSs (equivalent to approximately 159.2 million Melco Resorts Shares) from the open market for an aggregate consideration (before expenses) of approximately US$277 million (equivalent to approximately HK$2,160.6 million) under the Share Repurchase Program.

It is expected that implementation of the Share Repurchase Program in full, when aggregated with previous share repurchases by Melco Resorts within the preceding 12-month period, or which are otherwise related, would be a major transaction for the Company under the Listing Rules.

PURPOSE OF THIS CIRCULAR

In anticipation of potential share repurchases by Melco Resorts, the Company now wishes to obtain advance shareholder approval to ensure compliance with the requirements of the Listing Rules applicable to the implementation of the Share Repurchase Program in respect of up to its entire amount of US$500 million (equivalent to approximately HK$3,900 million) to the extent such repurchases are made from the open market, which would be a major transaction for the Company when aggregated with share repurchases within the previous 12-month period, or which are otherwise related.

The Share Repurchase Program may be suspended, modified or terminated at any time, and Melco Resorts has no obligation to repurchase any amounts under the Share Repurchase Program, and thus there is no assurance that the Share Repurchase Program will be implemented by Melco Resorts in full, or of the extent to which it will be implemented. However, the Company wishes to obtain advance shareholder approval to ensure compliance at the outset with the requirements of the Listing Rules applicable to the implementation by Melco Resorts of the Share Repurchase Program in respect of up to its entire amount of US$500 million (equivalent to approximately HK$3,900 million) to the extent such repurchases are made from the open market, to enable Melco Resorts to make repurchases of Melco Resorts Shares and/or ADSs under the Share Repurchase Program from the open market without the Company having to seek further approval from Shareholders.

The Company has received written Shareholders' approval in respect of the implementation of the Share Repurchase Program up to its entire amount to the extent such repurchases are made from the open market, from a closely allied group of Shareholders which collectively holds more than 50% of the issued shares of the Company, in accordance with Rule 14.44 of the Listing Rules. Accordingly, no Shareholders' meeting will be convened by the Company to approve the implementation in full of the Share Repurchase Program.

For the avoidance of doubt, the abovementioned written Shareholders' approval obtained does not cover the share repurchases made under the Share Repurchase Program via privately negotiated (off-market) repurchases. If Melco Resorts conducts any share repurchase via privately negotiated transactions under the Share Repurchase Program, the Company will comply with the requirements of the Listing Rules when and as appropriate in relation to such privately negotiated transactions.

INFORMATION IN RELATION TO THE SHARE REPURCHASE PROGRAM

If the Share Repurchase Program is implemented in full by Melco Resorts, the maximum amount payable by Melco Resorts for the repurchase of Melco Resorts Shares and/or ADSs (before expenses) would be US$500 million (equivalent to approximately HK$3,900 million).

Repurchases of Melco Resorts Shares and/or ADSs under the Share Repurchase Program may be made from time to time from the open market at prevailing market prices, including pursuant to a trading plan in accordance with Rule 10b-18 and/or Rule 10b5-1 (as discussed below) of the United States Securities Exchange Act of 1934, and/or in privately negotiated transactions. The timing of repurchases and the amount of Melco Resorts Shares and/or ADSs repurchased will be determined by Melco Resorts' management based on their evaluation of market conditions, trading prices, applicable securities laws and other factors. The Share Repurchase Program may be suspended, modified or terminated at any time, and Melco Resorts has no obligation to repurchase any amounts under the Share Repurchase Program.

Rule 10b-18 and Rule 10b5-1 provide non-mandatory, non-exclusive defences or "safe harbours" applicable to U.S.-listed companies, as well as certain other related parties, when engaging in open market transactions in a company's securities (i.e., on the Nasdaq Stock Market).

The purpose of Rule 10b-18 is to provide a safe harbour for companies to effect open market purchases without violating the general anti-manipulation provisions of the U.S. federal securities laws. In summary, a company relying on the Rule 10b-18 safe harbour must satisfy four conditions:

(a) manner of purchase: the company must make all purchases from or through only one broker or dealer on any single day;

(b) timing condition: a purchase pursuant to Rule 10b-18 cannot be the first opening trade of the day and may not be made within 30 minutes of the closing of trading on the company's principal market. This 30 minute restriction is reduced to 10 minutes from closing for companies with a public float of US$150 million and an average daily trading volume of US$1 million or more;

(c) price condition: the price of a Rule 10b-18 purchase or bid must be a price that does not exceed (i) the highest independent bid or (ii) the last independent transaction price, whichever is higher, quoted or reported at the time the Rule 10b-18 purchase is made; and

(d) volume condition: the purchaser must satisfy certain volume limitations, which generally limit purchases in any single day to no more than 25% of the average daily trading volume reported for the security during the preceding four calendar weeks (subject to an exception for block purchases under certain circumstances).

Specifically, Rule 10b5-1(c) allows U.S. listed companies engaging in share repurchases and insiders, such as directors and officers who may possess material non-public information ("**MNPI**", which is analogous to "inside information" as defined in the SFO) but who nonetheless wish to trade in shares, to establish an affirmative defence to charges of illegal insider trading under the U.S. federal securities laws. To be able to rely on this defence, the party engaging in trading must adopt a written trading plan, commonly called a Rule 10b5-1 plan, with its broker at a time when it is not in possession of MNPI. The plan must specify the details as to when the broker may trade in shares at a predetermined time on a scheduled basis or pursuant to a predetermined formula (or give the broker discretion over trading decisions).

In summary, a 10b5-1 trading plan must meet the following requirements:

(a) all persons adopting a Rule 10b5-1 plan must adopt and act in good faith with respect to that trading plan;

(b) the 10b5-1 trading plan is adopted while the individual is unaware of material non-public information about the issuing company;

(c) the terms of the 10b5-1 trading plan must identify the amount of shares to be sold or purchased, the price and the date of transaction(s) or specify a formula, algorithm or computer program for determining such amount, price, and date;

(d) only one 10b5-1 plan designed to effect the open-market purchase or sale of all of the securities covered by such plan in a single transaction may be adopted during any consecutive 12-month period, but there is an exception for eligible sell-to-cover (STC) transactions;

(e) Multiple overlapping plans for any class of securities of an issuer are not permitted, with limited exceptions:

- Eligible transactions (excluding option exercises);

- 10b5-1 plans with other brokers may be treated as a single plan (although a modification or termination of any one plan would constitute a modification or termination of all plans); and

- Traders may maintain two separate plans at the same time if trading under the later-commencing plan is not authorized to begin until after all trades under the earlier-commencing plan are completed or expire.

Repurchases of Melco Resorts Shares and/or ADSs under the Share Repurchase Program may also be made from time to time via privately negotiated (off-market) repurchases. The defences or "safe harbours" available under Rule 10b5-1 and Rule 10b-18 do not apply to privately negotiated repurchases though these repurchases are subject to the general U.S. federal and state anti-fraud and anti-manipulation provisions. There are no prescribed price, timing or other restrictions on the ability of a company to deal with its own shares via privately negotiated repurchases in contrast to Rule 10.06(2) of the Listing Rules.

While Rule 10.06(2) of the Listing Rules also provides certain restrictions on a listed company dealing in its own shares including as to price and timing, its requirements are different from those of Rule 10b-18 and Rule 10b5-1 in most respects. In particular, Rule 10b-18 and Rule 10b5-1 do not restrict purchases from core connected persons or impose trading blackout periods tied to the company's financial results announcements in contrast to Rule 10.06(2) of the Listing Rules.

The Company is notified by Melco Resorts that, as at the Latest Practicable Date, Melco Resorts had repurchased approximately 53.1 million ADSs (equivalent to approximately 159.2 million Melco Resorts Shares) from the open market for an aggregate consideration (before expenses) of approximately US$277 million (equivalent to approximately HK$2,160.6 million) under the Share Repurchase Program. The share repurchases were funded by cash on hand of Melco Resorts, which is a separately listed company. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, the selling shareholders of such repurchased Melco Resorts Shares and/or ADSs and their ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules) of the Company. The Company will duly comply with the applicable requirements under Chapter 14A of the Listing Rules if Melco Resorts purchases Melco Resorts Shares and/or ADSs from the Company's connected persons under the Share Repurchase Program.

The consideration for the repurchases of Melco Resorts Shares and/or ADSs repurchased under the Share Repurchase Program will be/were paid by Melco Resorts in full, either in cash or bank balances, on settlement of the relevant repurchase transaction, and financed by immediately available financial resources of Melco Resorts.

Melco Resorts Shares and/or ADSs repurchased under the Share Repurchase Program may be cancelled or held as treasury shares for future re-issuance following their repurchase. Pending their cancellation, or a determination having been made to hold them as treasury shares, Melco Resorts Shares and/or ADSs repurchased under the Share Repurchase Program may remain registered in the name of a nominee of Deutsche Bank Trust Company Americas, as depositary in respect of Melco Resorts' ADS program. The Company's indirect holding of Melco Resorts' outstanding share capital would increase as a result of the repurchased Melco Resorts Shares and/or ADSs are cancelled or determined to be held as treasury shares for future re-issuance.

As disclosed in the Announcement, implementation in full of the Share Repurchase Program by Melco Resorts and cancellation of the repurchased Melco Resorts Shares (including those underlying any ADSs repurchased under the Share Repurchase Program) or holding them as treasury shares for future re-issuance would result in the Company's indirect holding of Melco Resorts' outstanding share capital increasing from its existing approximately 53.85% to approximately 71.30%, assuming (1) that all repurchases are made at the closing price per ADS quoted on the Nasdaq Global Select Market on 4 April 2025 (being US$4.80, equivalent to approximately HK$37.44); (2) all such repurchased ADSs (including those underlying any repurchased ADSs) are cancelled or held as treasury shares; and (3) no other changes to Melco Resorts' outstanding share capital.

REASONS FOR AND BENEFITS OF THE SHARE REPURCHASE PROGRAM

The Share Repurchase Program reflects the confidence of the Company in Melco Resorts' long-term strategy and growth prospects, and is a method by which Melco Resorts can create shareholder value.

Following the repurchases of Melco Resorts Shares and/or ADSs, the Company's indirect holding of Melco Resorts' outstanding share capital would, after cancellation of the repurchased Melco Resorts Shares and/or ADSs or the determination to hold the repurchased Melco Resorts Shares and/or ADS, as treasury shares for future re-issuance, increase. The Board believes that share repurchases under the Share Repurchase Program could enhance the return of Melco Resorts to the Company and in turn to the Shareholders.

The Directors (including the independent non-executive Directors) consider that the terms of the Share Repurchase Program are fair and reasonable, and that the Share Repurchase Program is on normal commercial terms or better (as far as the Company is concerned), and in the interests of the Company and the Shareholders as a whole.

INFORMATION IN RELATION TO THE PARTIES

Melco Resorts

Melco Resorts, a listed subsidiary of the Company with its ADSs listed on the Nasdaq Global Select Market in the United States of America, is a developer, owner and operator of integrated resort facilities in Asia and Europe.

For the financial year ended 31 December 2024, Melco Resorts' audited loss before income tax were approximately US$6,349,000 (equivalent to approximately HK$49,522,200) and Melco Resorts' audited net loss were approximately US$27,959,000 (equivalent to approximately HK$218,080,200).

For the financial year ended 31 December 2023, Melco Resorts' audited loss before income tax were approximately US$401,908,000 (equivalent to approximately HK$3,134,882,400) and Melco Resorts' audited net loss were approximately US$415,330,000 (equivalent to approximately HK$3,239,574,000).

As at 31 December 2024, Melco Resorts' audited total deficit was approximately US$939,964,000 (equivalent to approximately HK$7,331,719,200).

The Company

The Company, through its subsidiaries, is principally engaged in leisure, gaming and entertainment, and other investments.

LISTING RULES IMPLICATIONS

Implementation in full of the Share Repurchase Program by Melco Resorts, when aggregated with repurchases of Melco Resorts Shares and/or ADSs made by Melco Resorts within the previous 12-month period, or which are otherwise related, would be a major transaction for the Company under Chapter 14 of the Listing Rules, as one or more of the applicable percentage ratios are 25% or more but all the applicable percentage ratios are less than 100%.

Accordingly, the implementation by Melco Resorts of the Share Repurchase Program to an extent which would be a major transaction for the Company under the Listing Rules is conditional on Shareholders' approval, in accordance with Rule 14.40 of the Listing Rules.

So far as the Company is aware, having made all reasonable enquiries, no Shareholder has a material interest in, and would be required to abstain from voting on the resolution to approve the implementation in full of the Share Repurchase Program, if the Company were to convene a general meeting to approve such implementation.

As at the date of the Announcement, the following Shareholders hold an aggregate of 827,722,949 Shares as recorded in the register required to be kept under Section 336 of the SFO, representing approximately 54.57% of the issued shares of the Company:

(a) Better Joy Overseas Ltd., which holds 301,368,606 Shares, representing approximately 19.87% of the issued Shares;

(b) Black Spade Capital Limited, which holds 91,445,132 Shares, representing approximately 6.03% of the issued Shares;

(c) Lasting Legend Ltd., which holds 122,243,024 Shares, representing approximately 8.06% of the issued Shares; and

(d) L3G Holdings Inc., which holds 312,666,187 Shares, representing approximately 20.62% of the issued Shares.

All of the companies referred to in paragraphs (a) to (c) above are owned by Mr. Ho and/or persons and/or trusts associated with Mr. Ho. By virtue of the SFO, Mr. Ho is deemed to be interested in the Shares held by those companies. L3G Holdings Inc. is a company controlled by a discretionary family trust with beneficiaries including Mr. Ho and his family members. Mr. Ho is taken to have interests in the Shares held by L3G Holdings Inc. by virtue of him being one of the beneficiaries of the discretionary family trust for the purpose of the SFO.

The Company has received written Shareholders' approval in respect of the implementation in full of the Share Repurchase Program by Melco Resorts to the extent such repurchases are made from the open market from the closely allied group of Shareholders specified above, which together hold more than 50% of the issued shares of the Company, in accordance with Rule 14.44 of the Listing Rules. Accordingly, no Shareholders' meeting will be convened by the Company to approve the implementation in full by Melco Resorts of the Share Repurchase Program to the extent such repurchases are made from the open market.

WAIVER FROM COMPLIANCE WITH RULE 14.67(6)(A)(I) OF THE LISTING RULES

Pursuant to Rule 14.67(6)(a)(i) of the Listing Rules, the Company is required to include in this circular an accountants' report on Melco Resorts prepared in accordance with Chapter 4 of the Listing Rules. The accountants' report must include the financial information of Melco Resorts for each of the financial years ended 31 December 2022, 2023 and 2024 before this circular is issued, prepared under HKFRS using accounting policies which should be materially consistent with those adopted by the Company.

The ADSs of Melco Resorts are listed on the Nasdaq Global Select Market. In accordance with the rules and regulations of the SEC, Melco Resorts' published audited annual consolidated financial statements and its published unaudited quarterly financial information have been prepared in accordance with US GAAP.

Melco Resorts' consolidated financial statements for each of the financial years ended 31 December 2022, 2023 and 2024 have been audited by Melco Resorts' auditors, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("**PCAOB**"). Melco Resorts' consolidated financial statements for each of the financial years ended 31 December 2022 and 2023 have been audited by Ernst & Young LLP, and subsequent to the change of auditor of Melco Resorts from Ernst & Young LLP to Deloitte & Touche LLP in June 2024, Melco Resorts' consolidated financial statements for the financial year ended 31 December 2024 have been audited by Deloitte & Touche LLP. Each of Ernst & Young LLP and Deloitte & Touche LLP is a firm with international name and reputation and is registered with the PCAOB.

The Company's consolidated financial statements are prepared in accordance with HKFRS. Complying with the requirements of Rule 14.67(6)(a)(i) of the Listing Rules in having Melco Resorts to produce an accountants' report under HKFRS in this circular would be unduly burdensome and would create practical difficulties as this would require the Company to undertake a considerable amount of work to convert Melco Resorts' consolidated financial statements from US GAAP to HKFRS and prepare consolidated financial statements of Melco Resorts in conformity with HKFRS for the financial years ended 31 December 2022, 2023 and 2024 (the "**Melco Resorts HKFRS Financial Information**"). The Company's auditors would then need to carry out audit procedures in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") on the Melco Resorts HKFRS Financial Information and prepare an accountants' report accordingly. The benefits of such work may not justify the additional work and expenses involved and the Company expected it will cause a significant delay in the issuance of this circular.

Accordingly, the Company has applied to the Stock Exchange for waiver from compliance with Rule 14.67(6)(a)(i) of the Listing Rules of the requirement to include in this circular an accountants' report of Melco Resorts in respect of each of the financial years ended 31 December 2022, 2023 and 2024 prepared under HKFRS.

In replacement of an accountants' report on Melco Resorts prepared under HKFRS, the following disclosure has been included in this circular:

(a) the audited consolidated financial statements of Melco Resorts for the financial years ended 31 December 2022, 2023 and 2024, prepared in accordance with US GAAP, including the management discussion and analysis, extracted from the SEC filings of Melco Resorts for the relevant years;

(b) additional financial information of Melco Resorts required for an accountants' report under the Listing Rules for the financial years ended 31 December 2022, 2023 and 2024 but not disclosed in Melco Resorts' published audited annual consolidated financial statements prepared under US GAAP, excluding the information required under Rule 4.08(3) of the Listing Rules (which requires the accountants' report to state that it has been prepared in accordance with the Auditing Guideline – Prospectuses and the reporting accountant (Statement 3.340) issued by the HKICPA) ("**Additional Information**");

(c) a summary of the material differences between the accounting policies adopted by Melco Resorts (under US GAAP) and the accounting policies adopted by the Company (under HKFRS), including a line-by-line reconciliation of the consolidated statements of financial position and the consolidated income statements for the financial years ended 31 December 2022, 2023 and 2024, addressing the material differences, other than presentational differences, which would have a significant effect on Melco Resorts' financial information referred to in paragraph (a) above had they been prepared in accordance with the accounting policies adopted by the Company under HKFRS (the "**Reconciliation**"), where:

    (i) in respect of the financial year ended 31 December 2024, the line-by-line Reconciliations will be reported on by Deloitte Touche Tohmatsu in accordance with HKSAE3000; and

(ii) In respect of each of the financial years ended 31 December 2022 and 2023, additional procedures would be required to be performed by Deloitte Touche Tohmatsu to report on a Reconciliation for the 2022 and 2023 financial years in accordance with HKSAE3000, which would incur significant costs to the Company and require a substantial amount of time for Deloitte Touche Tohmatsu to complete the relevant procedures, since Melco Resorts' consolidated financial statements for each of the financial years ended 31 December 2022 and 2023 were not audited by Deloitte Touche Tohmatsu (but rather, Ernst & Young LLP). Melco Resorts contributed over 99% to the Group's revenue and over 80% to the Group's loss for the year in both years ended 31 December 2022 and 2023. Melco Resorts also contributed over 70% to the Group's total assets and total liabilities as at 31 December 2022 and 2023. Therefore, the preparation of Reconciliation for the 2022 and 2023 financial years in accordance with HKSAE3000 for inclusion in the circular would be impractical, unduly burdensome and would result in unnecessary costs and effort being incurred that may not add much value to the Shareholders in understanding the financial position of Melco Resorts. Hence, Deloitte Touche Tohmatsu will perform certain agreed upon procedures on the line-by-line Reconciliation for each of the financial years ended 31 December 2022 and 2023 in accordance with Hong Kong Standard on Related Services 4400, by agreeing the US GAAP conversion adjustments to accounting records and checking to ensure arithmetical accuracy.

The Directors consider that the published audited annual consolidated financial statements in relation to Melco Resorts under US GAAP to be reproduced in this circular, when taken together with the related management discussion and analysis, the Additional Information and the Reconciliation, will afford Shareholders with all material information necessary to assess the financial performance of Melco Resorts throughout the periods presented, such information being broadly commensurate in all material respects to the disclosure that would otherwise have been provided if an accountants' report on Melco Resorts prepared under HKFRS had been produced under Rule 14.67(6)(a)(i) of the Listing Rules.

Accordingly, the Company had applied to the Stock Exchange for, and the Stock Exchange had granted, a waiver from compliance with Rule 14.67(6)(a)(i) of the Listing Rules such that the Company is not required to include an accountants' report on Melco Resorts for the financial years ended 31 December 2022, 2023 and 2024 prepared under HKFRS in this circular.

FURTHER INFORMATION

Your attention is also drawn to the further information set out in the appendices to this circular.

Yours faithfully,
By order of the board of
Melco International Development Limited
Ho, Lawrence Yau Lung
Chairman and Chief Executive Officer

1. CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

Consolidated financial information of the Group (being the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows) for each of the financial years ended 31 December 2022, 2023 and 2024, together with the relevant notes thereto, are disclosed in the following documents which have been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and/or the Company (http://www.melco-group.com), the links to which are shown below for reference:

(a) annual report of the Company for the year ended 31 December 2022 published on 27 April 2023 (pages 107 to 233) which can be accessed via the link at https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042705134.pdf;

(b) annual report of the Company for the year ended 31 December 2023 published on 26 April 2024 (pages 103 to 217) which can be accessed via the link at https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0426/2024042603229.pdf; and

(c) annual report of the Company for the year ended 31 December 2024 published on 28 April 2025 (pages 114 to 221) which can be accessed via the link at https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0428/2025042802764.pdf.

Subsequent Events:

Subsequent to 28 March 2025, the date of issuance of the audited consolidated financial statements of the Group included in the annual report of the Company for the year ended 31 December 2024 (i.e. item (c) above) (the "**2024 Annual Report**"), and up to the Latest Practicable Date, the subsequent events note as disclosed in note 45 to the consolidated financial statements set out in the 2024 Annual Report is further updated as follows:

(a) During the period from 29 March 2025 through the Latest Practicable Date, Melco Resorts repurchased 24,715,624 ADSs (equivalent to 74,146,872 ordinary shares) from the open market for an aggregate consideration of approximately US$124,651,000 (equivalent to approximately HK$969,341,000) (the "**Share Repurchase**"). The Share Repurchase was funded by cash on hand of Melco Resorts, which is a separately listed company. Assuming (i) the 74,146,872 ordinary shares of Melco Resorts repurchased under the Share Repurchase (including those underlying any repurchased ADSs) have been cancelled or held as treasury shares; and (ii) no other changes to Melco Resorts' outstanding share capital (being 1,276,540,382 ordinary shares as at the Latest Practicable Date), the Company's indirect holding of Melco Resorts' outstanding share capital would be increased from its existing approximately 53.85% to approximately 57.17%;

(b) On 7 April 2025, the Group drew down US$10,000,000 (equivalent to approximately HK$77,587,000) from a shareholder loan facility under the Shareholder Loan Facility Agreements (as disclosed in note 45(a) to the consolidated financial statements set out in the 2024 Annual Report) for prepayment of a portion of the outstanding loan principal amount under the 2021 Credit Facilities as disclosed in sub-paragraph (c) below;

(c) On 8 April 2025, the Group obtained confirmation that the majority of lenders of the 2021 Credit Facilities (as defined in note 30(b) to the consolidated financial statements set out in the 2024 Annual Report) consented and agreed to amend certain financial covenants from 8 April 2025 to 30 June 2025 (both dates inclusive), subject to certain conditions (the "**Amendments**"), and the Group partially prepaid US$10,000,000 (equivalent to approximately HK$77,587,000) of the outstanding loan principal amount under the 2021 Credit Facilities on the same date to fulfil the terms of the Amendments;

(d) In April 2025, two non-wholly owned subsidiaries of the Company declared special interim dividends of a total amount of HK$286,077,000 to their respective shareholders, out of which an aggregate amount of HK$35,257,000 was attributable to the non-controlling shareholders of the subsidiaries, and the dividends payment were all settled in April 2025 (the "**Subsidiaries Dividends Declaration**"). As a result of the Subsidiaries Dividends Declaration, the net assets and non-controlling interests of the Group decreased by HK$35,257,000;

(e) On 24 April 2025, the Company entered into certain shareholder loan agreements with the associates of Mr. Ho, pursuant to which the associates of Mr. Ho will provide the shareholders' credit facilities of up to an aggregate principal amount of HK$451,830,000 to the Company (the "**Shareholder Loans**") for a period from 24 April 2025 to 24 October 2026. The Shareholder Loans are unsecured and include a set-off arrangement allowing all or part of the subscription monies payable by the associates of Mr. Ho under the rights issue as further detailed in the announcement of the Company dated 25 April 2025 (the "**Rights Issue**") to be partially set off on a dollar-to-dollar basis against an equivalent amount of any outstanding obligation under the Shareholder Loans (including any accrued interests). Principal amounts outstanding under the Shareholder Loans bear interest at 11% per annum and are payable every two months, with outstanding principal amounts payable by the Company on 24 October 2026. Notwithstanding the aforesaid, the lenders may demand immediate repayment of all or part of the principal amounts outstanding together with interest accrued by notice to the Company. The interest rate of the Shareholder Loans was determined on an arm's length basis, considering (a) the limited availability of debt financing options for the Company in the current market environment, taking into account the Company's financial condition; (b) the market trading levels of the debt securities issued by its subsidiaries Melco Resorts and Studio City, which serve as reference points for the market expectations and/or market reactions regarding the Company; and (c) the Company's credit profile and cash availability. The Board believes that the interest rate of the Shareholder Loans was based on normal commercial terms and is fair and reasonable. On 9 May 2025, the Company drew down HK$390,000,000 from the Shareholder Loans. As at the Latest Practicable Date, the outstanding principal amount of the Shareholder Loans was HK$390,000,000;

(f) On 7 May 2025, the Group drew down HK$195,000,000 from a revolving credit facility for general corporate purposes;

(g) On 13 May 2025, the Group partially prepaid US$50,000,000 (equivalent to approximately HK$387,937,000) of the outstanding loan principal amount under the 2021 Credit Facilities; and

(h) On 13 May 2025, Mr. John William Crawford, J.P., who had been an independent non-executive director of the Company since September 2019, passed away. For further details, please refer to the announcement of the Company dated 15 May 2025.

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 March 2025, being the latest practicable date for the purpose of this statement of indebtedness of the Group prior to the printing of this Circular, the Group had the following outstanding indebtedness in net carrying amounts:

Interest-bearing borrowings

	31 March 2025
	HK$'000
Senior notes:	
– Unsecured and unguaranteed	37,631,274
– Unsecured and guaranteed	14,128,964
– Secured and guaranteed	2,702,402
Bank loans:	
– Unsecured and guaranteed	1,229,000
– Secured and guaranteed	5,113,940
Shareholder loan:	
– Unsecured and unguaranteed	38,890
	60,844,470

The secured senior notes and bank loans were secured by the following assets of the Group:

(i) certain property, plant and equipment;

(ii) certain right-of-use land and all present and future buildings on and fixtures to such land, and land use rights (or equivalent);

(iii) certain bank deposits;

(iv) receivables and other assets including certain intragroup loans; and

(v) issued shares of certain subsidiaries of the Company.

Lease liabilities

As at 31 March 2025, the Group had unguaranteed lease liabilities amounting to approximately HK$2,505,012,000, of which approximately HK$2,232,440,000 are secured by rental deposits and with the remaining amount of approximately HK$272,572,000 as unsecured.

Concession and license liabilities

As at 31 March 2025, the Group had concession and license liabilities amounting to approximately HK$2,301,649,000. These included:–

(i) secured and guaranteed concession liabilities of approximately HK$1,720,940,000 in relation to a ten-year concession (the "**Concession**") granted by the Macau government to a subsidiary of the Company on 16 December 2022 to operate games of fortune and chance in casinos in Macau commenced on 1 January 2023 and ends on 31 December 2032. As required under the terms of the Concession, the Group provided a bank guarantee in favour of the Macau government of Macau Pataca ("**MOP**") 1,000,000,000 (equivalent to approximately HK$970,874,000) to secure the fulfilment of performance of certain legal and contractual obligations, including labour obligations. As stipulated in the bank guarantee contract, cash of HK$970,874,000 (equivalent to MOP1,000,000,000) was held in the collateral bank account to secure the bank guarantee as at 31 March 2025; and

(ii) unsecured and unguaranteed license liabilities of approximately HK$580,709,000 in relation to a gaming license granted by the Cyprus government to a subsidiary of the Company on 26 June 2017 to develop, operate and maintain an integrated casino resort in Limassol, Cyprus and up to four satellite casino premises in Cyprus for a term of 30 years, the first 15 years of which are exclusive.

Guarantees

Except for the bank guarantee under the Concession disclosed herein of this statement of indebtedness, the Group made the following significant guarantees as at 31 March 2025:

(i) A subsidiary of the Company entered into a deed of guarantee with a third party amounting to US$5,000,000 (equivalent to approximately HK$38,890,000) to guarantee certain payment obligations of the City of Dreams' operations;

(ii) In October 2013, one of the Company's subsidiaries entered into a trade credit facility agreement for HK$200,000,000 ("**Trade Credit Facility**") with a bank to meet certain payment obligations of the Studio City project. The Trade Credit Facility is guaranteed by another subsidiary of the Company. As at 31 March 2025, approximately HK$5,000,000 of the Trade Credit Facility had been utilised; and

(iii) A subsidiary of the Company issued a corporate guarantee of Philippine Peso 100,000,000 (equivalent to approximately HK$13,557,000) to a bank in respect of a surety bond issued to the Philippine Amusement and Gaming Corporation ("**PAGCOR**") as required under the terms of the casino gaming license issued by PAGCOR on 29 April 2015 and expires on 11 July 2033 to operate City of Dreams Manila in the Philippines.

Contingent liabilities and litigation

As at 31 March 2025, there is no material change for the commitments and contingencies that disclosed in note 40 to the consolidated financial statements set out in the 2024 Annual Report.

City of Dreams Mediterranean arbitration

On 24 July 2024, Avax S.A. & Terna S.A. (the "**Claimants**", main contractor for the construction of City of Dreams Mediterranean) filed a notice of arbitration against a subsidiary of the Company (the "**Respondent**") initiating an arbitration under the London Court of International Arbitration Rules, principally seeking additional payment for the construction of City of Dreams Mediterranean (the "**Arbitration**"). The Respondent intends to vigorously defend against the claims and believes that the claims are without merit. The Respondent has significant counter claims against the Claimants which the Respondent intends to vigorously pursue. The Arbitration is at an early stage and the Group has determined that based on the Arbitration progress to date, it is currently unable to determine the outcome of the Arbitration or reasonably estimate the range of possible loss, if any.

General litigation

As at 31 March 2025, the Group was a party to certain other legal proceedings which relate to matters arising out of the ordinary course of its business. Management believes that the outcomes of such proceedings have been adequately provided for or have no material impact on the Group as at 31 March 2025.

Save as aforesaid or otherwise disclosed herein, apart from intra-group liabilities and normal trade and other payables, the Group did not have any debt securities issued and outstanding or authorised or otherwise created but unissued, term loans, bank overdrafts, liabilities under acceptances or acceptance credits, hire purchase commitments, mortgages, charges, guarantees or material contingent liabilities as at the close of business on 31 March 2025.

3. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, in the absence of unforeseeable circumstances, after taking into account the Group's business prospects, internal resources, available facilities and the estimated payments to be used in the Share Repurchase Program, the Group has sufficient working capital for its requirements for at least twelve months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Company operates its business primarily through its subsidiary, Melco Resorts, a developer, owner and operator of integrated resorts in Asia and Europe. As at the Latest Practicable Date, the Company, through its wholly owned subsidiary, held approximately 53.85% of the total number of issued shares of Melco Resorts.

In Macau, Melco Resorts owns and operates City of Dreams and Altira Macau, integrated resorts located in Cotai and Taipa, Macau, respectively. Its business also includes the Grand Dragon Casino, a casino located in Taipa, Macau and the Mocha Clubs, the largest non-casino-based operator of electronic gaming machines in Macau. Furthermore, it has majority ownership of and operates Studio City, a cinematically themed integrated resort located in Cotai, Macau.

Beyond Macau, a Philippine subsidiary of Melco Resorts operates and manages City of Dreams Manila, an integrated resort at the Entertainment City complex in Manila. In Europe, Melco Resorts holds a 75% equity interest in ICR Cyprus Holdings Limited and, through its subsidiaries, operates City of Dreams Mediterranean in Limassol, Cyprus, as well as three satellite casinos in other cities in Cyprus. Melco Resorts is also in the process of fitting out a gaming area at City of Dreams Sri Lanka. Casino operations are expected to commence in the third quarter of 2025.

The Group is focused on continuing to improve the quality of its services and entertainment offerings as well as upgrading the infrastructure of its properties, with the goal to better cater to customers in Macau and around the world. In pursuit of its vision to establish world-leading hospitality and entertainment in Macau, the Group remains unwavering in its efforts to attract new and high-quality tourism to its properties. In Macau, the iconic attraction, House of Dancing Water re-opened in early May 2025, and is expected to drive traffic into City of Dreams. Studio City Phase 2 opened in April 2023 offering a thrilling indoor and outdoor waterpark, two new hotel towers – Epic Tower and W Macau – as well as the first Dolby Cinema in Macau and Hong Kong with 9 screening houses and 770 seats. In Cyprus, the Group continues to enhance and upgrade its leisure offerings since City of Dreams Mediterranean opened to the public in July 2023, including the opening of the Marcos Baghdatis Tennis Academy.

Continuing its global expansion, the casino at City of Dreams Sri Lanka is slated to open in the third quarter of 2025. City of Dreams Sri Lanka was developed by our partners John Keells Holdings PLC and will be the first integrated resort in Sri Lanka. The project is set to redefine the luxury hospitality, entertainment, and leisure landscape in the region, complementing the Group's existing portfolio of properties. The Group will continue to take a strategic approach to global expansion, actively exploring new opportunities in emerging gaming markets.

Looking ahead, the Group believes that its diversified revenue streams across market segments and geographies with its portfolio of high-quality luxury hotel, F&B and entertainment offerings will provide a strong foundation to the Group's long-term success and development. With growing global demand for premium and tailored travel experiences, for both gaming as well as non-gaming entertainment and leisure offerings, the Group's dedicated management team, solid corporate governance and strong property portfolio are well placed to continue to deliver solid financial growth.

6. FINANCIAL EFFECT ON THE GROUP

As set out in the unaudited pro forma financial information of the Group in Appendix III to this circular, total assets of the Group would have been decreased by approximately HK$3,030,414,000 from approximately HK$84,749,503,000 as at 31 December 2024 to approximately HK$81,719,089,000 and the equity attributable to owners of the Company would have been decreased by HK$945,358,000 from approximately HK$45,930,000 as at 31 December 2024 to deficit attributable to owners of the Company of approximately HK$899,428,000.

Further details of the financial effects of the full implementation of the Share Repurchase Program to the Group together with the basis in preparing the unaudited pro forma financial information of the Group are set out in Appendix III to this circular.

There will be no effect on liabilities and earnings of the Group associated with the full implementation of the Share Repurchase Program assuming repurchases of all Outstanding Repurchase Amount as defined in Appendix III are funded by cash and bank balances of Melco Resorts without financing by other available financial resources of Melco Resorts.

A. PUBLISHED FINANCIAL INFORMATION OF MELCO RESORTS OF EACH OF THE YEARS ENDED 31 DECEMBER 2022, 2023 AND 2024

For the purpose of this section only, unless the context requires otherwise, references to "$" refer to US$.

1. The following is an extract of the audited consolidated financial statements of Melco Resorts as of 31 December 2022 and 2023 and for the years ended 31 December 2021, 2022 and 2023 (the "**Melco Resorts 2023 financial statements**"), which were prepared in accordance with US GAAP, from the report of Melco Resorts on Form 20-F and the exhibits thereto furnished to the SEC on 22 March 2024, except for certain information in relation to segment disclosure have been adjusted to reflect the retrospective adoption for the fiscal years beginning after December 15, 2023 of Accounting Standards Update ("**ASU**") 2023-07, "Improvements to Reportable Segment Disclosures".

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

	December 31,	
	2023	**2022**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,310,715	$ 1,812,729
Restricted cash	27	50,992
Accounts receivable, net of allowances for credit losses of $153,863 and $202,278	91,638	55,992
Receivables from affiliated companies	797	630
Inventories	29,427	26,416
Prepaid expenses and other current assets	111,688	119,410
Assets held for sale	–	8,503
Total current assets	1,544,292	2,074,672
Property and equipment, net	5,533,994	5,870,905
Intangible assets, net	304,652	43,610
Goodwill	81,582	81,606
Long-term prepayments, deposits and other assets, net of allowances for credit losses of $2,377 and $14,966	100,320	159,697
Receivables from an affiliated company	–	216,333
Restricted cash	125,094	124,736
Deferred tax assets, net	–	638
Operating lease right-of-use assets	62,356	58,715
Land use rights, net	582,782	670,872
Total assets	$ 8,335,072	$ 9,301,784

	December 31, 2023	December 31, 2022
LIABILITIES AND DEFICIT		
Current liabilities:		
Accounts payable	$ 11,752	$ 6,730
Accrued expenses and other current liabilities	1,008,316	809,305
Income tax payable	28,183	11,610
Operating lease liabilities, current	19,685	12,761
Finance lease liabilities, current	35,307	34,959
Current portion of long-term debt, net	–	322,500
Payables to affiliated companies	377	761
Total current liabilities	1,103,620	1,198,626
Long-term debt, net	7,472,620	8,090,008
Other long-term liabilities	322,591	33,712
Deferred tax liabilities, net	34,959	39,677
Operating lease liabilities, non-current	53,858	55,832
Finance lease liabilities, non-current	187,474	198,291
Total liabilities	$ 9,175,122	$ 9,616,146
Commitments and contingencies *(Note 21)*		
Deficit:		
Ordinary shares, par value $0.01; 7,300,000,000 shares authorized; 1,404,679,067 and 1,445,052,143 shares issued; 1,311,270,775 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	3,109,212	3,218,895
Accumulated other comprehensive losses	(98,599)	(111,969)
Accumulated losses	(4,056,872)	(3,729,952)
Total Melco Resorts & Entertainment Limited shareholders' deficit	(1,287,280)	(850,325)
Noncontrolling interests	447,230	535,963
Total deficit	(840,050)	(314,362)
Total liabilities and deficit	$ 8,335,072	$ 9,301,784

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except share and per share data)

	Year Ended December 31,		
	2023	**2022**	**2021**
Operating revenues:			
Casino	$ 3,077,312	$ 1,076,398	$ 1,676,263
Rooms	338,224	116,552	157,501
Food and beverage	208,885	85,518	97,665
Entertainment, retail and other	150,826	71,509	80,927
Total operating revenues	3,775,247	1,349,977	2,012,356
Operating costs and expenses:			
Casino	(2,034,848)	(912,839)	(1,320,882)
Rooms	(87,637)	(46,199)	(49,895)
Food and beverage	(163,492)	(82,000)	(91,533)
Entertainment, retail and other	(76,704)	(22,419)	(29,463)
General and administrative	(488,127)	(423,225)	(426,407)
Payments to the Philippine Parties	(42,451)	(28,894)	(26,371)
Pre-opening costs	(43,994)	(15,585)	(4,157)
Development costs	(1,202)	–	(30,677)
Amortization of gaming subconcession	–	(32,785)	(57,276)
Amortization of land use rights	(22,670)	(22,662)	(22,832)
Depreciation and amortization	(520,726)	(466,492)	(499,739)
Property charges and other	(228,437)	(39,982)	(30,575)
Total operating costs and expenses	(3,710,288)	(2,093,082)	(2,589,807)
Operating income (loss)	64,959	(743,105)	(577,451)
Non-operating income (expenses):			
Interest income	23,305	26,458	6,618
Interest expense, net of amounts capitalized	(492,391)	(376,722)	(350,544)
Other financing costs	(4,372)	(6,396)	(11,033)
Foreign exchange gains, net	2,232	3,904	4,566
Other income, net	2,748	3,930	3,082
Gain (loss) on extinguishment of debt	1,611	–	(28,817)
Total non-operating expenses, net	(466,867)	(348,826)	(376,128)
Loss before income tax	(401,908)	(1,091,931)	(953,579)
Income tax expense	(13,422)	(5,236)	(2,885)
Net loss	(415,330)	(1,097,167)	(956,464)
Net loss attributable to noncontrolling interests	88,410	166,641	144,713
Net loss attributable to Melco Resorts & Entertainment Limited	$ (326,920)	$ (930,526)	$ (811,751)
Net loss attributable to Melco Resorts & Entertainment Limited per share:			
Basic	$ (0.249)	$ (0.669)	$ (0.566)
Diluted	$ (0.249)	$ (0.669)	$ (0.566)
Weighted average shares outstanding used in net loss attributable to Melco Resorts & Entertainment Limited per share calculation:			
Basic	1,314,605,173	1,391,154,836	1,434,087,641
Diluted	1,314,605,173	1,391,154,836	1,434,087,641

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(In thousands)

	Year Ended December 31,		
	2023	**2022**	**2021**
Net loss	$ (415,330)	$ (1,097,167)	$ (956,464)
Other comprehensive income (loss):			
Foreign currency translation adjustments	13,310	(41,082)	(78,992)
Other comprehensive income (loss)	13,310	(41,082)	(78,992)
Total comprehensive loss	(402,020)	(1,138,249)	(1,035,456)
Comprehensive loss attributable to noncontrolling interests	88,470	171,762	159,029
Comprehensive loss attributable to Melco Resorts & Entertainment Limited	$ (313,550)	$ (966,487)	$ (876,427)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF (DEFICIT) EQUITY

(In thousands, except share and per share data)

	Melco Resorts & Entertainment Limited Shareholders' (Deficit) Equity								
	Ordinary Shares		Treasury Shares		Additional Paid-in Capital	Accumulated Other Comprehensive Losses	Accumulated Losses	Noncontrolling Interests	Total (Deficit) Equity
	Shares	Amount	Shares	Amount					
Balance at January 1, 2021	1,456,547,942	$ 14,565	(25,582,630)	$ (121,028)	$ 3,207,312	$ (11,332)	$ (1,987,396)	$ 735,950	$ 1,838,071
Net loss	–	–	–	–	–	–	(811,751)	(144,713)	(956,464)
Foreign currency translation adjustments	–	–	–	–	–	(64,676)	–	(14,316)	(78,992)
Share-based compensation	–	–	–	–	71,894	–	–	14	71,908
Shares repurchased by the Company	–	–	(16,116,135)	(52,026)	–	–	–	–	(52,026)
Issuance of shares for restricted shares vested	–	–	6,042,543	28,516	(28,749)	–	–	–	(233)
Exercise of share options	–	–	2,478,594	11,682	(5,314)	–	–	–	6,368
Changes in shareholdings of the Philippine subsidiaries	–	–	–	–	(6,951)	–	–	(1,567)	(8,518)
Restricted shares granted to employees of an affiliated company	–	–	–	–	408	–	(408)	–	–
Dividends declared to noncontrolling interests	–	–	–	–	–	–	–	(229)	(229)
Balance at December 31, 2021	1,456,547,942	14,565	(33,177,628)	(132,856)	3,238,600	(76,008)	(2,799,555)	575,139	819,885
Net loss	–	–	–	–	–	–	(930,526)	(166,641)	(1,097,167)
Foreign currency translation adjustments	–	–	–	–	–	(35,961)	–	(5,121)	(41,082)
Share-based compensation	–	–	–	–	62,831	–	–	10	62,841
Shares repurchased by the Company	–	–	(102,783,027)	(189,161)	–	–	–	–	(189,161)
Retirement of repurchased shares	(11,495,799)	(114)	11,495,799	21,971	(21,857)	–	–	–	–
Issuance of shares for restricted shares vested	–	–	14,720,040	58,296	(58,756)	–	–	–	(460)
Changes in shareholdings of the Philippine subsidiaries	–	–	–	–	(2,952)	–	–	(358)	(3,310)
Changes in shareholdings of Studio City International	–	–	–	–	879	–	–	133,224	134,103
Restricted shares granted to employees of an affiliated company, net of adjustment	–	–	–	–	(129)	–	129	–	–
Reimbursement from an affiliated company for restricted shares granted to its employees	–	–	–	–	279	–	–	–	279
Dividends declared to noncontrolling interests	–	–	–	–	–	–	–	(290)	(290)
Balance at December 31, 2022	1,445,052,143	14,451	(109,744,816)	(241,750)	3,218,895	(111,969)	(3,729,952)	535,963	(314,362)
Net loss	–	–	–	–	–	–	(326,920)	(88,410)	(415,330)
Foreign currency translation adjustments	–	–	–	–	–	13,370	–	(60)	13,310
Share-based compensation	–	–	–	–	48,336	–	–	4	48,340
Shares repurchased by the Company	–	–	(40,373,076)	(169,836)	–	–	–	–	(169,836)
Retirement of repurchased shares	(40,373,076)	(404)	40,373,076	108,375	(107,971)	–	–	–	–
Issuance of shares for restricted shares vested	–	–	16,254,282	47,903	(49,452)	–	–	–	(1,549)
Exercise of share options	–	–	82,242	240	(14)	–	–	–	226
Changes in shareholdings of the Philippine subsidiaries	–	–	–	–	(582)	–	–	(90)	(672)
Dividends declared to noncontrolling interests	–	–	–	–	–	–	–	(177)	(177)
Balance at December 31, 2023	1,404,679,067	$ 14,047	(93,408,292)	$ (255,068)	$ 3,109,212	$ (98,599)	$ (4,056,872)	$ 447,230	$ (840,050)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2023	2022	2021
Cash flows from operating activities:			
Net loss	$ (415,330)	$ (1,097,167)	$ (956,464)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	543,396	521,939	579,847
Amortization of deferred financing costs and original issue premiums	19,461	17,056	16,276
(Payment for) interest accretion on finance lease liabilities	(12,825)	(16,843)	17,218
Interest accretion on financial liabilities	4,692	–	–
Net loss on disposal of property and equipment	443	476	807
Impairment of long-lived assets	207,608	3,595	3,643
Impairment of assets held for sale	–	6,794	–
Net (gain) loss on disposal of assets held for sale	(4,468)	477	–
(Reversal of) provision for credit losses	(3,351)	(433)	6,450
Provision for input value-added tax	6,665	5,714	3,023
(Gain) loss on extinguishment of debt	(1,611)	–	28,817
Share-based compensation	35,473	71,809	67,957
Changes in operating assets and liabilities:			
Accounts receivable	(31,526)	(396)	67,571
Inventories, prepaid expenses and other	20,176	4,187	16,134
Long-term prepayments, deposits and other	16,573	(16,405)	61,952
Accounts payable, accrued expenses and other	212,377	(121,288)	(178,853)
Other long-term liabilities	24,937	1,051	(3,152)
Net cash provided by (used in) operating activities	622,690	(619,434)	(268,774)
Cash flows from investing activities:			
Payments for capitalized construction costs	(132,923)	(479,883)	(532,660)
Acquisition of property and equipment	(124,101)	(129,731)	(139,155)
Acquisition of intangible and other assets	(6,864)	(12,478)	(7,579)
Proceeds from sale of property and equipment	530	423	4,843
Proceeds from sale of assets held for sale	14,845	15,562	–
Proceeds from loan repayment from an affiliated company	200,000	–	–
Payment of loan to an affiliated company	–	(200,000)	–
Placement of bank deposits with original maturities over three months	–	–	(298,666)
Withdrawals of bank deposits with original maturities over three months	–	–	298,666
Net cash used in investing activities	$ (48,513)	$ (806,107)	$ (674,551)

	Year Ended December 31,		
	2023	2022	2021
Cash flows from financing activities:			
Repayments of long-term debt	$ (2,201,562)	$ –	$ (502,831)
Repurchase of shares	(169,836)	(189,161)	(52,026)
Payments of Concession and license liabilities	(7,981)	–	–
Purchase of shares of a subsidiary	(671)	(3,310)	(8,518)
Payments of financing costs	(530)	(7,990)	(37,396)
Dividends paid	(314)	(196)	–
Proceeds from exercise of share options	226	–	7,101
Proceeds from long-term debt	1,251,544	1,849,839	1,416,012
Net proceeds from (payments for) issuance of shares of subsidiaries	–	134,103	(445)
Principal payments on finance lease liabilities	–	–	(152)
Net cash (used in) provided by financing activities	(1,129,124)	1,783,285	821,745
Effect of exchange rate on cash, cash equivalents and restricted cash	2,326	(22,602)	19,359
(Decrease) increase in cash, cash equivalents and restricted cash, including those classified within assets held for sale	(552,621)	335,142	(102,221)
Cash, cash equivalents and restricted cash at beginning of year	1,988,457	1,653,315	1,755,770
Cash, cash equivalents and restricted cash at end of year, including those classified within assets held for sale	1,435,836	1,988,457	1,653,549
Less: cash and cash equivalents classified within assets held for sale	–	–	(234)
Cash, cash equivalents and restricted cash at end of year	$ 1,435,836	$ 1,988,457	$ 1,653,315

	Year Ended December 31,		
	2023	**2022**	**2021**
Supplemental cash flow disclosures:			
Cash paid for interest, net of amounts capitalized	$ (490,910)	$ (350,737)	$ (310,319)
Cash paid for income taxes, net of refunds	$ (1,001)	$ (2,989)	$ (4,524)
Cash paid for amounts included in the measurement of lease liabilities – operating cash flows from operating leases	$ (17,135)	$ (15,393)	$ (23,398)
Change in operating lease liabilities arising from obtaining operating lease right-of-use assets and lease modification	$ 22,365	$ 9,425	$ 8,849
Change in right-of-use assets held under finance lease and finance lease liabilities arising from lease modification	$ –	$ 106,407	$ –
Change in accrued expenses and other current liabilities and other long-term liabilities related to acquisition of property and equipment	$ 28,543	$ 32,042	$ 29,251
Change in input value-added tax related to acquisition of property and equipment	$ –	$ –	$ 8,276
Change in accrued expenses and other current liabilities and other long-term liabilities related to construction costs	$ 4,429	$ 107,158	$ 145,284
Change in accrued expenses and other current liabilities related to acquisition of intangible assets	$ 6,280	$ –	$ –
Change in other current and other long-term liabilities arising from recognition of intangible assets *(Note 7)*	$ 312,647	$ –	$ –

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share data)

1. ORGANIZATION AND BUSINESS

(a) Company Information

Melco Resorts & Entertainment Limited ("**Melco**") is incorporated in the Cayman Islands and its American depositary shares ("**ADSs**") are listed on the Nasdaq Global Select Market under the symbol "MLCO" in the United States of America (the "**U.S.**").

Melco together with its subsidiaries (collectively referred to as the "**Company**") is a developer, owner and operator of integrated resort facilities in Asia and Europe. In the Macau Special Administrative Region of the People's Republic of China ("**Macau**"), the Company operates its gaming business through its subsidiary, Melco Resorts (Macau) Limited ("**Melco Resorts Macau**"), a holder of a ten-year concession to operate games of fortune and chance in casinos in Macau which commenced on January 1, 2023 and ends on December 31, 2032 (the "**Concession**") and a holder of a previous gaming subconcession contract to operate gaming business in Macau which expired on December 31, 2022. The Company currently operates Altira Macau, an integrated resort located at Taipa, Macau, City of Dreams, an integrated resort located at Cotai, Macau and Grand Dragon Casino, a casino located at Taipa, Macau. The Company's business also includes the Mocha Clubs, which comprise the non-casino based operations of electronic gaming machines in Macau. Melco, through its subsidiaries, including Studio City International Holdings Limited ("Studio City International"), which is majority-owned by Melco and its ADSs are listed on the New York Stock Exchange in the U.S., also operates Studio City, a cinematically-themed integrated resort in Cotai, Macau. In the Philippines, a majority-owned subsidiary of Melco operates and manages City of Dreams Manila, an integrated resort in the Entertainment City complex in Manila. In Europe, Melco, through its majority-owned subsidiary, ICR Cyprus Holdings Limited ("**ICR Cyprus**") and its subsidiaries (collectively referred to as "**ICR Cyprus Group**"), operates City of Dreams Mediterranean, an integrated resort in Limassol, in the Republic of Cyprus ("**Cyprus**"), which had a soft opening on June 12, 2023 and a full public opening on July 10, 2023. In addition to City of Dreams Mediterranean, ICR Cyprus Group also operates licensed satellite casinos in Cyprus, and prior to the soft opening of City of Dreams Mediterranean, a licensed temporary casino in Limassol until its closure on June 9, 2023 (collectively, the "**Cyprus Operations**").

Melco International Development Limited ("**Melco International**"), a company listed in the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**"), is the single largest shareholder of Melco.

(b) Recent Developments Related to Business Operations and COVID-19

The Company completed construction of its Studio City Phase 2 expansion before the extended deadline of June 30, 2023 for the development period under the Studio City land concession. The first stage of Studio City Phase 2 was opened in April 2023 while the second stage was opened in September 2023.

City of Dreams Mediterranean commenced operations before the extended deadline of June 30, 2023 under the terms of the gaming license. Since the opening, City of Dreams Mediterranean has been impacted by, amongst other things, the Israel-Hamas military conflict. This, together with the on-going military conflict between Russia and Ukraine and restrictions on the ability to accept certain customers from Russia, continues to have a negative impact on the Company's business and may materially and adversely affect the Company's business in Cyprus.

While the Company's business continues to recover from the impact of, and disruptions caused by, COVID-19, the pace of recovery of the Company's business from COVID-19 could vary materially from current estimates and could materially affect the Company's business, prospects, financial condition and results of operations.

The Company is currently unable to reasonably estimate the financial impact on its future results of operations, cash flows and financial condition from various disruptions.

As of December 31, 2023, the Company had cash and cash equivalents of $1,310,715 and available unused borrowing capacity of $920,710, subject to the satisfaction of certain conditions precedent.

The Company continues to take cash preservation measures such as implementing cost reduction programs to minimize cash outflows for non-essential items, rationalizing the Company's capital expenditure programs with deferrals and reductions.

The Company believes it is able to support continuing operations and capital expenditures for at least twelve months after the date that these consolidated financial statements are issued. Accordingly, the accompanying consolidated financial statements are prepared on a going concern basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("**U.S. GAAP**").

The accompanying consolidated financial statements include the accounts of Melco and its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

(b) Use of Estimates

The preparation of the accompanying consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, revenues and expenses and related disclosures of contingent assets and liabilities. These estimates and judgments are based on historical information, information that is currently available to the Company and on various other assumptions that the Company believes to be reasonable under the circumstances. Accordingly, actual results could differ from those estimates.

(c) Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the "**exit price**") in an orderly transaction between market participants at the measurement date. The Company estimated the fair values using appropriate valuation methodologies and market information available as of the balance sheet date.

(d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid investments with original maturities of three months or less. Cash equivalents consist of bank time deposits placed with financial institutions with high-credit ratings and quality

(e) Restricted Cash

The current portion of restricted cash represents cash deposited into bank accounts which are restricted as to withdrawal and use and the Company expects these funds will be released or utilized in accordance with the terms of the respective agreements within the next twelve months, while the non-current portion of restricted cash represents funds that will not be released or utilized within the next twelve months. Restricted cash mainly represents cash deposits in (i) collateral bank accounts for bank guarantees as disclosed in Note 3; and (ii) collateral bank accounts associated with borrowings under the credit facilities as disclosed in Note 11.

(f) Accounts Receivable and Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of casino accounts receivable. The Company issues credit in the form of markers to approved casino customers following investigations of creditworthiness. Credit is/can be given to gaming promoters. These receivables can be offset against commissions payable and any other value items held by the Company to the respective customers and gaming promoters for which the Company intends to set off when required. As of December 31, 2023 and 2022, a substantial portion of the Company's markers were due from customers and gaming promoters residing in foreign countries. Business and economic conditions, the legal enforceability of gaming debts, foreign currency control measures or other significant events in foreign countries could affect the collectability of receivables from customers and gaming promoters residing in these countries.

Accounts receivable, including casino, hotel and other receivables, are typically non-interest bearing and are recorded at amortized cost. Accounts are written off when management deems it is probable the receivables are uncollectible. Recoveries of accounts previously written off are recorded when received. An estimated allowance for credit losses is maintained to reduce the Company's receivables to their carrying amounts, which reflects the net amount the Company expects to collect. The allowance for credit losses is estimated based on specific reviews of the age of the balances owed, the customers' financial condition, management's experience with the collection trends of the customers, current business and economic conditions, and management's expectations of future business and economic conditions.

Management believes that as of December 31, 2023 and 2022, no significant concentrations of credit risk existed for which an allowance had not already been recorded.

(g) Inventories

Inventories consist of retail merchandise, food and beverage items and certain operating supplies, which are stated at the lower of cost or net realizable value. Cost is calculated using the first-in, first-out, weighted average and specific identification methods.

(h) Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets represent current assets that are typically used up or expire within the normal operating cycle of the Company. The prepaid expenses as of December 31, 2023 and 2022 were $67,035 and $77,767, respectively, and the other current assets as of December 31, 2023 and 2022 were $44,653 and $41,643, respectively.

(i) Assets Held For Sale

Assets (disposal group) classified as held for sale are measured at the lower of their carrying amounts or fair values less costs to sell. Losses are recognized for any initial or subsequent write-down to fair values less costs to sell, while gains are recognized for any subsequent increases in fair values less costs to sell, but not in excess of the cumulative losses previously recognized. Assets are not depreciated and amortized while classified as held for sale.

No impairment on assets held for sale was recognized during the years ended December 31, 2023 and 2021. During the year ended December 31, 2022, an impairment of assets held for sale of $6,794, which related to a significant decrease in the market value of a piece of freehold land in Japan as described in Note 5, was recognized and included in property charges and other in the accompanying consolidated statements of operations. The fair value of the freehold land was calculated by using level 3 inputs based on the market approach.

(j) Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and amortization, and accumulated impairment, if any. Gains or losses on dispositions of property and equipment are included in the accompanying consolidated statements of operations. Major additions, renewals and betterments are capitalized, while maintenance and repairs are expensed as incurred.

During the construction and development stage of the Company's integrated resort facilities, direct and incremental costs related to the design and construction, including costs under construction contracts, duties and tariffs, equipment installations, shipping costs, payroll and payroll-benefit related costs, applicable portions of interest, including amortization of deferred financing costs, are capitalized in property and equipment. The capitalization of such costs begins when the construction and development of a project starts and ceases once the construction is substantially completed or development activity is substantially suspended.

Depreciation and amortization expense related to capitalized construction costs and other property and equipment is recognized from the time each asset is placed in service. This may occur at different stages as integrated resort facilities are completed and opened.

Property and equipment are depreciated and amortized over the following estimated useful lives on a straight-line basis:

Freehold land	Not depreciated
Buildings	4 to 40 years
Transportation	5 to 10 years
Leasehold improvements	3 to 10 years or over the lease term, whichever is shorter
Furniture, fixtures and equipment	2 to 15 years
Plant and gaming machinery	3 to 5 years

During the years ended December 31, 2023, 2022 and 2021, impairments of property and equipment of $110,033, $3,595 and $3,643, being part of the impairment of long-lived assets as described in Note 2(m), were recognized, respectively, and included in property charges and other in the accompanying consolidated statements of operations.

(k) Capitalized Interest

Interest, including amortization of deferred financing costs, associated with major development and construction projects is capitalized and included in the cost of the projects. The capitalization of interest ceases when the project is substantially completed or the development activity is substantially suspended. The amount to be capitalized is determined by applying the weighted average interest rate of the Company's outstanding borrowings to the average amount of accumulated qualifying capital expenditures for assets under construction during the year. Total interest expense incurred amounted to $518,255, $440,654 and $380,904, of which $25,864, $63,932 and $30,360 were capitalized during the years ended December 31, 2023, 2022 and 2021, respectively.

(l) Goodwill and Intangible Assets

Goodwill represents the excess of the acquisition cost over the fair value of tangible and identifiable intangible net assets of any business acquired. Goodwill is not amortized, but is tested for impairment at the reporting unit level on an annual basis, and between annual tests when circumstances indicate that the carrying value of goodwill may not be recoverable.

Intangible assets other than goodwill are amortized over their useful lives unless their lives are determined to be indefinite in which case they are not amortized. Intangible assets are stated at cost, net of accumulated amortization, and accumulated impairment, if any. The Company's finite-lived intangible assets consist of the previous gaming subconcession for the period up to its expiry on December 31, 2022, the Concession, the Cyprus License (as defined in Note 7), internal-use software and proprietary rights. Finite-lived intangible assets are amortized over the shorter of their contractual terms or estimated useful lives on a straight-line basis. The Company's intangible assets with indefinite lives represent Mocha Clubs trademarks, which are tested for impairment on an annual basis or when circumstances indicate the carrying value of the intangible assets may not be recoverable.

Costs incurred to develop software for internal use are capitalized and amortized over the estimated useful lives of the software of 3 to 15 years on a straight-line basis. The capitalization of such costs begins during the application development stage of the software project and ceases once the software project is substantially complete and ready for its intended use. Costs of specified upgrades and enhancements to the internal-use software are capitalized, while costs associated with preliminary project stage activities, training, maintenance and all other post-implementation stage activities are expensed as incurred.

When performing the impairment analysis for goodwill and intangible assets with indefinite lives, the Company will first perform a qualitative assessment to determine whether it is necessary to perform a quantitative impairment test. If the qualitative factors indicate that the carrying amount of the reporting unit is more likely than not to exceed the fair value, then a quantitative impairment test is performed. To perform a quantitative impairment test of intangible assets with indefinite lives, the Company performs an assessment that consists of a comparison of the fair values of the intangible assets with indefinite lives with their carrying amounts. An impairment is recognized in an amount equal to the excess of the carrying amounts over the fair values of the intangible assets with indefinite lives. To perform a quantitative impairment test of goodwill, the Company performs an assessment that consists of a comparison of the carrying value of a reporting unit with its fair value. The fair value of the reporting unit is determined using income valuation approaches through the application of the discounted cash flow method. Estimating fair value of the reporting unit involves significant assumptions, including future revenue growth rates, future market conditions, gross margin, discount rate and terminal growth rate. If the carrying value of the reporting unit exceeds its fair value, an impairment is recognized for the amount by which the carrying value exceeds the reporting unit's fair value, limited to the total amount of goodwill allocated to that reporting unit.

No impairment on goodwill and intangible assets with indefinite lives was recognized during the years ended December 31, 2023, 2022 and 2021. During the year ended December 31, 2023, an intangible asset with finite lives for Altira Macau was fully impaired, being part of the impairment of long-lived assets as described in Note 2(m). No impairment on intangible assets with finite lives was recognized during the years ended December 31, 2022 and 2021.

(m) Impairment of Long-lived Assets (Other Than Goodwill)

The Company evaluates the long-lived assets with finite lives to be held and used for impairment whenever indicators of impairment exist. The Company then compares the estimated future cash flows of the assets, on an undiscounted basis, to the carrying values of the assets. Estimating future cash flows of the assets involves significant assumptions, including future revenue growth rates, future market conditions and gross margin. If the undiscounted cash flows exceed the carrying values, no impairments are indicated. If the undiscounted cash flows do not exceed the carrying values, then an impairment charge is recorded based on the fair values of the assets, typically measured using a discounted cash flow model involving significant assumptions, such as discount rates. If an asset is still under development, future cash flows include remaining construction costs.

During the year ended December 31, 2023, with the market value of Altira Macau significantly decreased as a result of a change in its forecasted performance given the latest market conditions and lingering disruptions to the business caused by COVID-19 and the Company's earlier cessation of arrangements with gaming promoters in Macau, the Company recognized an impairment of long-lived assets in relation to Altira Macau of $207,608 which was recognized and included in property charges and other in the accompanying consolidated statements of operations. Such amount included the impairment of Altira Macau's property and equipment of $110,033, and the full impairment of the finite-lived intangible assets, land use rights and operating lease right-of-use assets for Altira Macau of $30,435, $65,172 and $1,968, respectively. The fair values of the long-lived assets of Altira Macau were estimated by using level 3 inputs based on a combination of income and cost approaches.

During the year ended December 31, 2022, an impairment of long-lived assets of $3,595 represents the impairment of property and equipment which related to a significant decrease in the market value of an aircraft as described in Note 5, was recognized and included in property charges and other in the accompanying consolidated statements of operations. The fair value of the aircraft was estimated by using level 2 inputs based on a buyer indicative purchase price. During the year ended December 31, 2021, an impairment of long-lived assets of $3,643 represents impairment of property and equipment, mainly due to reconfigurations and renovations at the Company's operating properties, and of which $1,147 related to a significant decrease in the market value of a piece of freehold land as described in Note 5, was recognized and included in property charges and other in the accompanying consolidated statements of operations. The fair value of the freehold land was calculated by using level 3 inputs based on the market approach.

(n) Deferred Financing Costs

Direct and incremental costs incurred in obtaining loans or in connection with the issuance of long-term debt are capitalized and amortized to interest expense over the terms of the related debt agreements using the effective interest method. Deferred financing costs incurred in connection with the issuance of revolving credit facilities are included in other assets, either current or non-current, in the accompanying consolidated balance sheets, based on the maturity of each revolving credit facility. All other deferred financing costs are presented as a reduction of long-term debt in the accompanying consolidated balance sheets.

(o) Land Use Rights

Land use rights represent the upfront land premiums paid for the use of land held under operating leases, which are stated at cost, net of accumulated amortization, and accumulated impairment, if any. Amortization is provided over the estimated term of the land use rights of 40 years on a straight-line basis. During the year ended December 31, 2023, land use right for Altira Macau was fully impaired, being part of the impairment of long-lived assets as described in Note 2(m). No impairment on land use rights was recognized during the years ended December 31, 2022 and 2021.

(p) Leases

At the inception of the contract or upon modification, the Company will perform an assessment as to whether the contract is a lease or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. A lessee has control of an identified asset if it has both the right to direct the use of the asset and the right to receive substantially all of the economic benefits from the use of the asset.

Finance and operating lease right-of-use assets and liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. The initial measurement of the right-of-use assets also includes any prepaid lease payments and any initial direct costs incurred and is reduced by any lease incentive received. For leases where the rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The expected lease terms include options to extend or terminate the lease when it is reasonably certain that the Company will exercise such option. Lease expense for minimum lease payments is recognized on a straight-line basis over the expected lease term. Leases with an expected term of 12 months or less are not accounted for on the balance sheet and the related lease expense is recognized on a straight-line basis over the expected lease term.

The Company's lease contracts have lease and non-lease components. For contracts in which the Company is a lessee, the Company accounts for the lease components and non-lease components as a single lease component for all classes of underlying assets, except for real estate. For contracts in which the Company is a lessor, all are accounted for as operating leases, and the lease components and non-lease components are accounted for separately.

During the year ended December 31, 2023, operating lease right-of-use assets for Altira Macau was fully impaired, being part of the impairment of long-lived assets as described in Note 2(m). No impairment on operating lease right-of-use assets was recognized during the years ended December 31, 2022 and 2021.

(q) Revenue Recognition

The Company's revenues from contracts with customers consist of casino wagers, sales of rooms, food and beverage, entertainment, retail and other goods and services.

Gross casino revenues are measured by the aggregate net difference between gaming wins and losses. The Company accounts for its casino wagering transactions on a portfolio basis versus an individual basis as all wagers have similar characteristics. Commissions rebated to customers and gaming promoters, cash discounts and other cash incentives earned by customers are recorded as reductions of casino revenues. In addition to the wagers, casino transactions typically include performance obligations related to complimentary goods or services provided to incentivize future gaming or in exchange for incentives or points earned under the Company's non-discretionary incentive programs (including loyalty programs).

For casino transactions that include complimentary goods or services provided by the Company to incentivize future gaming, the Company allocates the standalone selling price of each good or service to the appropriate revenue type based on the good or service provided. Complimentary goods or services that are provided under the Company's control and discretion and supplied by third parties are recorded as operating expenses.

The Company operates different non-discretionary incentive programs in certain of its properties which include loyalty programs (the "Loyalty Programs") to encourage repeat business mainly from loyal slot machine customers and table games patrons. Customers earn points primarily based on gaming activity and such points can be redeemed for free play and other free goods and services. For casino transactions that include points earned under the Loyalty Programs, the Company defers a portion of the revenue by recording the estimated standalone selling prices of the earned points that are expected to be redeemed as a liability. Upon redemption of the points for Company-owned goods or services, the standalone selling price of each good or service is allocated to the appropriate revenue type based on the good or service provided. Upon the redemption of the points with third parties, the redemption amount is deducted from the liability and paid directly to the third party.

After allocating amounts to the complimentary goods or services provided and to the points earned under the Loyalty Programs, the residual amount is recorded as casino revenue when the wagers are settled.

The Company follows the accounting standards for reporting revenue gross as a principal versus net as an agent, when accounting for the operations of two of its externally managed hotels and Grand Dragon Casino and concluded that it is the controlling entity and is the principal to these arrangements. For the operations of these two externally managed hotels, as the Company is the owner of the hotel properties, the hotel managers operate the respective hotels under management agreements providing management services to the Company, and the Company receives all rewards and takes substantial risks associated with the hotel businesses. The Company is the principal and the transactions are, therefore, recognized on a gross basis. For the operations of Grand Dragon Casino, given the Company operates the casino under a right to use agreement with the owner of the casino premises and has full responsibility for the casino operations in accordance with the Concession or its previous gaming subconcession, it is the principal and casino revenue is, therefore, recognized on a gross basis.

The transaction prices for rooms, food and beverage, entertainment, retail and other goods and services are the net amounts collected from customers for such goods and services that are recorded as revenues when the goods are provided, services are performed or events are held. Service taxes and other applicable taxes collected by the Company are excluded from revenues. Advance deposits on rooms and advance ticket sales are recorded as customer deposits until services are provided to the customers. Revenues from contracts with multiple goods or services provided by the Company are allocated to each good or service based on its relative standalone selling price.

Minimum operating and right to use fees representing lease revenues, adjusted for contractual base fees and operating fee escalations, are included in other revenues and are recognized over the terms of the related agreements on a straight-line basis.

Contract and Contract-Related Liabilities

In providing goods and services to customers, there may be a timing difference between cash receipts from customers and recognition of revenues, resulting in a contract or contract-related liability.

The Company primarily has three types of liabilities related to contracts with customers: (1) outstanding gaming chips, which represent the amounts owed in exchange for gaming chips held by customers and gaming promoters, (2) loyalty program liabilities, which represent the deferred allocation of revenues relating to incentives earned from the Loyalty Programs, and (3) advance deposits and ticket sales, which represent casino front money deposits that are funds deposited by customers and gaming promoters before gaming play occurs and advance payments on goods and services yet to be provided such as advance ticket sales and deposits on rooms and convention space. These liabilities are generally expected to be recognized as revenues within one year of being purchased, earned or deposited and are recorded as accrued expenses and other current liabilities in the accompanying consolidated balance sheets. Decreases in these balances generally represent the recognition of revenues and increases in the balances represent additional chips held by customers and gaming promoters, increases in unredeemed incentives relating to the Loyalty Programs and additional deposits made by customers and gaming promoters.

The following table summarizes the activities related to contract and contract-related liabilities:

	Outstanding gaming chips		**Loyalty program liabilities**		**Advance deposits and ticket sales**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Balance at January 1	$ 37,354	$ 72,147	$ 15,568	$ 24,350	$ 278,591	$ 309,718
Balance at December 31	83,012	37,354	36,000	15,568	250,955	278,591
Increase (Decrease)	$ 45,658	$ (34,793)	$ 20,432	$ (8,782)	$ (27,636)	$ (31,127)

(r) Gaming Taxes and License Fees

The Company is subject to taxes and license fees based on gross gaming revenue and other metrics in the jurisdictions in which it operates, subject to applicable jurisdictional adjustments. These gaming taxes and license fees (including the Cyprus License Fee (as defined in Note 7) prior to the fulfillment of the Cyprus License Requirement (as defined in Note 7)), totaled $1,489,755, $489,730 and $842,722 for the years ended December 31, 2023, 2022 and 2021, respectively, are mainly recognized as casino expense in the accompanying consolidated statements of operations.

(s) Pre-opening Costs

Pre-opening costs represent personnel, marketing and other costs incurred prior to the opening of new or start-up operations and are expensed as incurred. During the years ended December 31, 2023, 2022 and 2021, the Company incurred pre-opening costs primarily in connection with the development of Studio City Phase 2 and City of Dreams Mediterranean. The Company also incurs pre-opening costs on other one-off activities related to the marketing of new facilities and operations.

(t) Development Costs

Development costs include the costs associated with the Company's evaluation and pursuit of new business opportunities, which are expensed as incurred.

(u) Advertising and Promotional Costs

The Company expenses advertising and promotional costs the first time the advertising takes place or as incurred. Advertising and promotional costs included in the accompanying consolidated statements of operations were $100,245, $29,421 and $39,811 for the years ended December 31, 2023, 2022 and 2021, respectively.

(v) Interest Income

Interest income is recorded on an accrual basis at the stated interest rate and is recorded in interest income in the accompanying consolidated statements of operations.

(w) Foreign Currency Transactions and Translations

All transactions in currencies other than functional currencies of Melco and its subsidiaries during the year are remeasured at the exchange rates prevailing on the respective transaction dates. Monetary assets and liabilities existing at the balance sheet date denominated in currencies other than functional currencies are remeasured at the exchange rates existing on that date. Exchange differences are recorded in the accompanying consolidated statements of operations.

The functional currency of Melco is the U.S. dollar ("**$**" or "**US$**") and the functional currency of most of Melco's foreign subsidiaries is the local currency in which the subsidiary operates. All assets and liabilities are translated at the rates of exchange prevailing at the balance sheet date and all income and expense items are translated at the average rates of exchange over the year. All exchange differences arising from the translation of foreign subsidiaries' financial statements are recorded as a component of other comprehensive income (loss).

(x) Comprehensive Loss and Accumulated Other Comprehensive Losses

Comprehensive loss includes net loss and other non-shareholder changes in equity, or other comprehensive income (loss) and is reported in the accompanying consolidated statements of comprehensive loss.

As of December 31, 2023 and 2022, the Company's accumulated other comprehensive losses consisted solely of foreign currency translation adjustments, net of tax and noncontrolling interests.

(y) Share-based Compensation Expenses

The Company measures the cost of employee services received in exchange for an award of equity instruments based on the grant date fair value of the award and recognizes that cost over the service period. Compensation is attributed to the periods of associated service and such expense is recognized over the vesting period of the awards on a straight-line basis. Forfeitures are recognized when they occur.

Further information on the Company's share-based compensation arrangements is included in Note 16.

(z) Income Tax

The Company is subject to income taxes in Macau, Hong Kong, the Philippines, Cyprus and other jurisdictions where it operates.

Deferred income taxes are recognized for all significant temporary differences between the tax basis of assets and liabilities and their reported amounts in the accompanying consolidated financial statements. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current income taxes are provided for in accordance with the laws of the relevant taxing authorities.

The Company's income tax returns are subject to examination by tax authorities in the jurisdictions where it operates. The Company assesses potentially unfavorable outcomes of such examinations based on accounting standards for uncertain income taxes. These accounting standards utilize a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position, based on the technical merits of the position, will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely, based on cumulative probability.

(aa) Net Loss Attributable to Melco Resorts & Entertainment Limited Per Share

Basic net loss attributable to Melco Resorts & Entertainment Limited per share is calculated by dividing the net loss attributable to Melco Resorts & Entertainment Limited by the weighted average number of ordinary shares outstanding during the year.

Diluted net loss attributable to Melco Resorts & Entertainment Limited per share is calculated by dividing the net loss attributable to Melco Resorts & Entertainment Limited by the weighted average number of ordinary shares outstanding during the year adjusted to include the potentially dilutive effect of outstanding share-based awards.

The weighted average number of ordinary and ordinary equivalent shares used in the calculation of basic and diluted net loss attributable to Melco Resorts & Entertainment Limited per share consisted of the following:

	Year Ended December 31,		
	2023	**2022**	**2021**
Weighted average number of ordinary shares outstanding used in the calculation of basic net loss attributable to Melco Resorts & Entertainment Limited per share	1,314,605,173	1,391,154,836	1,434,087,641
Incremental weighted average number of ordinary shares from assumed vesting of restricted shares and exercise of share options using the treasury stock method	–	–	–
Weighted average number of ordinary shares outstanding used in the calculation of diluted net loss attributable to Melco Resorts & Entertainment Limited per share	1,314,605,173	1,391,154,836	1,434,087,641
Anti-dilutive share options and restricted shares excluded from the calculation of diluted net loss attributable to Melco Resorts & Entertainment Limited per share	26,921,336	44,366,752	46,532,956

(ab) Recent Changes in Accounting Standards

Newly Adopted Accounting Pronouncement

In November 2023, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2023-07, “Improvements to Reportable Segment Disclosures” which enhances reportable segment disclosure requirements primarily through expanded disclosures about significant segment expenses on an interim and annual basis. ASU 2023-07 should be applied retrospectively to all prior periods presented in the financial statements. This guidance is effective for the Company for the fiscal years beginning after December 15, 2023.

3. CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Cash, cash equivalents and restricted cash reported within the accompanying consolidated statements of cash flows consisted of the following:

	December 31, 2023	December 31, 2022
Cash	$ 934,224	$ 1,179,491
Cash equivalents	376,491	633,238
Total cash and cash equivalents	1,310,715	1,812,729
Current portion of restricted cash (1)	27	50,992
Non-current portion of restricted cash (2)	125,094	124,736
Total cash, cash equivalents and restricted cash	$ 1,435,836	$ 1,988,457

(1) As of December 31, 2023 and 2022, the current portion of restricted cash included bank time deposits of nil and $50,971, respectively.

On September 20, 2022, Melco Resorts Macau provided a bank guarantee in an amount of Macau Patacas ("**MOP**") 820,000 (equivalent to $101,942) to the Macau government to guarantee the satisfaction of any labor liabilities upon expiry of the previous gaming subconcession. As stipulated in the bank guarantee contract, MOP410,000 (equivalent to $50,971) was required to be held in a cash deposit account as collateral to secure the bank guarantee. In January 2023, such bank guarantee and the cash deposited in the collateral bank account were released. The cash of MOP410,000 (equivalent to $50,971) deposited in the collateral account was included in the current portion of restricted cash in the accompanying consolidated balance sheets as of December 31, 2022.

(2) As of December 31, 2023 and 2022, the non-current portion of restricted cash included bank time deposits of $124,556 and $124,592, respectively.

On December 9, 2022, as required by the Concession, Melco Resorts Macau provided a bank guarantee in favor of the Macau government of MOP1,000,000 (equivalent to $124,319) to secure the fulfillment of performance of certain of its legal and contractual obligations, including labor obligations. As stipulated in the bank guarantee contract, the amount of MOP1,000,000 (equivalent to $124,319), or an equivalent amount in other currencies, is required to be held in a cash deposit account as collateral in order to secure the bank guarantee. The bank guarantee will remain in effect until 180 days after the earlier of the expiration or termination of the Concession. As of December 31, 2023 and 2022, the cash of Hong Kong dollars ("**HK$**") 970,874 (equivalent to MOP1,000,000) held in the collateral bank account was translated to $124,284 and $124,319, respectively, and included in the non-current portion of restricted cash in the accompanying consolidated balance sheets.

4. ACCOUNTS RECEIVABLE, NET

Components of accounts receivable, net are as follows:

	December 31,	
	2023	2022
Casino	$ 242,312	$ 271,653
Hotel	4,658	1,365
Other	908	218
Sub-total	247,878	273,236
Less: allowances for credit losses [(1)]	(156,240)	(217,244)
	91,638	55,992
Non-current portion	–	–
Current portion	$ 91,638	$ 55,992

(1) As of December 31, 2023 and 2022, the allowances for credit losses of $2,377 and $14,966 as a reduction of the long-term casino accounts receivable, are recorded and included in long-term prepayments, deposits and other assets in the accompanying consolidated balance sheets, respectively.

The Company's allowances for casino credit losses were 64.4% and 80.0% of gross casino accounts receivable as of December 31, 2023 and 2022, respectively. The Company's allowances for credit losses from its hotel and other receivables are not material.

Movement in the allowances for credit losses are as follows:

	Year Ended December 31,		
	2023	2022	2021
Balance at beginning of year	$ 217,244	$ 268,413	$ 333,792
(Reversal of) provision for credit losses	(3,869)	(892)	6,426
Write-offs, net of recoveries	(56,805)	(49,608)	(69,712)
Effect of exchange rate	(330)	(669)	(2,093)
Balance at end of year	$ 156,240	$ 217,244	$ 268,413

5. ASSETS HELD FOR SALE

In September 2021, the Company announced the discontinuance of its pursuit of a Yokohama integrated resort development in Japan. In December 2021, an external advisor was engaged to locate potential buyers and prepare marketing materials for the disposal of the Company's assets in Japan, including a ski resort in Nagano, Japan operated by Kabushiki Kaisha Okushiga Kogen Resort (the "**Japan Ski Resort**") and a parcel of freehold land together with the accompanying building structures in Hakone, Japan (the "**Hakone Assets**"). After considering the relevant facts, the Company concluded the assets and liabilities of the Japan Ski Resort and the Hakone Assets met the criteria for classification as held for sale as of December 31, 2021 which were reported under the Corporate and Other segment.

On December 8, 2022, the Company entered into an agreement with an independent third party (the "**Buyer**") to dispose of its entire interest in the Japan Ski Resort with net liabilities of $13,663 (including a loan payable to the Company of Japanese Yen ("**JPY**") 2,215,180 (equivalent to $16,876)) for a consideration of JPY0.001; and to transfer the loan receivable from the Japan Ski Resort as mentioned above of JPY2,215,180 (equivalent to $16,876) to the Buyer for a consideration of JPY0.001. The disposal was completed on December 30, 2022 and the Company recorded a loss on disposal of assets held for sale of $3,106 which is included in property charges and other in the accompanying consolidated statements of operations during the year ended December 31, 2022.

As of December 31, 2022 and 2021, the Hakone Assets classified as assets held for sale were comprised of property and equipment, with aggregate carrying values of $8,503 and $17,705, respectively. Due to a significant decrease in the market value of the freehold land included in the Hakone Assets as of December 31, 2022 and 2021, an impairment of assets held for sale of $6,794 and an impairment of property and equipment of $1,147 were provided and included in property charges and other in the accompanying consolidated statements of operations during the years ended December 31, 2022 and 2021, respectively. The fair value of the freehold land was calculated by using level 3 inputs based on the market approach.

On July 12, 2023, the Company completed the disposal of the Hakone Assets, with aggregate carrying values of $7,924, to an independent third party at a consideration of JPY2,144,000 (equivalent to $15,222). A gain on disposal of assets held for sale, net of the foreign currency translations of certain entities incorporated in Japan being considered as a substantial liquidation, of $4,468 was recorded and included in property charges and other in the accompanying consolidated statements of operations during the year ended December 31, 2023.

In June and August 2022, the Company signed two sale and purchase agreements with respective buyers to sell two aircraft (the "**Aircraft**") with an aggregate selling price of $15,800. After considering the relevant facts, the Company concluded the Aircraft met the criteria for classification as assets held for sale which were reported under the Corporate and Other segment. Due to a decrease in the market value, an impairment of property and equipment of $3,595 was provided for one of the Aircraft. Upon completion of the disposals of the Aircraft in September 2022, the Company recorded a gain on disposal of assets held for sale of $2,629 on the Aircraft. The impairment and gain on disposal of assets held for sale were both included in property charges and other in the accompanying consolidated statements of operations for the year ended December 31, 2022.

6. PROPERTY AND EQUIPMENT, NET

	December 31,	
	2023	**2022**
Buildings	$ 7,621,676	$ 6,186,373
Furniture, fixtures and equipment	1,187,064	1,112,670
Leasehold improvements	1,094,238	1,080,737
Plant and gaming machinery	259,815	246,255
Transportation	192,151	190,843
Construction in progress	1,491	1,464,866
Freehold land	58,467	56,533
Sub-total	10,414,902	10,338,277
Less: accumulated depreciation and amortization	(4,880,908)	(4,467,372)
Property and equipment, net	$ 5,533,994	$ 5,870,905

The depreciation and amortization expenses of property and equipment recognized for the years ended December 31, 2023, 2022 and 2021 were $482,574, $454,194 and $487,130, respectively.

The cost and accumulated amortization of right-of-use assets held under finance lease arrangements were $147,072 and $101,589 as of December 31, 2023 and $145,660 and $95,310 as of December 31, 2022, respectively. Further information on the lease arrangements is included in Note 12.

In accordance with the Macau gaming law, the Reversion Assets (as defined in Note 7) that reverted to the Macau government at the expiration of the previous gaming subconcession are currently owned by the Macau government. Effective as of January 1, 2023, the Reversion Assets were transferred by the Macau government to Melco Resorts Macau for the duration of the Concession, in return for annual payments for the right to use and operate the Reversion Assets as part of the Concession, as disclosed in Note 7. As Melco Resorts Macau continues to be operated with the Reversion Assets in the same manner as under the previous gaming subconcession, obtains substantially all of the economic benefits and bears all of the risks arising from the operation of these assets, as well as assuming it will be successful in the awarding of a new concession upon expiry of the Concession, the Company continues to recognize these Reversion Assets as property and equipment over their remaining estimated useful lives.

The Reversion Assets that reverted to the Macau government on December 31, 2022, and included in the above table, consisted of the following:

Buildings	$ 349,129
Furniture, fixtures and equipment	39,008
Plant and gaming machinery	109,901
	498,038
Less: accumulated depreciation	(276,581)
	$ 221,457

7. GOODWILL AND INTANGIBLE ASSETS, NET

(a) Goodwill

The changes in the carrying amounts of goodwill by segment are as follows:

	Mocha and Other [1]
Balance at January 1, 2021	$ 82,203
Foreign currency translations	(482)
Balance at December 31, 2021	81,721
Foreign currency translations	(115)
Balance at December 31, 2022	81,606
Foreign currency translations	(24)
Balance at December 31, 2023	$ 81,582

(1) The amount represents goodwill which arose from the acquisition of Mocha Slot Group Limited and its subsidiaries by the Company in 2006. As of December 31, 2023, the gross amount of goodwill and accumulated impairment were $81,582 and nil, respectively.

(b) Intangible Assets, Net

Intangible assets, net consisted of the following:

	December 31, 2023	December 31, 2022
Indefinite-lived intangible assets:		
Trademarks of Mocha Clubs	$ 4,203	$ 4,204
Total indefinite-lived intangible assets	4,203	4,204
Finite-lived intangible assets:		
Concession	209,934	–
Less: accumulated amortization	(24,037)	–
	185,897	–
Cyprus License	75,307	–
Less: accumulated amortization	(1,595)	–
	73,712	–
Gaming subconcession	–	902,441
Less: accumulated amortization	–	(902,441)
	–	–
Internal-use software	72,556	59,434
Less: accumulated amortization	(39,876)	(29,383)
	32,680	30,051
Proprietary rights	11,922	11,926
Less: accumulated amortization	(3,762)	(2,571)
	8,160	9,355
Total finite-lived intangible assets	300,449	39,406
Total intangible assets, net	$ 304,652	$ 43,610

Trademarks of Mocha Clubs

Trademarks arose from the acquisition of Mocha Slot Group Limited and its subsidiaries by the Company in 2006. The changes in carrying amounts of trademarks represented the exchange differences arising from foreign currency translations at the balance sheet date.

Proprietary rights

In November 2020, the Company completed an asset acquisition of the proprietary rights relating to an entertainment show in City of Dreams for a cash consideration of $12,000. The estimated useful life of the proprietary rights is 10 years. As of December 31, 2023 and 2022, the carrying amount of the proprietary rights included the exchange differences arising from foreign currency translations at the balance sheet date.

Concession

On December 16, 2022, the Macau government awarded the Concession to Melco Resorts Macau. The term of the Concession commenced on January 1, 2023 and ends on December 31, 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 MOP30,000 (equivalent to $3,729) 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 $37) for each gaming table reserved exclusively to certain kinds of games or players, MOP150 (equivalent to $19) for each gaming table not so exclusively reserved and MOP1 (equivalent to $0.1) for each electronic gaming machine.

On December 30, 2022, in accordance with the obligations under the letters of undertakings dated June 23, 2022, Melco Resorts Macau and certain subsidiaries of Melco, 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 referred to as 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 gaming subconcession in accordance with the Macau gaming law. The Reversion Assets that reverted to the Macau government at the expiration of the previous gaming subconcession are currently owned by the Macau government. Under the terms of the Macau gaming law and the Concession, effective as of January 1, 2023, the Reversion Assets were 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 $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 $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**").

On January 1, 2023, the Company recognized an intangible asset and financial liability of MOP1,934,035 (equivalent to $239,588), representing the right to use and 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 consolidated balance sheet, the non-current portion of the financial liability of the Concession 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.

Cyprus License

On June 26, 2017, the Cyprus government granted a gaming license (the "**Cyprus License**") to a subsidiary of ICR Cyprus (the "**Cyprus Subsidiary**") to develop, operate and maintain an integrated casino resort in Limassol, Cyprus (and, up until completion and opening of City of Dreams Mediterranean, 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 City of Dreams Mediterranean, the temporary casino) and any operating satellite casinos (the "Cyprus License Fee"). The annual license fee for the integrated casino resort is EUR2,500 (equivalent to $2,767) for the first four years, and EUR5,000 (equivalent to $5,535) for the next four years. Upon the completion of the first eight years and thereafter every four years during the term of the Cyprus License, the Cyprus government may review the annual license fee, with minimum of EUR5,000 (equivalent to $5,535) per year and any increase in the annual license fee may not exceed 20% of the annual license fee paid annually during the previous four-year period. The Cyprus License required City of Dreams Mediterranean to open by the extended deadline of June 30, 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 June 28, 2023, upon fulfillment of the Cyprus License Requirement, to better reflect the future economic benefits arising from the Cyprus License, the Company recognized an intangible asset of EUR68,031 (equivalent to $73,928) and financial liability of EUR67,231 (equivalent to $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 EUR5,000 (equivalent to $5,535) per year; and ii) an aggregate annual license fee for three operating satellite casinos of EUR2,000 (equivalent to $2,214), during the term of the Cyprus License from June 28, 2023. In the accompanying consolidated balance sheet, the non-current 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. Prior to the fulfillment of the Cyprus License Requirement, the Cyprus License Fee was expensed as incurred and included in gaming taxes and license fees as disclosed in Note 2(r).

Gaming subconcession

The deemed cost of the previous gaming subconcession in Macau was capitalized based on the fair value of the gaming subconcession agreement as of the date of acquisition of Melco Resorts Macau in 2006, and amortized on a straight-line basis over the term of the agreement, which expired on June 26, 2022. Melco Resorts Macau paid a premium of MOP47,000 (equivalent to $5,815) to the Macau government in June 2022 for the extension of the gaming subconcession contract to December 31, 2022 and such premium was amortized on a straight-line basis from June 27, 2022 to the extended expiration date on December 31, 2022.

The amortization expenses of finite-lived intangible assets recognized for the years ended December 31, 2023, 2022 and 2021 were $37,216, $44,128 and $68,831, respectively.

As of December 31, 2023, the estimated future amortization expenses of finite-lived intangible assets are as follows:

Year ending December 31,		
2024	$	32,662
2025		31,609
2026		28,896
2027		27,197
2028		27,197
Over 2028		152,888
	$	300,449

8. LONG-TERM PREPAYMENTS, DEPOSITS AND OTHER ASSETS

Long-term prepayments, deposits and other assets consisted of the following:

	December 31,			
		2023		**2022**
Input value-added tax, net	$	19,232	$	1,019
Other long-term assets		17,983		19,298
Deferred rent assets		17,905		25,904
Deferred financing costs, net		16,183		27,218
Other deposits		11,178		9,971
Long-term prepayments		10,130		31,191
Deposits for acquisition of property and equipment		7,444		19,494
Advance payments for construction costs		265		25,602
Long-term casino accounts receivable, net of allowances for credit losses of $2,377 and $14,966 [(1)]		–		–
Long-term prepayments, deposits and other assets	$	100,320	$	159,697

(1) Long-term casino accounts receivable, net represent receivables from casino customers where settlements are not expected within the next year. Reclassifications to current accounts receivable, net, are made when settlement of such balances are expected to occur within one year.

9. LAND USE RIGHTS, NET

	December 31,	
	2023	2022
Altira Macau	$ 80,707	$ 145,922
City of Dreams	397,953	398,068
Studio City	650,906	651,094
	1,129,566	1,195,084
Less: accumulated amortization	(546,784)	(524,212)
Land use rights, net	$ 582,782	$ 670,872

10. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	December 31,	
	2023	2022
Advance deposits and ticket sales	$ 250,955	$ 278,591
Operating expense and other accruals and liabilities	160,169	97,933
Gaming tax and license fee accruals	159,285	48,688
Interest expense payable	114,587	123,032
Staff cost accruals	101,340	96,219
Outstanding gaming chips	83,012	37,354
Property and equipment payables	37,502	35,747
Construction cost payables	36,018	76,173
Loyalty program liabilities	36,000	15,568
Concession and license liabilities [1]	29,448	–
Accrued expenses and other current liabilities	$ 1,008,316	$ 809,305

(1) As of December 31, 2023, the non-current portion of the Concession and license liabilities of $282,081 is included in other long-term liabilities in the accompanying consolidated balance sheet.

11. LONG-TERM DEBT, NET

Long-term debt, net consisted of the following:

	December 31, 2023	December 31, 2022
Senior Notes		
2017 4.875% Senior Notes, due 2025 (net of unamortized deferred financing costs and original issue premiums of $5,746 and $9,552, respectively)	$ 994,254	$ 990,448
2019 5.250% Senior Notes, due 2026 (net of unamortized deferred financing costs of $2,141 and $2,981, respectively)	497,859	497,019
2019 5.625% Senior Notes, due 2027 (net of unamortized deferred financing costs of $3,358 and $4,178, respectively)	596,642	595,822
2019 5.375% Senior Notes, due 2029 (net of unamortized deferred financing costs and original issue premiums of $1,634 and $1,845, respectively)	1,148,366	1,148,155
2020 5.750% Senior Notes, due 2028 (net of unamortized deferred financing costs and original issue premiums of $2,317 and $2,743, respectively)	847,683	847,257
2020 6.000% SC Notes, due 2025 (net of unamortized deferred financing costs of $1,320 and $2,692, respectively)	395,680	497,308
2020 6.500% SC Notes, due 2028 (net of unamortized deferred financing costs of $2,970 and $3,598, respectively)	497,030	496,402
2021 5.000% Studio City Notes, due 2029 (net of unamortized deferred financing costs and original issue premiums of $3,626 and $4,228, respectively)	1,096,374	1,095,772
2022 7.000% Studio City Secured Notes, due 2027 (net of unamortized deferred financing costs of $4,039 and $5,134, respectively)	345,961	344,866
Credit Facilities		
2015 Credit Facilities	128	128
2020 Credit Facilities (1)	1,052,515	1,899,203
2016 Studio City Credit Facilities (2)	128	128
	7,472,620	8,412,508
Current portion of long-term debt	–	(322,500)
Long-term debt, net	$ 7,472,620	$ 8,090,008

(1) As of December 31, 2023 and 2022, the unamortized deferred financing costs related to the revolving credit facility of the 2020 Credit Facilities of $15,905 and $26,885 are included in long-term prepayments, deposits and other assets in the accompanying consolidated balance sheets, respectively.

(2) As of December 31, 2023 and 2022, the unamortized deferred financing costs related to the 2016 SC Revolving Credit Facility of the 2016 Studio City Credit Facilities of $278 and $333 are included in long-term prepayments, deposits and other assets in the accompanying consolidated balance sheets, respectively.

(a) Senior Notes

2017 4.875% Senior Notes

On June 6, 2017, Melco Resorts Finance Limited ("**Melco Resorts Finance**"), a subsidiary of Melco, issued $650,000 in aggregate principal amount of 4.875% senior notes due June 6, 2025 at an issue price of 100% of the principal amount (the "**First 2017 4.875% Senior Notes**"); and on July 3, 2017, Melco Resorts Finance further issued $350,000 in aggregate principal amount of 4.875% senior notes due June 6, 2025 at an issue price of 100.75% of the principal amount (the "**Second 2017 4.875% Senior Notes**" and together with the First 2017 4.875% Senior Notes, collectively referred to as the "**2017 4.875% Senior Notes**"). The interest on the 2017 4.875% Senior Notes is accrued at a rate of 4.875% per annum, payable semi-annually in arrears on June 6 and December 6 of each year. The 2017 4.875% Senior Notes are general obligations of Melco Resorts Finance, rank equally in right of payment to all existing and future senior indebtedness of Melco Resorts Finance, rank senior in right of payment to any existing and future subordinated indebtedness of Melco Resorts Finance and are effectively subordinated to all of Melco Resorts Finance's existing and future secured indebtedness to the extent of the value of the assets securing such debt and to the indebtedness of Melco Resorts Finance's subsidiaries. The net proceeds from the offering of the First 2017 4.875% Senior Notes were used to partly fund the redemption of the previous senior notes of Melco Resorts Finance and the net proceeds from the offering of the Second 2017 4.875% Senior Notes were used to fully repay the 2015 Revolving Credit Facility (as defined below).

On or after June 6, 2020, Melco Resorts Finance has the option to redeem all or a portion of the 2017 4.875% Senior Notes at any time at fixed redemption prices that decline ratably over time. In addition, under certain circumstances and subject to certain exceptions as more fully described in the indenture, Melco Resorts Finance has the option to redeem in whole, but not in part the 2017 4.875% Senior Notes at fixed redemption prices. In certain events that relate to a change of control or a termination of the gaming concession of Melco Resorts Macau and subject to certain exceptions as more fully described in the indenture, each holder of the 2017 4.875% Senior Notes will have the right to require Melco Resorts Finance to repurchase all or any part of such holder's 2017 4.875% Senior Notes at a fixed redemption price.

The indenture governing the 2017 4.875% Senior Notes contains certain covenants that, subject to certain exceptions and conditions, limit the ability of Melco Resorts Finance to, among other things, effect a consolidation or merger or sell assets. The indenture governing the 2017 4.875% Senior Notes also contains conditions and events of default customary for such financings.

2019 5.250% Senior Notes

On April 26, 2019, Melco Resorts Finance issued $500,000 in aggregate principal amount of 5.250% senior notes due April 26, 2026 at an issue price of 100% of the principal amount (the "2019 5.250% Senior Notes"). The interest on the 2019 5.250% Senior Notes is accrued at a rate of 5.250% per annum, payable semi-annually in arrears on April 26 and October 26 of each year. The 2019 5.250% Senior Notes are general obligations of Melco Resorts Finance, rank equally in right of payment to all existing and future senior indebtedness of Melco Resorts Finance, rank senior in right of payment to any existing and future subordinated indebtedness of Melco Resorts Finance and are effectively subordinated to all of Melco Resorts Finance's existing and future secured indebtedness to the extent of the value of the assets securing such debt and to the indebtedness of Melco Resorts Finance's subsidiaries. The net proceeds from the offering of the 2019 5.250% Senior Notes were used to partially repay the 2015 Revolving Credit Facility.

On or after April 26, 2022, Melco Resorts Finance has the option to redeem all or a portion of the 2019 5.250% Senior Notes at any time at fixed redemption prices that decline ratably over time. In addition, under certain circumstances and subject to certain exceptions as more fully described in the indenture, Melco Resorts Finance has the option to redeem in whole, but not in part the 2019 5.250% Senior Notes at fixed redemption prices. In certain events that relate to a change of control or a termination of the gaming concession of Melco Resorts Macau and subject to certain exceptions as more fully described in the indenture, each holder of the 2019 5.250% Senior Notes will have the right to require Melco Resorts Finance to repurchase all or any part of such holder's 2019 5.250% Senior Notes at a fixed redemption price.

The indenture governing the 2019 5.250% Senior Notes contains certain covenants that, subject to certain exceptions and conditions, limit the ability of Melco Resorts Finance to, among other things, effect a consolidation or merger or sell assets. The indenture governing the 2019 5.250% Senior Notes also contains conditions and events of default customary for such financings.

2019 5.625% Senior Notes

On July 17, 2019, Melco Resorts Finance issued $600,000 in aggregate principal amount of 5.625% senior notes due July 17, 2027 at an issue price of 100% of the principal amount (the "2019 5.625% Senior Notes"). The interest on the 2019 5.625% Senior Notes is accrued at a rate of 5.625% per annum, payable semi-annually in arrears on January 17 and July 17 of each year. The 2019 5.625% Senior Notes are general obligations of Melco Resorts Finance, rank equally in right of payment to all existing and future senior indebtedness of Melco Resorts Finance, rank senior in right of payment to any existing and future subordinated indebtedness of Melco Resorts Finance and are effectively subordinated to all of Melco Resorts Finance's existing and future secured indebtedness to the extent of the value of the assets securing such debt and to the indebtedness of Melco Resorts Finance's subsidiaries. The net proceeds from the offering of the 2019 5.625% Senior Notes were used to partially repay the 2015 Revolving Credit Facility.

On or after July 17, 2022, Melco Resorts Finance has the option to redeem all or a portion of the 2019 5.625% Senior Notes at any time at fixed redemption prices that decline ratably over time. In addition, under certain circumstances and subject to certain exceptions as more fully described in the indenture, Melco Resorts Finance has the option to redeem in whole, but not in part the 2019 5.625% Senior Notes at fixed redemption prices. In certain events that relate to a change of control or a termination of the gaming concession of Melco Resorts Macau and subject to certain exceptions as more fully described in the indenture, each holder of the 2019 5.625% Senior Notes will have the right to require Melco Resorts Finance to repurchase all or any part of such holder's 2019 5.625% Senior Notes at a fixed redemption price.

The indenture governing the 2019 5.625% Senior Notes contains certain covenants that, subject to certain exceptions and conditions, limit the ability of Melco Resorts Finance to, among other things, effect a consolidation or merger or sell assets. The indenture governing the 2019 5.625% Senior Notes also contains conditions and events of default customary for such financings.

2019 5.375% Senior Notes

On December 4, 2019, Melco Resorts Finance issued $900,000 in aggregate principal amount of 5.375% senior notes due December 4, 2029 at an issue price of 100% of the principal amount (the "First 2019 5.375% Senior Notes"); and on January 21, 2021, Melco Resorts Finance further issued $250,000 in aggregate principal amount of 5.375% senior notes due December 4, 2029 at an issue price of 103.25% of the principal amount (the "Additional 2019 5.375% Senior Notes" and together with the First 2019 5.375% Senior Notes, the "2019 5.375% Senior Notes"). The Additional 2019 5.375% Senior Notes are consolidated and form a single series with the First 2019 5.375% Senior Notes. The interest on the 2019 5.375% Senior Notes is accrued at a rate of 5.375% per annum, payable semi-annually in arrears on June 4 and December 4 of each year. The 2019 5.375% Senior Notes are general obligations of Melco Resorts Finance, rank equally in right of payment to all existing and future senior indebtedness of Melco Resorts Finance, rank senior in right of payment to any existing and future subordinated indebtedness of Melco Resorts Finance and are effectively subordinated to all of Melco Resorts Finance's existing and future secured indebtedness to the extent of the value of the assets securing such debt and to the indebtedness of Melco Resorts Finance's subsidiaries. The net proceeds from the offering of the First 2019 5.375% Senior Notes were used to repay the outstanding borrowing of the 2015 Revolving Credit Facility in full and to partially prepay the 2015 Term Loan Facility (as defined below). The net proceeds from the offering of the Additional 2019 5.375% Senior Notes were used to fully repay the 2020 Credit Facilities (as defined below) in January 2021.

Melco Resorts Finance has the option to redeem all or a portion of the 2019 5.375% Senior Notes at any time prior to December 4, 2024 at a "make-whole" redemption price. On or after December 4, 2024, Melco Resorts Finance has the option to redeem all or a portion of the 2019 5.375% Senior Notes at any time at fixed redemption prices that decline ratably over time. In addition, Melco Resorts Finance has the option to redeem up to 35% of the 2019 5.375% Senior Notes with the net cash proceeds from one or more equity offerings at a fixed redemption price at any time prior to December 4, 2024. Further, under certain circumstances and subject to certain exceptions as more fully described in the indenture, Melco Resorts Finance also has the option to redeem in whole, but not in part the 2019 5.375% Senior Notes at fixed redemption prices. In certain events that relate to a change of control or a termination of the gaming concession of Melco Resorts Macau and subject to certain exceptions as more fully described in the indenture, each holder of the 2019 5.375% Senior Notes will have the right to require Melco Resorts Finance to repurchase all or any part of such holder's 2019 5.375% Senior Notes at a fixed redemption price.

The indenture governing the 2019 5.375% Senior Notes contains certain covenants that, subject to certain exceptions and conditions, limit the ability of Melco Resorts Finance to, among other things, effect a consolidation or merger or sell assets. The indenture governing the 2019 5.375% Senior Notes also contains conditions and events of default customary for such financings.

2020 5.750% Senior Notes

On July 21, 2020, Melco Resorts Finance issued $500,000 in aggregate principal amount of 5.750% senior notes due July 21, 2028 at an issue price of 100% of the principal amount (the "First 2020 5.750% Senior Notes"); and on August 11, 2020, Melco Resorts Finance further issued $350,000 in aggregate principal amount of 5.750% senior notes due July 21, 2028 at an issue price of 101% of the principal amount (the "Second 2020 5.750% Senior Notes" and together with the First 2020 5.750% Senior Notes, the "2020 5.750% Senior Notes"). The Second 2020 5.750% Senior Notes are consolidated and form a single series with the First 2020 5.750% Senior Notes. The interest on the 2020 5.750% Senior Notes is accrued at a rate of 5.750% per annum, payable semi-annually in arrears on January 21 and July 21 of each year and commenced on January 21, 2021. The 2020 5.750% Senior Notes are general obligations of Melco Resorts Finance, rank equally in right of payment to all existing and future senior indebtedness of Melco Resorts Finance, rank senior in right of payment to any existing and future subordinated indebtedness of Melco Resorts Finance and are effectively subordinated to all of Melco Resorts Finance's existing and future secured indebtedness to the extent of the value of the assets securing such debt and to the indebtedness of Melco Resorts Finance's subsidiaries. The net proceeds from the offering of the 2020 5.750% Senior Notes were partially used to repay the 2020 Credit Facilities and with the remaining amount used for general corporate purposes.

On or after July 21, 2023, Melco Resorts Finance has the option to redeem all or a portion of the 2020 5.750% Senior Notes at any time at fixed redemption prices that decline ratably over time. In addition, under certain circumstances and subject to certain exceptions as more fully described in the indenture, Melco Resorts Finance has the option to redeem in whole, but not in part the 2020 5.750% Senior Notes at fixed redemption prices. In certain events that relate to a change of control or a termination of the gaming concession of Melco Resorts Macau and subject to certain exceptions as more fully described in the indenture, each holder of the 2020 5.750% Senior Notes will have the right to require Melco Resorts Finance to repurchase all or any part of such holder's 2020 5.750% Senior Notes at a fixed redemption price.

The indenture governing the 2020 5.750% Senior Notes contains certain covenants that, subject to certain exceptions and conditions, limit the ability of Melco Resorts Finance to, among other things, effect a consolidation or merger or sell assets. The indenture governing the 2020 5.750% Senior Notes also contains conditions and events of default customary for such financings.

2020 Studio City Notes

On July 15, 2020, Studio City Finance Limited ("Studio City Finance"), a subsidiary of Melco, issued $500,000 in aggregate principal amount of 6.000% senior notes due July 15, 2025 at an issue price of 100% of the principal amount (the "2020 6.000% SC Notes") and $500,000 in aggregate principal amount of 6.500% senior notes due January 15, 2028 at an issue price of 100% of the principal amount (the "2020 6.500% SC Notes" and together with 2020 6.000% SC Notes, the "2020 Studio City Notes"). The interest on the 2020 6.000% SC Notes and 2020 6.500% SC Notes is accrued at a rate of 6.000% and 6.500% per annum, respectively, payable semi-annually in arrears on January 15 and July 15 of each year and commenced on January 15, 2021. The 2020 Studio City Notes are general obligations of Studio City Finance, rank equally in right of payment to all existing and future senior indebtedness of Studio City Finance, rank senior in right of payment to any existing and future subordinated indebtedness of Studio City Finance and are effectively subordinated to all of Studio City Finance's existing and future secured indebtedness to the extent of the value of the property and assets securing such indebtedness.

The net proceeds from the offering of the 2020 Studio City Notes were partially used to redeem in full the previous senior secured notes of Studio City Company Limited ("Studio City Company"), a subsidiary of Melco and with the remaining amount used for the capital expenditures of the remaining development project at Studio City.

All of the existing subsidiaries of Studio City Finance and any other future restricted subsidiaries that provide guarantees of certain specified indebtedness (including the 2016 Studio City Credit Facilities as defined below) (the "2020 Studio City Notes Guarantors") jointly, severally and unconditionally guarantee the 2020 Studio City Notes on a senior basis (the "2020 Studio City Notes Guarantees"). The 2020 Studio City Notes Guarantees are general obligations of the 2020 Studio City Notes Guarantors, rank equally in right of payment to all existing and future senior indebtedness of the 2020 Studio City Notes Guarantors and rank senior in right of payment to any existing and future subordinated indebtedness of the 2020 Studio City Notes Guarantors. The 2020 Studio City Notes Guarantees are effectively subordinated to the 2020 Studio City Notes Guarantors' obligations under all existing and any future secured indebtedness to the extent of the value of such property and assets securing such indebtedness.

On or after July 15, 2022, Studio City Finance has the option to redeem all or a portion of the 2020 6.000% SC Notes at any time at fixed redemption prices that decline ratably over time. On or after July 15, 2023, Studio City Finance has the option to redeem all or a portion of the 2020 6.500% SC Notes at any time at fixed redemption prices that decline ratably over time. In addition, under certain circumstances and subject to certain exceptions as more fully described in the indenture governing the 2020 Studio City Notes, Studio City Finance has the option to redeem in whole, but not in part the 2020 Studio City Notes at fixed redemption prices. In certain events that relate to a change of control or a termination of the gaming concession of Melco Resorts Macau and subject to certain exceptions as more fully described in the indenture governing the 2020 Studio City Notes, each holder of the 2020 Studio City Notes will have the right to require Studio City Finance to repurchase all or any part of such holder's 2020 Studio City Notes at a fixed redemption price.

On November 9, 2023, Studio City Finance initiated a cash tender offer (the "Tender Offer") which expired on December 8, 2023, subject to the terms and conditions, to purchase for up to an aggregate principal amount of $75,000 of the 2020 6.000% SC Notes. On November 24, 2023, Studio City Finance amended and increased the aggregate principal amount of the Tender Offer of the 2020 6.000% SC Notes from $75,000 to $100,000 (the maximum tender amount), with all other terms and conditions of the Tender Offer remained unchanged as a result of an aggregate principal amount of $317,461 of the 2020 6.000% SC Notes was tendered on the early tender date on November 22, 2023. Studio City Finance accepted for purchase an aggregate principal amount of $100,000 of the 2020 6.000% SC Notes that were validly tendered (and not validly withdrawn) pursuant to the Tender Offer, as amended, and settled the purchase on November 28, 2023. In connection with such purchase, the Company recorded a gain on extinguishment of debt of $1,495 during the year ended December 31, 2023. As of December 31, 2023, the outstanding principal amount of the 2020 6.000% SC Notes was $397,000.

The indenture governing the 2020 Studio City Notes contains certain covenants that, subject to certain exceptions and conditions, limit the ability of Studio City Finance and its restricted subsidiaries to, among other things: (i) incur or guarantee additional indebtedness; (ii) make specified restricted payments; (iii) issue or sell capital stock; (iv) sell assets; (v) create liens; (vi) enter into agreements that restrict the restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans; (vii) enter into transactions with shareholders or affiliates; and (viii) effect a consolidation or merger. The indenture governing the 2020 Studio City Notes also contains conditions and events of default customary for such financings.

There are provisions under the indenture governing the 2020 Studio City Notes that limit or prohibit certain payments of dividends and other distributions by Studio City Finance and its restricted subsidiaries to companies or persons who are not Studio City Finance or restricted subsidiaries of Studio City Finance, subject to certain exceptions and conditions. As of December 31, 2023, the net assets of Studio City Finance and its restricted subsidiaries of approximately $740,000 were restricted from being distributed under the terms of the 2020 Studio City Notes.

2021 5.000% Studio City Notes

On January 14, 2021, Studio City Finance issued $750,000 in aggregate principal amount of 5.000% senior notes due January 15, 2029 at an issue price of 100% of the principal amount (the "First 2021 5.000% Studio City Notes"); and on May 20, 2021, Studio City Finance further issued $350,000 in aggregate principal amount of 5.000% senior notes due January 15, 2029 at an issue price of 101.50% of the principal amount (the "Additional 2021 5.000% Studio City Notes" and together with the First 2021 5.000% Studio City Notes, the "2021 5.000% Studio City Notes"). The Additional 2021 5.000% Studio City Notes are consolidated and form a single series with the First 2021 5.000% Studio City Notes. The interest on the 2021 5.000% Studio City Notes is accrued at a rate of 5.000% per annum, payable semi-annually in arrears on January 15 and July 15 of each year and commenced on July 15, 2021. The 2021 5.000% Studio City Notes are general obligations of Studio City Finance, rank equally in right of payment to all existing and future senior indebtedness of Studio City Finance, rank senior in right of payment to any existing and future subordinated indebtedness of Studio City Finance and are effectively subordinated to all of Studio City Finance's existing and future secured indebtedness to the extent of the value of the property and assets securing such indebtedness.

The net proceeds from the offering of the 2021 5.000% Studio City Notes were partially used to fund the conditional tender offer and the remaining outstanding balance with accrued interest of previous senior notes of Studio City Finance in February 2021; and with the remaining balance to partially fund the capital expenditures of the remaining development project at Studio City and for general corporate purposes.

All of the existing subsidiaries of Studio City Finance and any other future restricted subsidiaries that provide guarantees of certain specified indebtedness (including the 2016 Studio City Credit Facilities) (the "2021 5.000% Studio City Notes Guarantors") jointly, severally and unconditionally guarantee the 2021 5.000% Studio City Notes on a senior basis (the "2021 5.000% Studio City Notes Guarantees"). The 2021 5.000% Studio City Notes Guarantees are general obligations of the 2021 5.000% Studio City Notes Guarantors, rank equally in right of payment to all existing and future senior indebtedness of the 2021 5.000% Studio City Notes Guarantors and rank senior in right of payment to any existing and future subordinated indebtedness of the 2021 5.000% Studio City Notes Guarantors. The 2021 5.000% Studio City Notes Guarantees are effectively subordinated to the 2021 5.000% Studio City Notes Guarantors' obligations under all existing and any future secured indebtedness to the extent of the value of such property and assets securing such indebtedness.

At any time prior to January 15, 2024, Studio City Finance had the options i) to redeem all or a portion of the 2021 5.000% Studio City Notes at a "make-whole" redemption price; and ii) to redeem up to 35% of the 2021 5.000% Studio City Notes with the net cash proceeds of certain equity offerings at a fixed redemption price. Thereafter, Studio City Finance has the option to redeem all or a portion of the 2021 5.000% Studio City Notes at any time at fixed redemption prices that decline ratably over time. Further, under certain circumstances and subject to certain exceptions as more fully described in the indenture governing the 2021 5.000% Studio City Notes, Studio City Finance also has the option to redeem in whole, but not in part the 2021 5.000% Studio City Notes at fixed redemption prices. In certain events that relate to a change of control or a termination of the gaming concession of Melco Resorts Macau and subject to certain exceptions as more fully described in the indenture governing the 2021 5.000% Studio City Notes, each holder of the 2021 5.000% Studio City Notes will have the right to require Studio City Finance to repurchase all or any part of such holder's 2021 5.000% Studio City Notes at a fixed redemption price.

The indenture governing the 2021 5.000% Studio City Notes contains certain covenants that, subject to certain exceptions and conditions, limit the ability of Studio City Finance and its restricted subsidiaries to, among other things: (i) incur or guarantee additional indebtedness; (ii) make specified restricted payments; (iii) issue or sell capital stock; (iv) sell assets; (v) create liens; (vi) enter into agreements that restrict the restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans; (vii) enter into transactions with shareholders or affiliates; and (viii) effect a consolidation or merger. The indenture governing the 2021 5.000% Studio City Notes also contains conditions and events of default customary for such financings.

There are provisions under the indenture governing the 2021 5.000% Studio City Notes that limit or prohibit certain payments of dividends and other distributions by Studio City Finance and its restricted subsidiaries to companies or persons who are not Studio City Finance or restricted subsidiaries of Studio City Finance, subject to certain exceptions and conditions. As of December 31, 2023, the net assets of Studio City Finance and its restricted subsidiaries of approximately $740,000 were restricted from being distributed under the terms of the 2021 5.000% Studio City Notes.

2022 7.000% Studio City Secured Notes

On February 16, 2022, Studio City Company issued $350,000 in aggregate principal amount of 7.000% senior secured notes due February 15, 2027 at an issue price of 100% of the principal amount (the "2022 7.000% Studio City Secured Notes"). The interest on the 2022 7.000% Studio City Secured Notes is accrued at a rate of 7.000% per annum, payable semi-annually in arrears on February 15 and August 15 of each year and commenced on August 15, 2022. The 2022 7.000% Studio City Secured Notes are senior secured obligations of Studio City Company, rank equally in right of payment to all existing and future senior indebtedness of Studio City Company (although any liabilities in respect of obligations under the 2016 Studio City Credit Facilities that are secured by common collateral securing the 2022 7.000% Studio City Secured Notes will have priority over the 2022 7.000% Studio City Secured Notes with respect to any proceeds received upon any enforcement action of such common collateral) and rank senior in right of payment to any existing and future subordinated indebtedness of Studio City Company and effectively subordinated to Studio City Company's existing and future secured indebtedness that is secured by assets that do not secure the 2022 7.000% Studio City Secured Notes, to the extent of the assets securing such indebtedness. The net proceeds from the offering of the 2022 7.000% Studio City Secured Notes were used to fund the capital expenditures of the remaining development project at Studio City and for general corporate purposes.

Studio City Investments Limited ("Studio City Investments"), a subsidiary of Melco, all of its existing subsidiaries (other than Studio City Company) and any other future restricted subsidiaries that provide guarantees of certain specified indebtedness (including the 2016 Studio City Credit Facilities) (the "2022 7.000% Studio City Secured Notes Guarantors") jointly, severally and unconditionally guarantee the 2022 7.000% Studio City Secured Notes on a senior basis (the "2022 7.000% Studio City Secured Notes Guarantees"). The 2022 7.000% Studio City Secured Notes Guarantees are senior obligations of the 2022 7.000% Studio City Secured Notes Guarantors, rank equally in right of payment to all existing and future senior indebtedness of the 2022 7.000% Studio City Secured Notes Guarantors and rank senior in right of payment to any existing and future subordinated indebtedness of the 2022 7.000% Studio City Secured Notes Guarantors. The 2022 7.000% Studio City Secured Notes Guarantees are pari passu to the 2022 7.000% Studio City Secured Notes Guarantors' obligations under the 2016 Studio City Credit Facilities, and effectively subordinated to any future secured indebtedness that is secured by assets that do not secure the 2022 7.000% Studio City Secured Notes and the 2022 7.000% Studio City Secured Notes Guarantees, to the extent of the value of the assets.

The 2022 7.000% Studio City Secured Notes are secured, on an equal basis with the 2016 Studio City Credit Facilities, by substantially all of the material assets of Studio City Investments and its subsidiaries (although obligations under the 2016 Studio City Credit Facilities that are secured by the common collateral securing the 2022 7.000% Studio City Secured Notes will have priority over the 2022 7.000% Studio City Secured Notes with respect to any proceeds received upon any enforcement action of such common collateral); in addition, in line with the 2016 Studio City Credit Facilities, the 2022 7.000% Studio City Secured Notes are also secured by certain specified bank accounts.

At any time prior to February 15, 2024, Studio City Company had the options i) to redeem all or a portion of the 2022 7.000% Studio City Secured Notes at a "make-whole" redemption price; and ii) to redeem up to 35% of the 2022 7.000% Studio City Secured Notes with the net cash proceeds of certain equity offerings at a fixed redemption price. Thereafter, Studio City Company has the option to redeem all or a portion of the 2022 7.000% Studio City Secured Notes at any time at fixed redemption prices that decline ratably over time. Further, under certain circumstances and subject to certain exceptions as more fully described in the indenture governing the 2022 7.000% Studio City Secured Notes, Studio City Company also has the option to redeem in whole, but not in part the 2022 7.000% Studio City Secured Notes at fixed redemption prices. In certain events that relate to a change of control or a termination of the gaming concession of Melco Resorts Macau and subject to certain exceptions as more fully described in the indenture governing the 2022 7.000% Studio City Secured Notes, each holder of the 2022 7.000% Studio City Secured Notes will have the right to require Studio City Company to repurchase all or any part of such holder's 2022 7.000% Studio City Secured Notes at a fixed redemption price.

The indenture governing the 2022 7.000% Studio City Secured Notes contains certain covenants that, subject to certain exceptions and conditions, limit the ability of Studio City Company, Studio City Investments and their respective restricted subsidiaries to, among other things: (i) incur or guarantee additional indebtedness and issue certain preferred stock; (ii) make specified restricted payments and investments; (iii) prepay or redeem subordinated debt or equity; (iv) issue or sell capital stock; (v) transfer, lease or sell assets; (vi) create or incur certain liens; (vii) impair the security interests in the collateral; (viii) enter into agreements that restrict the restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans; (ix) change the nature of the business of the relevant group; (x) enter into transactions with shareholders or affiliates; and (xi) effect a consolidation or merger. The indenture governing the 2022 7.000% Studio City Secured Notes also contains conditions and events of default customary for such financings.

There are provisions under the indenture governing the 2022 7.000% Studio City Secured Notes that limit or prohibit certain payments of dividends and other distributions by Studio City Company, Studio City Investments and their respective restricted subsidiaries to companies or persons who are not Studio City Company, Studio City Investments and their respective restricted subsidiaries, subject to certain exceptions and conditions. As of December 31, 2023, the net assets of Studio City Investments and its restricted subsidiaries of approximately $675,000 were restricted from being distributed under the terms of the 2022 7.000% Studio City Secured Notes.

(b) Credit Facilities

2015 Credit Facilities

Post-cancellation of certain commitments of the term loan facility and the multicurrency revolving credit facility under prior senior secured credit facilities of Melco Resorts Macau (the "Borrower") (the "2015 Credit Facilities") on May 7, 2020, the available commitments under the term loan facility (the "2015 Term Loan Facility") and the multicurrency revolving credit facility (the "2015 Revolving Credit Facility") are HK$1,000 (equivalent to $128) each, collateralized by a bank deposit of HK$2,130 (equivalent to $273).

Compliance with certain provisions of the 2015 Credit Facilities were waived pursuant to a waiver letter from Bank of China Limited, Macau Branch (in its capacity as the sole lender under the 2015 Credit Facilities) ("BOC Macau") to the Borrower dated April 29, 2020 (the "Waiver Letter"), as subsequently extended pursuant to extension request letters dated April 6, 2022 and December 14, 2022. Pursuant to the terms of the Waiver Letter, BOC Macau agreed, among other things, to relax the Borrower's obligations under the 2015 Credit Facilities by way of a waiver of (i) the maturity date of the 2015 Credit Facilities; (ii) the repayment term of the 2015 Term Loan Facility; (iii) interest rate of the borrowings; (iv) the requirement to comply with substantially all information undertakings, financial covenants, general undertakings and mandatory prepayment provisions; (v) the requirement to make substantially all of the representations; and (vi) certain current and/or future defaults and events of default that may arise under the terms of the 2015 Credit Facilities, subject to certain conditions and terms.

Pursuant to the terms of the Waiver Letter, the maturity date of the 2015 Credit Facilities was first extended to June 24, 2022. Subsequent to that, the maturity date of the 2015 Credit Facilities, and the continuing applicability of the various waivers provided under the Waiver Letter, were further extended to a later date (the "Extended Termination Date"), being (i) December 31, 2022 pursuant to an extension request letter dated April 6, 2022; and (ii) June 24, 2024 pursuant to a further extension request letter dated December 14, 2022. The 2015 Term Loan Facility was originally repayable in quarterly instalments according to an amortization schedule. Pursuant to the terms of the Waiver Letter (as amended and extended), the 2015 Term Loan Facility is repayable in full on the Extended Termination Date (as amended and extended). Each loan made under the 2015 Revolving Credit Facility is repayable in full on the last day of an agreed upon interest period in respect of the loan, generally ranging from one to six months, or rolling over subject to compliance with certain covenants and satisfaction of conditions precedent.

Borrowings under the 2015 Credit Facilities bore interest at the Hong Kong Interbank Offered Rate ("HIBOR") plus a margin ranging from 1.25% to 2.50% per annum as adjusted in accordance with the leverage ratio in respect of the 2015 Borrowing Group (as described below). The Borrower was permitted to select an interest period for borrowings under the 2015 Credit Facilities ranging from one to six months or any other agreed period. Pursuant to the Waiver Letter, borrowings under the 2015 Credit Facilities bear interest at HIBOR plus a margin of 1% per annum.

As of December 31, 2023, the outstanding principal amount of the 2015 Term Loan Facility and the 2015 Revolving Credit Facility was HK$1,000 (equivalent to $128) and nil, respectively, and the available unused borrowing capacity under 2015 Revolving Credit Facility was HK$1,000 (equivalent to $128) and the outstanding principal amount was included in the non-current portion of long-term debt as of December 31, 2023 in accordance with applicable accounting standards because management has intent and believes the Borrower has ability to refinance this short-term obligation on a long-term basis.

The indebtedness under the 2015 Credit Facilities is guaranteed by the borrowing group which includes the Borrower and certain of its subsidiaries as defined under the 2015 Credit Facilities (the "2015 Borrowing Group"). Security for the 2015 Credit Facilities includes: a first-priority interest in substantially all assets of the 2015 Borrowing Group, the issued share capital and equity interests and certain buildings, fixtures and equipment of the 2015 Borrowing Group and certain other excluded assets and customary security.

With effect from May 7, 2020, the provisions that limited certain payments of dividends and other distributions by the 2015 Borrowing Group to companies or persons who were not members of the 2015 Borrowing Group were waived pursuant to the terms of the Waiver Letter.

Under the 2015 Credit Facilities, in the event of a change of control, the Borrower may be required, at the election of any lender under the 2015 Credit Facilities, to repay such lender in full. In addition, termination or rescission of Melco Resorts Macau's concession contract or land concessions would constitute an event of default. As with substantially all of the undertakings and covenants under the 2015 Credit Facilities, however, these provisions are subject to a continuing waiver under the terms of the Waiver Letter.

The Borrower is obligated to pay a commitment fee on the undrawn amount of the 2015 Revolving Credit Facility and recognized loan commitment fees of $1, $1 and $1 during the years ended December 31, 2023, 2022 and 2021, respectively.

2020 Credit Facilities

On April 29, 2020, MCO Nominee One Limited ("MCO Nominee One"), a subsidiary of Melco, entered into a senior credit facilities agreement with a syndicate of banks (the "2020 Credit Facilities") for a HK$14,850,000 (equivalent to $1,915,947) revolving credit facility with a term of five years. The maturity date of the 2020 Credit Facilities is April 29, 2025. Each loan made under the 2020 Credit Facilities is repayable in full on the last day of an agreed upon interest period in respect of the loan, generally ranging from one to six months, or rolling over subject to compliance with certain covenants and satisfaction of conditions precedent. MCO Nominee One is also subject to mandatory prepayment requirements in respect of various amounts as specified in the 2020 Credit Facilities. In the event of a change of control or if Melco Resorts Macau's concession contract or land concessions are terminated or otherwise expire on its terms, MCO Nominee One may be required, at the election of any lender under the 2020 Credit Facilities, to repay such lender in full.

The indebtedness under the 2020 Credit Facilities is guaranteed by Melco Resorts Macau and MCO Investments Limited ("MCO Investments"), a subsidiary of Melco. The 2020 Credit Facilities are unsecured.

The 2020 Credit Facilities contain certain covenants customary for such financings including, but not limited to, limitations on, except as permitted (i) incurring additional liens; (ii) incurring additional indebtedness (including guarantees); (iii) the disposal of certain key assets; and (iv) carrying on businesses which are not the permitted business activities of MCO Investments and its subsidiaries. The 2020 Credit Facilities also contain conditions and events of default customary for such financings and the financial covenants including a leverage ratio, total leverage ratio and interest cover ratio.

On June 29, 2023, certain provisions of the 2020 Credit Facilities were amended and restated (the "2023 Amendment and Restatement") such that borrowings under the 2020 Credit Facilities denominated in US$ should bear interest at the term Secured Overnight Financing Rate plus an applicable credit adjustment spread ranging from 0.06% to 0.20% per annum and a margin ranging from 1.00% to 2.00% per annum as adjusted in accordance with the leverage ratio in respect of MCO Nominee One and certain of its specified subsidiaries. The amendment became effective on June 29, 2023 (the "Effective Date"). Prior to the Effective Date of the 2023 Amendment and Restatement, borrowings under the 2020 Credit Facilities denominated in US$ bore interest at the London Interbank Offered Rate plus a margin ranging from 1.00% to 2.00% per annum as adjusted in accordance with the leverage ratio in respect of MCO Nominee One and certain of its specified subsidiaries. Borrowings under the 2020 Credit Facilities denominated in HK$ bear interest at HIBOR plus a margin ranging from 1.00% to 2.00% per annum as adjusted in accordance with the leverage ratio in respect of MCO Nominee One and certain of its specified subsidiaries. MCO Nominee One may select an interest period for borrowings under the 2020 Credit Facilities ranging from one to six months or any other agreed period.

MCO Nominee One is obligated to pay a commitment fee on the undrawn amount of the 2020 Credit Facilities and recognized loan commitment fees of $3,954, $5,978 and $10,613 during the years ended December 31, 2023, 2022 and 2021, respectively.

On November 26, 2020, MCO Nominee One received confirmation that the majority of lenders of the 2020 Credit Facilities consented and agreed to waive certain financial condition covenants contained in the facility agreement under the 2020 Credit Facilities, in each case in respect of the relevant periods ended on the following applicable test dates: (a) December 31, 2020; (b) March 31, 2021; (c) June 30, 2021; (d) September 30, 2021; and (e) December 31, 2021. Such consent became effective on December 2, 2020.

On November 5, 2021, MCO Nominee One received confirmation that the majority of lenders of the 2020 Credit Facilities consented and agreed to waive certain financial condition covenants contained in the facility agreement under the 2020 Credit Facilities, in each case in respect of the relevant periods ended on the following applicable test dates: (a) March 31, 2022; (b) June 30, 2022; (c) September 30, 2022; and (d) December 31, 2022. Such consent became effective on November 9, 2021.

On August 16, 2022, MCO Nominee One received confirmation that the majority of lenders of the 2020 Credit Facilities consented and agreed to a waiver extension of certain financial condition covenants contained in the facility agreement under the 2020 Credit Facilities. The existing waiver remains valid in respect of the relevant periods ended on the December 31, 2022 test date, and the waiver extension granted extends the waiver for the relevant periods ended or ending on the following applicable test dates: (a) March 31, 2023; (b) June 30, 2023; (c) September 30, 2023; (d) December 31, 2023; and (e) March 31, 2024. Such consent became effective on August 17, 2022.

As of December 31, 2023, the outstanding principal amount of the 2020 Credit Facilities was HK$8,222,000 (equivalent to $1,052,515), and the available unused borrowing capacity under the 2020 Credit Facilities was HK$6,628,000 (equivalent to $848,464).

2016 Studio City Credit Facilities

On November 30, 2016, Studio City Company (the "Studio City Borrower") amended and restated the Studio City Borrower's prior senior secured credit facilities agreement from HK$10,855,880 (equivalent to $1,395,357) to a HK$234,000 (equivalent to $30,077) senior secured credit facilities agreement (the "2016 Studio City Credit Facilities"), comprising a HK$1,000 (equivalent to $129) term loan facility (the "2016 SC Term Loan Facility") and a HK$233,000 (equivalent to $29,948) revolving credit facility (the "2016 SC Revolving Credit Facility"). As of December 31, 2023, the outstanding principal amount of the 2016 SC Term Loan Facility and the 2016 SC Revolving Credit Facility were HK$1,000 (equivalent to $128) and nil, respectively, and the available unused borrowing capacity under the 2016 SC Revolving Credit Facility was HK$233,000 (equivalent to $29,827).

On March 15, 2021, Studio City Company amended the terms of the 2016 Studio City Credit Facilities, including the extension of the maturity date for the 2016 SC Term Loan Facility and the 2016 SC Revolving Credit Facility from November 30, 2021 to January 15, 2028 (the "Extended Maturity Date"). The 2016 SC Term Loan Facility shall be repaid at the Extended Maturity Date with no interim amortization payments. The 2016 SC Revolving Credit Facility is available up to the date that is one month prior to the 2016 SC Revolving Credit Facility's Extended Maturity Date. Changes have also been made to the covenants in order to align them with those of certain other financings at Studio City Finance, including amending the threshold sizes and measurement dates of the covenants.

The 2016 SC Term Loan Facility is collateralized by cash of HK$1,012 (equivalent to $130). The Studio City Borrower is subject to mandatory prepayment requirements in respect of various amounts of the 2016 SC Revolving Credit Facility as specified in the 2016 Studio City Credit Facilities; in the event of the disposal of all or substantially all of the business and assets of the Studio City borrowing group which includes the Studio City Borrower and certain of its subsidiaries as defined under the 2016 Studio City Credit Facilities (the "2016 Studio City Borrowing Group"), the 2016 Studio City Credit Facilities are required to be repaid in full. In the event of a change of control, the Studio City Borrower may be required, at the election of any lender under the 2016 Studio City Credit Facilities, to repay such lender in full (other than the principal amount of the 2016 SC Term Loan Facility).

The indebtedness under the 2016 Studio City Credit Facilities is guaranteed by Studio City Investments and its subsidiaries (other than the Studio City Borrower). Security for the 2016 Studio City Credit Facilities includes a first-priority mortgage over any rights under the land concession contract of Studio City and an assignment of certain leases or rights to use agreements; as well as other customary security. The 2016 Studio City Credit Facilities contain certain affirmative and negative covenants customary for such financings, as well as affirmative, negative and financial covenants aligned with those of certain other financings at Studio City Finance. Certain specified bank accounts of Melco Resorts Macau are pledged under 2016 Studio City Credit Facilities and related finance documents. The 2016 Studio City Credit Facilities are secured by substantially all of the material assets of Studio City Investments and its subsidiaries.

The 2016 Studio City Credit Facilities contain certain covenants that, subject to certain exceptions and conditions, limit the ability of Studio City Company, Studio City Investments and their respective restricted subsidiaries to, among other things: (i) incur or guarantee additional indebtedness and issue certain preferred stock; (ii) make specified restricted payments and investments; (iii) prepay or redeem subordinated debt or equity; (iv) issue or sell capital stock; (v) transfer, lease or sell assets; (vi) create or incur certain liens; (vii) impair the security interests in the collateral; (viii) enter into agreements that restrict the restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans; (ix) change the nature of the business of the relevant group; (x) enter into transactions with shareholders or affiliates; and (xi) effect a consolidation or merger. The 2016 Studio City Credit Facilities also contain conditions and events of default customary for such financings.

In addition, modification, expiry, or termination of the gaming concession of Melco Resorts Macau in circumstances that have a material adverse effect on the 2016 Studio City Borrowing Group (as a whole) will allow lenders to elect for the mandatory prepayment of all outstanding loan amounts.

There are provisions that limit certain payments of dividends and other distributions by the 2016 Studio City Borrowing Group to companies or persons who are not members of the 2016 Studio City Borrowing Group. As of December 31, 2023, the net assets of Studio City Investments and its restricted subsidiaries of approximately $675,000 were restricted from being distributed under the terms of the 2016 Studio City Credit Facilities.

Borrowings under the 2016 Studio City Credit Facilities bear interest at HIBOR plus a margin of 4% per annum. The Studio City Borrower may select an interest period for borrowings under the 2016 Studio City Credit Facilities ranging from one to six months or any other agreed period. The Studio City Borrower is obligated to pay a commitment fee on the undrawn amount of the 2016 SC Revolving Credit Facility and recognized loan commitment fees of $417, $417 and $419 during the years ended December 31, 2023, 2022 and 2021, respectively.

Philippine Credit Facility

On October 14, 2015, Melco Resorts and Entertainment (Philippines) Corporation ("MRP"), a subsidiary of Melco, entered into an on-demand, unsecured credit facility agreement of Philippine Pesos ("PHP") 2,350,000 (equivalent to $49,824), as amended from time to time (the "Philippine Credit Facility") with a lender to finance advances to Melco Resorts Leisure (PHP) Corporation ("Melco Resorts Leisure"), a subsidiary of Melco. The available drawdown currencies under the Philippine Credit Facility are PHP and US$. As of December 31, 2023, the Philippine Credit Facility availability period, as amended from time to time, is up to January 31, 2024 and was further extended to April 30, 2023, in January 2024, and the maturity date of each individual drawdown, as amended from time to time, to be the earlier of: (i) the date which is 360 days from the date of drawdown, and (ii) the date which is 360 days after the end of the availability period. The individual drawdowns under the Philippine Credit Facility are subject to certain conditions precedent, including issuance of a promissory note in favor of the lender evidencing such drawdown. As of December 31, 2023, borrowings under the Philippine Credit Facility bear interest, as amended from time to time, at the higher of: (i) the PHP BVAL Reference Rate of the selected interest period plus the applicable margin to be mutually agreed by the bank and the borrower at the time of drawdown, and (ii) Philippines Term Deposit Facility Rate of the selected interest period plus the applicable margin to be mutually agreed by the bank and the borrower at the time of drawdown, such rate to be set one business day prior to the relevant interest period. The Philippine Credit Facility includes a tax gross-up provision requiring MRP to pay without any deduction or withholding for or on account of tax.

As of December 31, 2023, the Philippine Credit Facility had not yet been drawn and the available unused borrowing capacity under the Philippine Credit Facility was PHP2,350,000 (equivalent to $42,291).

(c) Borrowing Rates and Scheduled Maturities of Long-term Debt

During the years ended December 31, 2023, 2022 and 2021, the Company's average borrowing rates were approximately 5.72%, 5.32% and 5.43% per annum, respectively.

Scheduled maturities of the long-term debt (excluding unamortized deferred financing costs and original issue premiums) as of December 31, 2023 are as follows:

Year ending December 31,	
2024	$ 128
2025	2,449,515
2026	500,000
2027	950,000
2028	1,350,128
Over 2028	2,250,000
	$ 7,499,771

12. LEASES

Lessee Arrangements

The Company is the lessee under operating and finance leases for equipment and real estate, including the land and certain of the building structures for City of Dreams Manila under the MRP Lease Agreement as described in Note 20, Cyprus casino sites, Mocha Clubs sites, office spaces, warehouses, staff quarters, and certain parcels of land in Macau on which Altira Macau, City of Dreams and Studio City are located. Certain lease agreements provide for periodic rental increases based on both contractually agreed incremental rates and on the general inflation rate once agreed by the Company and its lessors and, in some cases, contingent rental expenses stated as a percentage of turnover. Certain leases include options to extend the lease term and options to terminate the lease term. The land concession contracts in Macau have a term of 25 years, which is renewable for further consecutive periods of 10 years, subject to applicable legislation in Macau. The estimated term related to the land concession contracts in Macau is 40 years.

The components of lease costs are as follows:

	Year Ended December 31,		
	2023	**2022**	**2021**
Operating lease costs:			
Amortization of land use rights	$ 22,670	$ 22,662	$ 22,832
Operating lease costs	18,434	14,614	29,401
Short-term lease costs	342	720	473
Variable lease costs	2,684	1,902	(629)
Finance lease costs:			
Amortization of right-of-use assets	5,336	12,928	15,682
Interest costs	24,562	25,371	31,642
Total lease costs	$ 74,028	$ 78,197	$ 99,401

Other information related to lease terms and discount rates is as follows:

	December 31, 2023	December 31, 2022
Weighted average remaining lease term		
Operating leases	18.0 years	21.5 years
Finance leases	9.5 years	10.5 years
Weighted average discount rate		
Operating leases	6.66%	5.77%
Finance leases	10.70%	10.70%

Maturities of lease liabilities as of December 31, 2023 are as follows:

	Operating Leases	Finance Leases
Year ending December 31,		
2024	$ 20,502	$ 37,387
2025	13,130	37,387
2026	11,058	37,387
2027	5,675	37,387
2028	5,365	37,387
Over 2028	65,681	169,345
Total future minimum lease payments	121,411	356,280
Less: amounts representing interest	(47,868)	(133,499)
Present value of future minimum lease payments	73,543	222,781
Current portion	(19,685)	(35,307)
Non-current portion	$ 53,858	$ 187,474

Lessor Arrangements

The Company is the lessor under non-cancellable operating leases mainly for mall spaces in the sites of City of Dreams, City of Dreams Manila, Studio City and City of Dreams Mediterranean with various retailers that expire at various dates through December 2035. Certain of the operating leases include minimum base fees with contingent fee clauses based on percentages of turnover.

During the years ended December 31, 2023, 2022 and 2021, the Company earned minimum operating lease income of $45,210, $41,633 and $45,019, respectively, and contingent operating lease income of $7,810, $265 and $5,080, respectively. Total lease income for the years ended December 31, 2023, 2022 and 2021 were reduced by $52, $3,076 and $882, respectively, as a result of the rent concessions related to the effects of the COVID-19 outbreak.

Future minimum fees, excluding the contingent fees to be received under non-cancellable operating leases as of December 31, 2023 were as follows:

Year ending December 31,	
2024	$ 56,427
2025	56,409
2026	29,975
2027	7,257
2028	3,378
Over 2028	3,640
	$ 157,086

13. FAIR VALUE MEASUREMENTS

Authoritative literature provides a fair value hierarchy, which prioritizes the input to valuation techniques used to measure fair values into three broad levels. The level in the hierarchy within which the fair value measurements in its entirety is based upon the lowest level of input that is significant to the fair value measurement as follows:

- Level 1 – inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.
- Level 2 – inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models and similar techniques.

The carrying values of cash equivalents, bank time deposits included in restricted cash, long-term deposits, long-term receivables and other long-term liabilities approximated fair values and were classified as level 2 in the fair value hierarchy.

The fair value as of December 31, 2023 adopted for the long-lived assets impairment of Altira Macau as described in Note 2(m) were estimated by using level 3 inputs based on a combination of income and cost approaches.

The fair values as of December 31, 2022 adopted in impairment assessments of an aircraft and a piece of freehold land classified as assets held for sale were estimated by using level 2 and level 3 inputs, respectively. Details are disclosed in Note 2(m) and Note 5.

The estimated fair values of long-term debt as of December 31, 2023 and 2022, were approximately $6,975,901 and $7,341,910, respectively, as compared to their carrying values, excluding unamortized deferred financing costs and original issue premiums, of $7,499,771 and $8,449,459, respectively. Fair values were estimated using quoted market prices and were classified as level 1 in the fair value hierarchy for the 2017 4.875% Senior Notes, the 2019 5.250% Senior Notes, the 2019 5.625% Senior Notes, the 2019 5.375% Senior Notes, the 2020 5.750% Senior Notes, the 2020 Studio City Notes, the 2021 5.000% Studio City Notes and the 2022 7.000% Studio City Secured Notes. Fair values for the 2015 Credit Facilities, the 2020 Credit Facilities and the 2016 Studio City Credit Facilities approximated their carrying values as the instruments carried variable interest rates that approximated the market rates and were classified as level 2 in the fair value hierarchy.

As of December 31, 2023 and 2022, the Company did not have any non-financial assets or liabilities that were recognized or disclosed at fair value in the accompanying consolidated financial statements.

14. CAPITAL STRUCTURE

Treasury Shares

Melco's treasury shares represent new shares issued by Melco and the shares repurchased by Melco under the respective share repurchase programs. The treasury shares are mainly held by the depositary bank to facilitate the administration and operations of Melco's share incentive plans, and are to be delivered to the directors, eligible employees and consultants on the vesting of restricted shares and upon the exercise of share options.

No ordinary shares were issued by Melco to its depositary bank for future vesting of restricted shares and exercise of share options during the years ended December 31, 2023, 2022 and 2021. Melco issued 16,254,282, 14,720,040 and 6,042,543 ordinary shares upon vesting of restricted shares and 82,242, nil and 2,478,594 ordinary shares upon exercise of share options during the years ended December 31, 2023, 2022 and 2021, respectively.

On June 2, 2021, the Board of Directors of Melco authorized the repurchase of Melco's ordinary shares and/or ADSs of up to an aggregate of $500,000 over a three-year period which commenced on June 2, 2021 under a share repurchase program (the "2021 Share Repurchase Program"). Purchases under the 2021 Share Repurchase Program may be made from time to time on the open market at prevailing market prices, including pursuant to a trading plan in accordance with Rule 10b-18 and/or Rule 10b5-1 of the U.S. Securities Exchange Act, and/or in privately-negotiated transactions. The timing and the amount of ordinary shares and/or ADSs purchased were determined by Melco's management based on its evaluation of market conditions, trading prices, applicable securities laws and other factors. The 2021 Share Repurchase Program may be suspended, modified or terminated by Melco at any time prior to its expiration.

On August 18, 2022, Melco, Melco International and Melco Leisure and Entertainment Group Limited ("Melco Leisure"), a subsidiary of Melco International, entered into a share repurchase agreement, pursuant to which Melco agreed to repurchase 9,995,799 ordinary shares of Melco and 25,000,000 ADSs of Melco (equivalent to 75,000,000 ordinary shares) from Melco Leisure (the "2022 Share Repurchase"). On August 26, 2022, the Share Repurchase was completed for an aggregate consideration of $152,709, which represents an average price of $1.7967 per share or $5.39 per ADS. Following the completion of the 2022 Share Repurchase, 9,995,799 ordinary shares of Melco were retired (the "2022 Share Retirement").

On March 8, 2023, Melco, Melco International and Melco Leisure entered into a share repurchase agreement, pursuant to which Melco agreed to repurchase 40,373,076 ordinary shares of Melco from Melco Leisure (the "2023 Share Repurchase"). On March 10, 2023, the 2023 Share Repurchase was completed for an aggregate consideration of $169,836, which represents an average price of $4.2067 per share or $12.62 per ADS and 40,373,076 ordinary shares of Melco repurchased from Melco Leisure were retired on the same date (the "2023 Share Retirement").

Other than the 2023 Share Repurchase and the 2023 Share Retirement as described above, no ordinary shares were repurchased and retired during the year ended December 31, 2023. In addition to the 2022 Share Repurchase and the 2022 Share Retirement as described above, 5,929,076 ADSs, equivalent to 17,787,228 ordinary shares were repurchased under the 2021 Share Repurchase Program, of which 1,500,000 ordinary shares repurchased were retired during the year ended December 31, 2022. During the year ended December 31, 2021, 5,372,045 ADSs, equivalent to 16,116,135 ordinary shares were repurchased under the 2021 Share Repurchase Program, of which no ordinary shares repurchased were retired.

As of December 31, 2023 and 2022, Melco had 1,404,679,067 and 1,445,052,143 issued ordinary shares, and 93,408,292 and 109,744,816 treasury shares, with 1,311,270,775 and 1,335,307,327 ordinary shares outstanding, respectively.

15. INCOME TAXES

Loss before income tax consisted of:

	Year Ended December 31,		
	2023	**2022**	**2021**
Macau operations	$ 11,021	$ (720,470)	$ (456,089)
Hong Kong operations	(474,862)	(400,725)	(434,618)
Philippine operations	86,910	28,204	(51,436)
Cyprus operations	(29,171)	3,152	(13,454)
Other jurisdictions operations	4,194	(2,092)	2,018
Loss before income tax	$ (401,908)	$ (1,091,931)	$ (953,579)

The income tax expense consisted of:

	Year Ended December 31,		
	2023	2022	2021
Income tax expense – current:			
Macau Complementary Tax	$ –	$ 9	$ 172
Lump sum in lieu of Macau Complementary Tax on dividends	5,650	2,342	2,359
Hong Kong Profits Tax	11,613	528	48
Philippine Corporate Income Tax	4	5	1
Philippine withholding tax on dividends	2,566	–	2,937
Cyprus Corporate Income Tax	–	–	188
Income tax in other jurisdictions	66	219	323
Sub-total	19,899	3,103	6,028
(Over) under provision of income taxes in prior years:			
Macau Complementary Tax	(511)	(560)	(874)
Lump sum in lieu of Macau Complementary Tax on dividends	(1,327)	–	–
Hong Kong Profits Tax	(450)	(4)	18
Philippine Corporate Income Tax	(157)	300	(62)
Income tax in other jurisdictions	50	98	14
Sub-total	(2,395)	(166)	(904)
Income tax (benefit) expense – deferred:			
Macau Complementary Tax	(7,931)	(768)	(4,535)
Hong Kong Profits Tax	(154)	3,276	2,493
Philippine Corporate Income Tax	3,366	(258)	209
Cyprus Corporate Income Tax	589	(578)	–
Income tax in other jurisdictions	48	627	(406)
Sub-total	(4,082)	2,299	(2,239)
Total income tax expense	$ 13,422	$ 5,236	$ 2,885

A reconciliation of the income tax expense from loss before income tax per the accompanying consolidated statements of operations is as follows:

	Year Ended December 31,		
	2023	2022	2021
Loss before income tax	$ (401,908)	$ (1,091,931)	$ (953,579)
Macau Complementary Tax rate	12%	12%	12%
Income tax benefit at Macau Complementary Tax rate	(48,229)	(131,032)	(114,429)
Lump sum in lieu of Macau Complementary Tax on dividends	5,650	2,342	2,359
Effect of different tax rates of subsidiaries operating in other jurisdictions	(13,422)	(12,271)	(31,653)
Over provision in prior years	(2,395)	(166)	(904)
Effect of income for which no income tax expense is payable	(14,178)	(11,727)	(6,308)
Effect of expenses for which no income tax benefit is receivable	80,455	70,687	101,111
Effect of profits generated by gaming operations exempted	(75,403)	(25,700)	(10,851)
Effect of tax losses that cannot be carried forward	–	15,553	6,742
Changes in valuation allowances	27,004	48,122	(13,360)
Change in income tax rate	–	–	16,521
Expired tax losses	53,940	49,428	53,657
Income tax expense	$ 13,422	$ 5,236	$ 2,885

Melco and certain of its subsidiaries are exempt from tax in the Cayman Islands or British Virgin Islands, where they are incorporated, while Melco is subject to Hong Kong Profits Tax on profits from its activities conducted in Hong Kong. Certain subsidiaries incorporated or conducting businesses in Macau, Hong Kong, the Philippines, Cyprus and other jurisdictions are subject to Macau Complementary Tax, Hong Kong Profits Tax, Philippine Corporate Income Tax, Cyprus Corporate Income Tax and income tax in other jurisdictions, respectively, during the years ended December 31, 2023, 2022 and 2021.

Macau Complementary Tax, Hong Kong Profits Tax, Cyprus Corporate Income Tax and income tax in other jurisdictions have been provided at 12%, 16.5%, 12.5% and the respective tax rates in other jurisdictions, on the estimated taxable income earned in or derived from the respective jurisdictions, respectively, during the years ended December 31, 2023, 2022 and 2021, if applicable.

On March 26, 2021, in the Philippines, the Corporate Recovery and Tax Incentives for Enterprises ("CREATE") took effect on April 11, 2021. CREATE reduced the minimum corporate income tax in the Philippines from 2% to 1% for the period from July 1, 2020 to June 30, 2023 and the corporate income tax rate in the Philippines from 30% to 25% starting July 1, 2020.

Pursuant to the approval notice issued by the Macau government in September 2016, Melco Resorts Macau was granted an extension of the Macau Complementary Tax exemption on profits generated from gaming operations for an additional five years from 2017 to 2021. Studio City Entertainment Limited ("Studio City Entertainment"), a subsidiary of Melco, was also exempted from Macau Complementary Tax on profits generated from income received from Melco Resorts Macau for an additional five years from 2017 to 2021, to the extent that such income was derived from Studio City gaming operations and had been subject to gaming tax pursuant to a notice issued by the Macau government in January 2017. The exemption coincided with Melco Resorts Macau's exemption from Macau Complementary Tax. Pursuant to Dispatch of the Macau Chief Executive dated February 17, 2022 and September 1, 2022, Melco Resorts Macau was granted an extension of the Macau Complementary Tax exemption on profits generated from gaming operations under the previous gaming subconcession for the period from January 1, 2022 to June 26, 2022 and from June 27, 2022 to December 31, 2022, respectively. Melco Resorts Macau continues to benefit from the Macau Complementary Tax exemption on profits generated from gaming operations under the Concession for the period from January 1, 2023 to December 31, 2027 pursuant to a Dispatch of the Macau Chief Executive dated January 29, 2024. Studio City Entertainment applied for an extension of the Macau Complementary Tax exemption for 2022 and for the period from January 1, 2023 through December 31, 2027. These applications are subject to the discretionary approval of the Macau government. The non-gaming profits and dividend distributions of Studio City Entertainment to its shareholders continue to be subject to the Macau Complementary Tax. Melco Resorts Macau's non-gaming profits remain subject to the Macau Complementary Tax and its casino revenues remain subject to the Macau special gaming tax and other levies in accordance with the Concession effective on January 1, 2023.

The gaming operations of Melco Resorts Leisure, the operator of City of Dreams Manila, are exempt from Philippine Corporate Income Tax, among other taxes, pursuant to the Philippine Amusement and Gaming Corporation ("PAGCOR") charter and are subject to license fees which are inclusive of the 5% franchise tax based on gross gaming revenue in the Philippines, in lieu of all other taxes.

Had Melco Resorts Macau and Melco Resorts Leisure not have been entitled to the income tax exemption on profits generated by gaming operations for the year ended December 31, 2023 in Macau and the Philippines, respectively, and if Studio City Entertainment's application for the extended exemption from Macau Complementary Tax on profits generated from income received from Melco Resorts Macau will not be approved, the Company's consolidated net loss attributable to Melco Resorts & Entertainment Limited for the year ended December 31, 2023 would have been increased by $75,190 and diluted loss per share would have been increased by $0.057 per share. During the years ended December 31, 2022 and 2021, Melco Resorts Macau and Studio City Entertainment in Macau did not have any profits generated by gaming operations exempted from Macau Complementary Tax, while had Melco Resorts Leisure not received the income tax exemption on profits generated by gaming operations in the Philippines, the Company's consolidated net loss attributable to Melco Resorts & Entertainment Limited for the years ended December 31, 2022 and 2021 would have been increased by $25,252 and $10,688, and diluted loss per share would have been increased by $0.018 and $0.007 per share, respectively.

In August 2017, Melco Resorts Macau received an extension of the agreement with the Macau government for an additional five years applicable to tax years 2017 through 2021, in which the extension agreement provided for an annual payment of MOP18,900 (equivalent to $2,342) as payments in lieu of Macau Complementary Tax which would otherwise be borne by the shareholders of Melco Resorts Macau on dividend distributions from gaming profits ("Payments in lieu of Macau Complementary Tax on Dividend Distributions"). Such annual payment was required regardless of whether dividends were actually distributed or whether Melco Resorts Macau had distributable profits in the relevant year. In December 2022 and March 2023, Melco Resorts Macau received extensions of the agreements with the Macau government for an amount of MOP4,000 (equivalent to $497) and MOP4,167 (equivalent to $518) as Payments in lieu of Macau Complementary Tax on Dividend Distributions for the period from January 1, 2022 to June 26, 2022 and from June 27, 2022 to December 31, 2022, respectively. In February 2024, Melco Resorts Macau entered into an agreement with the Macau government in relation to the Payments in lieu of Macau Complementary Tax on Dividend Distributions from January 1, 2023 to December 31, 2025. During the year ended December 31, 2023, an estimated amount of $5,650 was provided for such arrangement.

The effective tax rates for the years ended December 31, 2023, 2022 and 2021 were (3.34)%, (0.48)% and (0.30)%, respectively. Such rates differ from the statutory Macau Complementary Tax rate of 12%, where the majority of the Company's operations are located, primarily due to the effects of expired tax losses, expenses for which no income tax benefit is receivable, income for which no income tax expense is payable, changes in valuation allowances, profits generated by gaming operations being exempted from Philippine Corporate Income Tax and different tax rates of subsidiaries operating in other jurisdictions for the relevant years together with the effect of profits generated by gaming operations being exempted from Macau Complementary Tax for the year ended December 31, 2023; the effect of tax losses that cannot be carried forward for the year ended December 31, 2022; and the effects of tax losses that cannot be carried forward and change in income tax rate for the year ended December 31, 2021.

The net deferred tax liabilities as of December 31, 2023 and 2022 consisted of the following:

	December 31,	
	2023	2022
Deferred tax assets:		
Net operating losses carried forward	$ 205,189	$ 206,079
Depreciation and amortization	157,667	76,272
Lease liabilities	29,277	30,492
Others	16,936	13,052
Sub-total	409,069	325,895
Valuation allowances	(374,623)	(299,620)
Total deferred tax assets	34,446	26,275
Deferred tax liabilities:		
Right-of-use assets	(9,471)	(10,413)
Land use rights	(36,513)	(44,434)
Intangible assets	(9,718)	(505)
Unrealized capital allowances	(4,405)	(4,279)
Others	(9,298)	(5,683)
Total deferred tax liabilities	(69,405)	(65,314)
Deferred tax liabilities, net	$ (34,959)	$ (39,039)

As of December 31, 2023 and 2022, valuation allowances of $374,623 and $299,620 were provided, respectively, as management believes it is more likely than not that these deferred tax assets will not be realized. As of December 31, 2023, adjusted operating tax losses carried forward of $10,048 have no expiry date and the remaining tax losses amounting to $1,380,467 will expire by 2024 through 2033. Adjusted operating tax losses carried forward of $448,834 expired during the year ended December 31, 2023.

Deferred tax, where applicable, is provided under the asset and liability method at the enacted statutory income tax rate of the respective tax jurisdictions, applicable to the respective financial years, on the difference between the consolidated financial statements carrying amounts and income tax base of assets and liabilities.

Aggregate undistributed earnings of certain of Melco's foreign subsidiaries available for distribution to Melco of approximately $745,694 and $745,425 as of December 31, 2023 and 2022, respectively, are considered to be indefinitely reinvested. Accordingly, no provision has been made for the dividend withholding taxes that would be payable upon the distribution of those amounts to Melco. If those earnings were to be distributed or they were determined to be no longer permanently reinvested, Melco would have to record a deferred income tax liability in respect of those undistributed earnings of approximately $89,483 and $89,449 as of December 31, 2023 and 2022, respectively.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits is presented as follows:

	Year Ended December 31,		
	2023	2022	2021
At beginning of year	$ 22,940	$ 16,342	$ 15,132
Additions based on tax positions related to current year	756	6,810	2,028
Additions based on tax positions related to prior year	4,984	–	–
Reductions due to expiry of the statute of limitations	(1,348)	(212)	(818)
At end of year	$ 27,332	$ 22,940	$ 16,342

The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate were $27,332 and $22,940 as of December 31, 2023 and 2022, respectively.

As of December 31, 2023 and 2022, there were no interest and penalties related to uncertain tax positions recognized in the accompanying consolidated financial statements. The Company does not anticipate any significant increases or decreases in unrecognized tax benefits within the next twelve months.

Melco and its subsidiaries' major tax jurisdictions are Hong Kong, Macau, the Philippines and Cyprus. Income tax returns of Melco and its subsidiaries remain open and subject to examination by the local tax authorities of Macau, Hong Kong, the Philippines and Cyprus until the statute of limitations expire in each corresponding jurisdiction. The statute of limitations in Macau, Hong Kong, the Philippines and Cyprus are five years, six years, three years and six years, respectively.

16. SHARE-BASED COMPENSATION

2006 Share Incentive Plan

Melco adopted a share incentive plan in 2006 ("2006 Share Incentive Plan"), as amended, for grants of share options and nonvested shares of Melco's ordinary shares to eligible directors, employees and consultants of the Company and its affiliates. The maximum term of an award was 10 years from the date of the grant. The maximum aggregate number of ordinary shares to be available for all awards under the 2006 Share Incentive Plan was 100,000,000 over 10 years. Melco adopted a share incentive plan in 2011 ("2011 Share Incentive Plan") and a share incentive plan in 2021 ("2021 Share Incentive Plan") as described below and no further awards would be granted under the 2006 Share Incentive Plan and the 2011 Share Incentive Plan which was terminated on December 6, 2021. All subsequent awards will be issued under the 2021 Share Incentive Plan.

Share Options

As of December 31, 2023 and 2022, there were no outstanding share options under the 2006 Share Incentive Plan.

The following information is provided for share options under the 2006 Share Incentive Plan:

	Year Ended December 31,		
	2023	2022	2021
Proceeds from the exercise of share options	$ –	$ –	$ 2,756
Intrinsic value of share options exercised	$ –	$ –	$ 7,370

As of December 31, 2023, there were no unrecognized compensation costs related to share options under the 2006 Share Incentive Plan.

2011 Share Incentive Plan

Melco adopted the 2011 Share Incentive Plan, effective on December 7, 2011, which had been subsequently amended and restated, for grants of various share-based awards, including but not limited to, options to purchase Melco's ordinary shares, restricted shares, share appreciation rights and other types of awards to eligible directors, employees and consultants of the Company and its affiliates. The maximum term of an award was 10 years from the date of the grant. The maximum aggregate number of ordinary shares to be available for all awards under the 2011 Share Incentive Plan was 100,000,000 over 10 years, which could be raised up to 10% of the issued share capital upon shareholders' approval. The 2011 Share Incentive Plan would have expired ten years after December 7, 2011.

Melco adopted the 2021 Share Incentive Plan as described below, effective on December 6, 2021 (also the termination date of the 2011 Share Incentive Plan). Upon the termination of the 2011 Share Incentive Plan, no further awards may be granted under the 2011 Share Incentive Plan but the provisions of such plan shall remain in full force and effect in all other respects for any awards granted prior to the date of the termination of such plan.

Share Options

There were no share options granted under the 2011 Share Incentive Plan during the years ended December 31, 2023 and 2022. During the year ended December 31, 2021, the exercise prices for share options granted under the 2011 Share Incentive Plan were determined at the market closing prices of Melco's ADS trading on the Nasdaq Global Select Market on the dates of grant. These share options became exercisable over vesting periods of two to three years. The share options granted expire 10 years from the date of grant.

The Company uses the Black-Scholes valuation model to determine the estimated fair value for each share option granted, with certain assumptions, changes in which could materially affect the estimated fair value. Dividend yield is based on the estimate of annual dividends expected to be paid at the time of grant. Expected volatility is based on the historical volatility of Melco's ADS trading on the Nasdaq Global Select Market. Expected term is based upon the vesting term or the historical expected term of publicly traded companies. The risk-free interest rate used for each period presented is based on the United States of America Treasury yield curve at the time of grant for the period equal to the expected term.

The fair values of share options granted under the 2011 Share Incentive Plan were estimated on the dates of grant using the following weighted average assumptions:

	Year Ended December 31, 2021
Expected dividend yield	2.50%
Expected stock price volatility	45.46%
Risk-free interest rate	1.00%
Expected term (years)	5.6

A summary of the share options activity under the 2011 Share Incentive Plan for the year ended December 31, 2023, is presented as follows:

	Number of Share Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding as of January 1, 2023	2,845,719	$ 5.89		
Exercised	(14,094)	4.13		
Forfeited or expired	(141,978)	5.42		
Outstanding as of December 31, 2023	2,689,647	$ 5.93	5.16	$ –
Fully vested and expected to vest as of December 31, 2023	2,689,647	$ 5.93	5.16	$ –
Exercisable as of December 31, 2023	2,570,973	$ 5.88	5.06	$ –

The following information is provided for share options under the 2011 Share Incentive Plan:

	Year Ended December 31,		
	2023	2022	2021
Weighted average grant date fair value	$ –	$ –	$ 2.28
Proceeds from the exercise of share options	$ 58	$ –	$ 4,345
Intrinsic value of share options exercised	$ 7	$ –	$ 1,655

As of December 31, 2023, there were $16 unrecognized compensation costs related to share options under the 2011 Share Incentive Plan and the costs are expected to be recognized over a weighted average period of 0.27 years.

Restricted Shares

Certain restricted shares were approved by Melco to be granted under the 2011 Share Incentive Plan to the eligible management personnel of the Company in lieu of the 2020 bonus for their services performed during 2020. A total of 1,899,897 restricted shares were granted and vested immediately on March 31, 2021 (the "2020 Bonus Shares") with the grant date fair value of $19.91 per ADS or $6.6367 per share, which was the closing price of Melco's ADS trading on the Nasdaq Global Select Market on the date of grant.

On July 7, 2021, a total of 52,056 restricted shares were granted to employees of an affiliated company, a subsidiary of Melco International, for their services rendered to Melco International, with vesting periods of three months to twelve months. The grant date fair value for these restricted shares, which was determined with reference to the market closing price of Melco's ADS trading on the Nasdaq Global Select Market on the date of grant, were recognized as a deemed distribution to Melco International in respect of share-based compensation against retained earnings over the vesting period. Deemed distributions to Melco International in respect of these restricted shares of $143 and $136 were recognized during the years ended December 31, 2022 and 2021, respectively. During the year ended December 31, 2022, the reimbursement from Melco International of $279 for restricted shares granted to employees of an affiliated company were recognized as an increase in additional paid-in capital of the Company as deemed contribution from Melco International in respect of these restricted shares, with a corresponding increase in receivable from affiliated companies in the consolidated balance sheet.

There were no restricted shares granted under the 2011 Share Incentive Plan during the years ended December 31, 2023 and 2022. Other than the restricted shares granted under the 2020 Bonus Shares as described above, the grant date fair values for restricted shares granted under the 2011 Share Incentive Plan during the year ended December 31, 2021, with vesting periods of generally three months to three years, were determined with reference to the market closing prices of Melco's ADS trading on the Nasdaq Global Select Market on the dates of grant.

A summary of the restricted shares activity under the 2011 Share Incentive Plan for the year ended December 31, 2023, is presented as follows:

	Number of Restricted Shares	Weighted Average Grant Date Fair Value
Unvested as of January 1, 2023	7,705,320	$ 5.42
Vested	(5,760,885)	4.97
Forfeited	(117,597)	5.93
Unvested as of December 31, 2023	1,826,838	$ 6.81

The following information is provided for restricted shares under the 2011 Share Incentive Plan:

	Year Ended December 31,		
	2023	2022	2021
Weighted average grant date fair value	$ –	$ –	$ 6.07
Grant date fair value of restricted shares vested	$ 28,638	$ 54,424	$ 43,533

As of December 31, 2023, there were $2,104 unrecognized compensation costs related to restricted shares under the 2011 Share Incentive Plan and the costs are expected to be recognized over a weighted average period of 0.27 years.

2021 Share Incentive Plan

Melco adopted the 2021 Share Incentive Plan, effective on December 6, 2021, for grants of various share-based awards, including but not limited to, options to purchase Melco's ordinary shares, restricted shares, share appreciation rights and other types of awards to eligible directors, employees and consultants of the Company and its affiliates. The maximum term of an award is 10 years from the date of the grant. The maximum aggregate number of ordinary shares to be available for all awards under the 2021 Share Incentive Plan may be increased from time to time, provided that the maximum aggregate number of Melco's ordinary shares which may be issued upon exercise of options granted under the 2021 Share Incentive Plan shall not be more than 10% of the total number of the issued share capital of Melco on the date the new plan limit is approved by the shareholders of Melco International in accordance with the applicable listing rules in Hong Kong. As of December 31, 2023, there were 104,653,941 ordinary shares available for grants of various share-based awards under the 2021 Share Incentive Plan.

Share Options

During the years ended December 31, 2023 and 2022, the exercise prices for share options granted under the 2021 Share Incentive Plan were determined at the market closing prices of Melco's ADS trading on the Nasdaq Global Select Market on the dates of grant. These share options became exercisable over vesting periods of one to three years. The share options granted expire 10 years from the date of grant. There were no share options granted under the 2021 Share Incentive Plan during the year ended December 31, 2021.

The Company uses the Black-Scholes valuation model to determine the estimated fair value for each share option granted, with certain assumptions, changes in which could materially affect the estimated fair value. Dividend yield is based on the estimate of annual dividends expected to be paid at the time of grant. Expected volatility is based on the historical volatility of Melco's ADS trading on the Nasdaq Global Select Market. Expected term is based upon the vesting term or the historical expected term of publicly traded companies. The risk-free interest rate used for each period presented is based on the United States of America Treasury yield curve at the time of grant for the period equal to the expected term.

The fair values of share options granted under the 2021 Share Incentive Plan were estimated on the dates of grant using the following weighted average assumptions:

	Year Ended December 31,	
	2023	**2022**
Expected dividend yield	2.50%	2.50%
Expected stock price volatility	58.67%	51.00%
Risk-free interest rate	3.39%	2.69%
Expected term (years)	5.1	5.1

On March 28, 2022, the compensation committee of Melco approved a proposal to allow for an option exchange program, designed to provide the eligible participants an opportunity to exchange certain outstanding underwater share options for new share options and new restricted shares to be granted, subject to the eligible participants' consent (the "Option Exchange Program"). The share options eligible for exchange under the Option Exchange Program were those that were granted during the years from 2012 to 2021 under the 2011 Share Incentive Plan, including those unvested, or vested but not exercised or the unexercised share options granted in 2012 but expired in March 2022. The Option Exchange Program became unconditional and effective on April 15, 2022, the date Melco accepted the eligible participants' consent (the "Modification Date"), with a total of 26,076,978 eligible share options were tendered and surrendered by eligible participants (the "Cancelled Share Options") and Melco granted an aggregate of 2,486,241 new share options (the "Replacement Share Options") and 5,912,547 new restricted shares (the "Replacement Restricted Shares") under the 2021 Share Incentive Plan. The Replacement Share Options and Replacement Restricted Shares have vesting periods of one to two years. The Replacement Share Options expire 10 years from April 6, 2022. A total incremental share-based compensation expense resulting from the Option Exchange Program was approximately $3,306, representing the excess of (i) the fair value of certain Replacement Share Options measured using the Black-Scholes valuation model on the Modification Date; and (ii) the fair value of certain Replacement Restricted Shares determined with reference to the market closing price of Melco's ADS trading on the Nasdaq Global Select Market on the Modification Date, over the fair value of the Cancelled Share Options that were granted during 2013 to 2021 immediately before the exchange. The incremental share-based compensation expenses and the unrecognized compensation costs remaining from the Cancelled Share Options are being recognized over the new vesting periods of the Replacement Share Options and Replacement Restricted Shares. The weighted average fair value of the Replacement Share Options at the Modification Date was $0.82.

The fair values of the Replacement Share Options granted under the 2021 Share Incentive Plan were estimated on the Modification Date using the following weighted average assumptions:

Expected dividend yield	2.50%
Expected stock price volatility	52.50%
Risk-free interest rate	2.75%
Expected term (years)	4.6

A summary of the share options activity under the 2021 Share Incentive Plan for the year ended December 31, 2023, is presented as follows:

	Number of Share Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding as of January 1, 2023	5,360,526	$ 2.47		
Granted	158,949	4.13		
Exercised	(68,148)	2.47		
Outstanding as of December 31, 2023	5,451,327	$ 2.52	8.29	$ 2,593
Fully vested and expected to vest as of December 31, 2023	5,451,327	$ 2.52	8.29	$ 2,593
Exercisable as of December 31, 2023	2,133,066	$ 2.47	8.26	$ 1,045

The following information is provided for share options under the 2021 Share Incentive Plan:

	Year Ended December 31,	
	2023	2022
Weighted average grant date fair value (excluding the options granted under the Option Exchange Program)	$ 1.82	$ 0.94
Proceeds from the exercise of share options	$ 168	$ –
Intrinsic value of share options exercised	$ 120	$ –

As of December 31, 2023, there were $1,609 unrecognized compensation costs related to share options under the 2021 Share Incentive Plan and the costs are expected to be recognized over a weighted average period of 1.24 years.

Restricted Shares

Certain restricted shares were approved by Melco to be granted under the 2021 Share Incentive Plan to the eligible management personnel of the Company and its affiliated company in lieu of the 2021 bonus for their services performed during 2021. A total of 4,578,543 restricted shares were granted and vested immediately on April 6, 2022 (the "2021 Bonus Shares") with the grant date fair value of $7.40 per ADS or $2.47 per share, which was the closing price of Melco's ADS trading on the Nasdaq Global Select Market on the date of grant. Based on the estimated bonus amount, share-based compensation expenses of $10,929, of which $729 were capitalized, were recognized for the restricted shares granted to the management personnel rendered services to the Company and deemed distribution to Melco International in respect of the restricted shares granted to employees of an affiliated company of $272 was recognized during the year ended December 31, 2021.

Certain restricted shares were approved by Melco to be granted under the 2021 Share Incentive Plan to the eligible management personnel of the Company in lieu of the 2022 bonus for their services performed during 2022. A total of 4,350,111 restricted shares were granted and vested immediately on April 5, 2023 (the "2022 Bonus Shares") with the grant date fair value of $12.38 per ADS or $4.13 per share, which was the closing price of Melco's ADS trading on the Nasdaq Global Select Market on the date of grant. Based on the estimated bonus amount, share-based compensation expenses of $17,926, of which $680 were capitalized, were recognized for such grant during the year ended December 31, 2022.

Other than the restricted shares granted under the 2021 Bonus Shares and the 2022 Bonus Shares as described above, the fair values for restricted shares granted under the 2021 Share Incentive Plan during the years ended December 31, 2023 and 2022, with vesting periods of generally five months to three years, were determined with reference to the market closing prices of Melco's ADS trading on the Nasdaq Global Select Market on the dates of grant or the Modification Date. There were no restricted shares granted under the 2021 Share Incentive Plan during the year ended December 31, 2021.

A summary of the restricted shares activity under the 2021 Share Incentive Plan for the year ended December 31, 2023, is presented as follows:

	Number of Restricted Shares	Weighted Average Grant Date or Modification Date Fair Value
Unvested as of January 1, 2023	19,183,428	$ 2.33
Granted	11,086,512	4.12
Vested	(12,819,975)	2.87
Forfeited	(362,919)	2.64
Unvested as of December 31, 2023	17,087,046	$ 3.08

The following information is provided for restricted shares under the 2021 Share Incentive Plan:

	Year Ended December 31,	
	2023	2022
Weighted average grant date fair value (excluding the options granted under the Option Exchange Program)	$ 4.12	$ 2.35
Grant date fair value of restricted shares vested	$ 36,732	$ 12,967

As of December 31, 2023, there were $32,510 unrecognized compensation costs related to restricted shares under the 2021 Share Incentive Plan and the costs are expected to be recognized over a weighted average period of 1.85 years.

MRP Share Incentive Plan

MRP adopted a share incentive plan (the "MRP Share Incentive Plan"), effective on June 24, 2013, which was subsequently amended and restated, for grants of various share-based awards, including but not limited to, options to purchase MRP common shares, restricted shares, share appreciation rights and other types of awards to eligible directors, employees and consultants of MRP and its subsidiaries, and the Company and its affiliates. The maximum term of an award is 10 years from the date of grant. The maximum aggregate number of common shares to be available for all awards under the MRP Share Incentive Plan is 442,630,330 shares with up to 5% of the issued capital stock of MRP from time to time over 10 years. On April 24, 2019 and June 24, 2019, the board and the shareholders of MRP approved an amendment to the Amended Articles of Incorporation of MRP, respectively, whereby, without changing the total amount of the authorized capital stock, the par value per MRP common share was increased from PHP1 (equivalent to $0.02) per share to PHP500,000 (equivalent to $9,857) per share, thereby decreasing the total number of MRP common shares on a pro-rata basis ("Reverse Stock Split"). The Reverse Stock Split was approved by the Philippine Securities and Exchange Commission (the "Philippine SEC") on May 12, 2020. As of December 31, 2023, there were 305 MRP common shares available for grants of various share-based awards under the MRP Share Incentive Plan. All share and per share data of MRP common shares relating to the transactions carried out before May 12, 2020 as disclosed in the accompanying consolidated financial statements, represent the number of shares or value per share of MRP common shares before the Reverse Stock Split.

All accrued liability associated with the cash-settled share options and restricted shares in accordance with the original vesting schedules was fully vested and settled during the year ended December 31, 2021. No fair value gain or loss on remeasurement of the liability associated with the cash-settled share options and restricted shares was recognized for the year ended December 31, 2021.

Share Options

As of December 31, 2023 and 2022, there were no outstanding share options under the MRP Share Incentive Plan.

There were no share options granted or exercised under the MRP Share Incentive Plan during the years ended December 31, 2023, 2022 and 2021.

During the years ended December 31, 2023, 2022 and 2021, MRP paid nil, nil and $87 to settle the vested share options that are classified as cash-settled awards under the MRP Share Inventive Plan, respectively.

As of December 31, 2023, there were no unrecognized compensation costs related to share options under the MRP Share Incentive Plan.

Restricted Shares

As of December 31, 2023 and 2022, there were no unvested restricted shares under the MRP Share Incentive Plan.

There were no restricted shares granted under the MRP Share Incentive Plan during the years ended December 31, 2023, 2022, and 2021.

The following information is provided for restricted shares under the MRP Share Incentive Plan:

	Year Ended December 31,		
	2023	**2022**	**2021**
Grant date fair value of restricted shares vested	$ –	$ –	$ 351

During the years ended December 31, 2023, 2022 and 2021, MRP paid nil, nil and $346 to settle the vested restricted shares that are classified as cash-settled awards under the MRP Share Incentive Plan, respectively.

As of December 31, 2023, there were no unrecognized compensation costs related to restricted shares under the MRP Share Incentive Plan.

Melco International Share Incentive Plan

On September 6, 2019, certain share-based awards under Melco International's share option scheme adopted on May 30, 2012 and share purchase scheme adopted on October 18, 2007 (the "Melco International Share Incentive Plan") were granted by Melco International to an employee of the Company.

On April 6, 2022, the board of directors of Melco International announced an option exchange program, to provide the eligible participants an opportunity to exchange certain outstanding underwater share options for new share options and new restricted shares to be granted, subject to the eligible participants' consent (the "Melco International Option Exchange Program"). The share options eligible for exchange under the Melco International Option Exchange Program were those that were granted during the years from 2016 to 2021 under the Melco International Share Incentive Plan, including those unvested, or vested but not exercised. The Melco International Option Exchange Program became effective on April 6, 2022. A total of 14,200,000 eligible share options granted to an employee of the Company were accepted and surrendered and Melco International granted an aggregate of 4,740,000 new restricted shares under the Melco International Share Incentive Plan (the "Melco International Replacement Restricted Shares"). The Melco International Replacement Restricted Shares have vesting periods of one to two years. No incremental share-based compensation expense was resulted from the Melco International Option Exchange Program.

In accordance with the applicable accounting standards, the share-based compensation expenses related to the grant of share-based awards under the Melco International Share Incentive Plan to an employee of the Company, to the extent of services received by the Company, are recognized in the accompanying consolidated statements of operations with a corresponding increase in additional paid-in capital, representing capital contribution from Melco International. No share-based compensation expenses related to share-based awards under the Melco International Share Incentive Plan were recognized during the year ended December 31, 2023.

The share-based compensation expenses for the Company were recognized as follows:

	Year Ended December 31,		
	2023	**2022**	**2021**
Share-based compensation expenses:			
2011 Share Incentive Plan	$ 10,343	$ 38,823	$ 53,466
2021 Share Incentive Plan	26,092	32,803	10,929
MRP Share Incentive Plan	–	–	108
Melco International Share Incentive Plan	–	2,865	6,641
Total share-based compensation expenses	36,435	74,491	71,144
Less: Share-based compensation expenses capitalized in property and equipment	(962)	(2,682)	(3,187)
Share-based compensation expenses recognized in general and administrative expenses	$ 35,473	$ 71,809	$ 67,957

17. EMPLOYEE BENEFIT PLANS

The Company operates defined contribution fund schemes in different jurisdictions, which allow eligible employees to participate in defined contribution plans (the "Defined Contribution Fund Schemes"). The Company either contributes a fixed percentage of the eligible employees' relevant income, a fixed amount or an amount which matches the contributions of the employees up to a certain percentage of relevant income to the Defined Contribution Fund Schemes. The Company's contributions to the Defined Contribution Fund Schemes are vested with employees in accordance to vesting schedules, achieving full vesting ranging from upon contribution to 10 years from the date of employment effective in April 2021. The Defined Contribution Fund Schemes were established under trusts with the fund assets being held separately from those of the Company by independent trustees.

Employees employed by the Company in different jurisdictions are members of government-managed social security fund schemes (the "Social Security Fund Schemes"), which are operated by the respective governments, if applicable. The Company is required to pay monthly fixed contributions or certain percentages of employee relevant income and meet the minimum mandatory requirements of the respective Social Security Fund Schemes to fund the benefits.

During the years ended December 31, 2023, 2022 and 2021, the Company's contributions into the defined contribution retirement benefits schemes were $32,041, $26,688 and $26,984, respectively.

18. DISTRIBUTION OF PROFITS

Subsidiaries of Melco incorporated in Macau are required to set aside a minimum between 10% to 25% of the entity's profit after tax to the legal reserve until the balance of the legal reserve reaches a level equivalent to between 25% to 50% of the entity's share capital in accordance with the provisions of the Macau Commercial Code. The legal reserve is not available for distribution to the shareholders of the subsidiaries. The appropriation of the legal reserve is recorded in the subsidiaries' financial statements in the year in which it is approved by the shareholders of the relevant subsidiaries. As of December 31, 2023 and 2022, the aggregate balance of the legal reserves amounted to $31,525 and $31,524, respectively.

The Company's borrowings, subject to certain exceptions and conditions, contain certain restrictions on paying dividends and other distributions, as defined in the respective indentures governing the relevant senior notes and credit facility agreements, and disclosed in Note 11 under each of the respective borrowings.

19. DIVIDENDS

In May 2020, the Company suspended its quarterly dividend program due to the impact of the COVID-19 outbreak.

During the years ended December 31, 2023, 2022 and 2021, the Company did not declare any dividends on the ordinary shares.

20. REGULAR LICENSE, COOPERATION AGREEMENT, OPERATING AGREEMENT AND MRP LEASE AGREEMENT FOR CITY OF DREAMS MANILA

The following agreements related to the development of City of Dreams Manila were entered into by the relevant parties of the Licensees (described below) and certain of its subsidiaries, which became effective on March 13, 2013 and end on the date of expiry of the Regular License as described below, currently expected to be on July 11, 2033, unless terminated earlier in accordance with the respective terms of the individual agreements.

(a) Regular License

On April 29, 2015, PAGCOR issued a regular casino gaming license, as amended (the "Regular License") in replacement of a provisional license granted as of March 13, 2013, to the co-licensees (the "Licensees") namely, MPHIL Holdings No. 1 Corporation, a subsidiary of MRP, and its subsidiaries including Melco Resorts Leisure (collectively the "MPHIL Holdings Group"), SM Investments Corporation ("SMIC"), Belle Corporation ("Belle") and PremiumLeisure and Amusement, Inc. ("PLAI") (SMIC, Belle and PLAI are collectively referred to as the "Philippine Parties") for the establishment and operation of City of Dreams Manila, with Melco Resorts Leisure, a co-licensee, as the "special purpose entity" to operate the casino business and as representative for itself and on behalf of the other co-licensees in dealings with PAGCOR. The Regular License has the same terms and conditions as the provisional license, and is valid until July 11, 2033. Further details of the terms and commitments under the Regular License are included in Note 21(b).

(b) Cooperation Agreement

The Licensees and certain of its subsidiaries entered into a cooperation agreement (the "Cooperation Agreement") and other related arrangements which govern the rights and obligations of the Licensees. Under the Cooperation Agreement, Melco Resorts Leisure is appointed as the sole and exclusive representative of the Licensees in connection with the Regular License and is designated as the operator to operate and manage City of Dreams Manila. Further details of the commitments under the Cooperation Agreement are included in Note 21(b).

(c) Operating Agreement

The Licensees entered into an operating agreement (the "Operating Agreement") which governs the operation and management of City of Dreams Manila by Melco Resorts Leisure. Under the Operating Agreement, Melco Resorts Leisure is appointed as the sole and exclusive operator and manager of City of Dreams Manila, and is responsible for, and has sole discretion (subject to certain exceptions) and control over, all matters relating to the operation and management of City of Dreams Manila (including the gaming and non-gaming operations). The Operating Agreement also includes terms of certain monthly payments to PLAI from Melco Resorts Leisure, based on the performance of gaming operations of City of Dreams Manila and is included in payments to the Philippine Parties in the accompanying consolidated statements of operations, and further provides that Melco Resorts Leisure has the right to retain all revenues from non-gaming operations of City of Dreams Manila.

As a result of the disruptions and impact caused by the COVID-19 outbreak, on March 22, 2021, Melco Resorts Leisure and PLAI entered into a supplemental agreement to the Operating Agreement where the monthly payments paid or payable by Melco Resorts Leisure from 2019 to 2022 were adjusted.

(d) MRP Lease Agreement

Melco Resorts Leisure and Belle entered into a lease agreement, as amended from time to time (the "MRP Lease Agreement") under which Belle agreed to lease to Melco Resorts Leisure the land and certain of the building structures for City of Dreams Manila. The leased property is used by Melco Resorts Leisure and any of its affiliates exclusively as a hotel, casino and resort complex.

As a result of the disruptions and impact caused by the COVID-19 outbreak, on March 22, 2021, Melco Resorts Leisure and Belle entered into a supplemental agreement to the MRP Lease Agreement to make certain adjustments to the rental payments paid or payable by Melco Resorts Leisure for 2020 and 2021.

On August 19, 2022 and October 31, 2022, Melco Resorts Leisure and Belle entered into supplemental agreements to the MRP Lease Agreement to make certain adjustments to the rental payments paid or payable by Melco Resorts Leisure from 2022 to 2033.

21. COMMITMENTS AND CONTINGENCIES

(a) Capital Commitments

As of December 31, 2023, the Company had capital commitments mainly for the construction and acquisition of property and equipment for Studio City and City of Dreams totaling $51,938.

(b) Other Commitments

Concession – Macau

Under the Concession awarded by the Macau government to Melco Resorts Macau on December 16, 2022, in addition to the fixed premium and variable premiums, as well as the Fee (see Note 7), Melco Resorts Macau is obligated to pay the Macau government the following:

i) A special gaming tax of an amount equal to 35% of gross gaming revenue on a monthly basis.

ii) Contributions of 2% and 3% of gross gaming revenue to a public fund, and to urban development, touristic promotion and social security, respectively, on a monthly basis. These contributions may be waived or reduced with respect to gross gaming revenue generated by foreign patrons under certain circumstances.

iii) A special premium in the event the average gross gaming revenue of Melco Resorts Macau's gaming tables does not reach the annual minimum of MOP7,000 (equivalent to $870) and the average gross gaming revenue of the electronic gaming machines does not reach the annual minimum of MOP300 (equivalent to $37). The amount of the special premium is equivalent to the difference between the amount of the special gaming tax paid by Melco Resorts Macau and the amount that would be paid under the annual minimum set average gross gaming revenue for gaming tables and electronic gaming machines.

iv) Melco Resorts Macau must maintain a guarantee issued by a Macau bank in favor of the Macau government in the amount of MOP1,000,000 (equivalent to $124,284) until 180 days after the earlier of the expiration or termination of the Concession to guarantee its performance of certain of its legal and contractual obligations, including labor obligations.

As a result of the bank guarantee issued by the bank to the Macau government as disclosed above, a sum of 0.03% per annum of the guarantee amount is payable by Melco Resorts Macau to the bank.

Committed Investment

In connection with the Concession, Melco Resorts Macau has undertaken to carry out investment in the overall amount of MOP11,823,700 (equivalent to $1,469,491) by December 2032. The investment plan includes gaming and non-gaming related projects in the expansion of foreign market patrons, conventions and exhibitions, entertainment shows, sports events, art and culture, health and well-being, thematic entertainment, gastronomy, community and maritime tourism and others. Out of the total investment amount referred to above, MOP10,008,000 (equivalent to $1,243,829) is to be applied to non-gaming related projects, with the balance applied to gaming related projects. Melco Resorts Macau has undertaken to carry out incremental additional non-gaming investment in the amount of approximately 20% of its initial non-gaming investment, or MOP2,003,000 (equivalent to $248,940), in the event the Macau's annual gross gaming revenue reaches MOP180,000,000 (equivalent to $22,371,034) (the "Incremental Investment Trigger"). As Macau's annual gross gaming revenue exceeded MOP180,000,000 (equivalent to $22,371,034) in 2023, the Incremental Investment Trigger was reached and, the non-gaming investment to be carried out was increased by MOP2,003,000 (equivalent to $248,940) to MOP12,011,000 (equivalent to $1,492,769), with the overall investment amount increased to MOP13,826,700 (equivalent to $1,718,431) to be carried out by December 2032. As of December 31, 2023, the total investment in gaming and non-gaming related projects carried out was in the aggregate amount of MOP1,330,971 (equivalent to $165,418).

Regular License – Philippines

Commitments required by PAGCOR under the Regular License are as follows:

- To secure a surety bond in favor of PAGCOR in the amount of PHP100,000 (equivalent to $1,800) to ensure prompt and punctual remittances/payments of all license fees.

- License fees must be remitted on a monthly basis, in lieu of all taxes with reference to the income component of the gross gaming revenues: (a) 15% high roller tables; (b) 25% non-high roller tables; (c) 25% slot machines and electronic gaming machines; and (d) 15% junket operations. The license fees are inclusive of the 5% franchise tax under the terms of the PAGCOR charter. In October 2021, certain terms under the Regular License were amended to include the monthly minimum guarantee fee of PHP300 (equivalent to $5) on certain games under the 25% non-high roller tables effective on March 15, 2022. This monthly minimum guarantee fee was discontinued in June 2022, but was reinstated on March 2, 2023.

- The Licensees are required to remit 2% of casino revenues generated from non-junket operation tables to a foundation devoted to the restoration of Philippine cultural heritage, as selected by the Licensees and approved by PAGCOR.

- PAGCOR may collect a 5% fee on non-gaming revenue received from food and beverage, retail and entertainment outlets. All revenues from hotel operations should not be subject to the 5% fee except for rental income received from retail concessionaires.

- Grounds for revocation of the Regular License, among others, are as follows: (a) failure to comply with material provisions of this license; (b) failure to remit license fees within 30 days from receipt of notice of default; (c) the holder has become bankrupt or insolvent; and (d) if the debt-to-equity ratio is more than 70:30. As of December 31, 2023 and 2022, MPHIL Holdings Group, as one of the Licensee parties, has complied with the required debt-to-equity ratio under the definition as agreed with PAGCOR.

Cooperation Agreement – Philippines

Under the terms of the Cooperation Agreement, the Licensees are jointly and severally liable to PAGCOR under the Regular License and each Licensee (indemnifying Licensee) must indemnify the other Licensees for any losses suffered or incurred by that Licensee arising out of, or in connection with, any breach by the indemnifying Licensee of the Regular License. Also, each of the Philippine Parties and MPHIL Holdings Group agree to indemnify the non-breaching party for any losses suffered or incurred as a result of a breach of any warranties.

Gaming License – Cyprus

Pursuant to the Cyprus License agreement, in addition to the Cyprus License Fee (see Note 7), the Cyprus Subsidiary has committed to pay the Cyprus government a casino tax of an amount equal to 15% of the gross gaming revenue on a monthly basis and the rate shall not be increased during the period of exclusivity for the Cyprus License.

(c) Guarantees

Except as disclosed in Notes 11 and 21(b), the Company has made the following significant guarantees as of December 31, 2023:

- Melco entered into two deeds of guarantee with third parties amounting to $35,000 to guarantee certain payment obligations of the City of Dreams' operations.

- In October 2013, one of the Melco's subsidiaries entered into a trade credit facility agreement for HK$200,000 (equivalent to $25,602) ("Trade Credit Facility") with a bank to meet certain payment obligations of the Studio City project. The Trade Credit Facility which matured on August 31, 2023 was further extended to August 31, 2025, and is guaranteed by Studio City Company. As of December 31, 2023, approximately $640 of the Trade Credit Facility had been utilized.

- Melco Resorts Leisure issued a corporate guarantee of PHP100,000 (equivalent to $1,800) to a bank in respect of a surety bond issued to PAGCOR as disclosed in Note 21(b) under the Regular License.

(d) Litigation

On December 7, 2021, the Independent Liquor and Gaming Authority in Australia ("ILGA") commenced proceedings in the Supreme Court of New South Wales against Melco and six individual directors and/or officers of Melco, principally seeking a payment of Australian dollars ("AUD") 3,676 (equivalent to $2,664) together with (i) the corresponding interest on such amount from August 3, 2020 to the date of judgment, and (ii) ILGA's legal costs in the proceedings by ILGA allegedly associated with its seeking in its assessment of whether a major change was proposed or occurred as a result of Melco's acquisition of shares in Crown in 2019. On July 24, 2023, a settlement deed was entered into for full and final settlement of all outstanding claims in respect of such proceedings.

As of December 31, 2023, the Company was a party to certain other legal proceedings which relate to matters arising out of the ordinary course of its business. Management believes that the outcomes of such proceedings have been adequately provided for or have no material impacts on the Company's consolidated financial statements as a whole.

22. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2023, 2022 and 2021, the Company entered into the following significant related party transactions:

		Year Ended December 31,		
Related companies	**Nature of transactions**	**2023**	**2022**	**2021**
Transactions with affiliated companies				
Melco International and its subsidiaries	**Revenues and income (services provided by the Company):**			
	Shared service fee income for corporate office	$ 2,198	$ 2,188	$ 1,345
	Loan interest income	1,238	16,133	–
	Costs and expenses (services provided to the Company):			
	Management fee expenses[(1)]	2,182	1,394	1,749
	Share-based compensation expenses[(2)]	–	2,865	6,641

(1) The amount mainly represents management fee expenses for the services provided by the senior management of Melco International and for the operation of the office of Melco's Chief Executive Officer.

(2) The amount represents the share-based compensation expenses related to the grant of certain share-based awards under the Melco International Share Incentive Plan to an employee of the Company. Further information on the share-based compensation arrangements is included in Note 16.

Other Related Party Transactions

As of December 31, 2023, Mr. Lawrence Yau Lung Ho, Melco's Chief Executive Officer, and his controlled entity; and an independent director of Melco held an aggregate principal amount of $60,000 and $7,591 senior notes issued by subsidiaries of Melco, respectively. As of December 31, 2022, Mr. Lawrence Yau Lung Ho and his controlled entity; and an independent director of Melco held an aggregate principal amount of $60,000 and $8,500 senior notes issued by subsidiaries of Melco, respectively.

In November 2023, an independent director of Melco participated in the Tender Offer and a principal amount of $909 of the 2020 6.000% SC Notes was purchased by Studio City Finance for a consideration of $886.

During the years ended December 31, 2023, 2022 and 2021, total interest expense of $3,300, $3,300 and $4,494, in relation to the senior notes issued by a subsidiary of Melco, were paid or payable to Mr. Lawrence Yau Lung Ho and his controlled entity, respectively. During the years ended December 31, 2023, 2022 and 2021, total interest expense of $519, $497 and $316, in relation to the senior notes issued by subsidiaries of Melco, were paid or payable to an independent director of Melco, respectively.

(a) Receivables from Affiliated Companies

The outstanding balances mainly arising from operating income or prepayment of operating expenses on behalf of the affiliated companies as of December 31, 2023 and 2022 are unsecured, non-interest bearing and repayable on demand with details as follows:

	December 31,	
	2023	**2022**
Melco International and its subsidiaries and joint venture	$ 728	$ 563
Other	69	67
	$ 797	$ 630

(b) Payables to Affiliated Companies

The outstanding balances mainly arising from operating expenses and expenses paid by affiliated companies on behalf of the Company as of December 31, 2023 and 2022, are unsecured, non-interest bearing and repayable on demand with details as follows:

	December 31,	
	2023	**2022**
Melco International and its subsidiaries	$ 377	$ 761

(c) Receivables from an Affiliated Company, Non-current

On March 28, 2022, Melco entered into a facility agreement (the "Facility Agreement") with Melco International pursuant to which a $250,000 revolving loan facility was granted by Melco as lender to Melco International as borrower for a period of 12 months after the first utilization date (the last day of such period being the "Final Repayment Date"). Melco International could request utilization of all or part of the loan from the date of the Facility Agreement until one month prior to the Final Repayment Date for general corporate purposes of Melco International and its subsidiaries (excluding the Company). Principal amounts outstanding under the Facility Agreement bore interest at an annual rate of 11%, with outstanding principal amounts and accrued interest payable by Melco International on the Final Repayment Date. On December 30, 2022, Melco and Melco International agreed to amend the Final Repayment Date to June 30, 2024, subject to certain conditions. As of December 31, 2022, the outstanding principal amount under the Facility Agreement was $200,000 and the remaining outstanding balance mainly represented the accrued interest payable. No part of the amounts would be repayable within the next twelve months from the balance sheet date and, accordingly, the amounts were shown as non-current assets in the accompanying consolidated balance sheets.

The outstanding principal amount of $200,000 under the Facility Agreement was fully repaid by Melco International on January 18, 2023. The Facility Agreement was terminated on March 10, 2023 following the settlement of the related accrued loan interest under the Facility Agreement due by Melco International to Melco on the same date.

23. SEGMENT INFORMATION

The Company is principally engaged in the gaming and hospitality business in Asia and Europe and its principal operating and developmental activities occur in three geographic areas: Macau, the Philippines and Cyprus. The Company views each of its operating properties as a reportable segment. The Company monitors its operations and evaluates earnings by reviewing the assets and operations of each of its reportable segment which includes Altira Macau, Mocha and Other, City of Dreams, Studio City, City of Dreams Manila and City of Dreams Mediterranean and Other. Development projects are included in the Corporate and Other category and do not meet the criteria of a reportable segment. Effective from June 12, 2023, with the soft opening of City of Dreams Mediterranean as disclosed in Note 1, the Cyprus Operations segment which previously included the operation of the temporary casino before its closure on June 9, 2023 and the licensed satellite casinos in Cyprus, has been renamed to City of Dreams Mediterranean and Other segment which included the operation of City of Dreams Mediterranean and the licensed satellite casinos in Cyprus. Effective from June 27, 2022, the Grand Dragon Casino, which was previously reported under the Corporate and Other category, has been included in the Mocha and Other segment as a result of the change of terms of the right-to-use agreement for the Grand Dragon Casino. Grand Dragon Casino's total assets of $4,966 were included in the Corporate and Other category as of December 31, 2021. Grand Dragon Casino's operating revenues of $24,189 were included in the Corporate and Other category during the year ended December 31, 2021.

The Company's segment information for total assets and capital expenditures is as follows:

Total Assets

	December 31,		
	2023	**2022**	**2021**
Macau:			
Altira Macau	$ 77,631	$ 239,575	$ 266,161
Mocha and Other	135,256	122,499	121,214
City of Dreams	2,720,571	2,641,875	2,942,233
Studio City	3,705,391	3,924,262	3,668,526
The Philippines:			
City of Dreams Manila	418,594	381,579	576,794
Cyprus:			
City of Dreams Mediterranean and Other	742,450	565,663	451,771
Corporate and Other	535,179	1,426,331	856,991
Total consolidated assets	$ 8,335,072	$ 9,301,784	$ 8,883,690

Capital Expenditures

	Year Ended December 31,		
	2023	**2022**	**2021**
Macau:			
Altira Macau	$ 3,892	$ 3,303	$ 6,123
Mocha and Other	4,590	1,704	1,368
City of Dreams	22,259	21,684	52,520
Studio City	73,452	429,362	505,783
The Philippines:			
City of Dreams Manila	24,970	4,986	22,912
Cyprus:			
City of Dreams Mediterranean and Other	108,214	131,419	186,361
Corporate and Other	15,113	5,956	7,083
Total capital expenditures	$ 252,490	$ 598,414	$ 782,150

Melco's Chief Executive Officer is the Chief Operating Decision Maker ("CODM") of the Company. The CODM uses Adjusted property EBITDA for each segment as the measure of segment profit or loss to allocate resources to each segment and to compare the operating performance of the Company's properties with those of its competitors as a way to assess performance. Adjusted property EBITDA is net loss before interest, taxes, depreciation, amortization, pre-opening costs, development costs, property charges and other, share-based compensation, payments to the Philippine Parties, land rent to Belle, Corporate and Other expenses, and other non-operating income and expenses.

The following tables present the results of operations for each of the Company's reportable segments and reconciliation to net loss attributable to Melco Resorts & Entertainment Limited for the years ended December 31, 2023, 2022 and 2021.

Year Ended December 31, 2023	Macau				The Philippines	Cyprus	
	Altira Macau	Mocha and Other	City of Dreams	Studio City	City of Dreams Manila	City of Dreams Mediterranean and Other	Total
Segment operating revenues:							
Casino	$ 91,556	$ 115,533	$ 1,649,551	$ 714,680	$ 378,475	$ 127,517	$ 3,077,312
Rooms	10,975	–	144,147	111,351	57,652	14,099	338,224
Food and beverage	8,194	1,990	77,142	56,948	50,459	14,152	208,885
Entertainment, retail and other	100	177	59,643	75,375	8,511	3,591	147,397
Total segment operating revenues[1]	110,825	117,700	1,930,483	958,354	495,097	159,359	$ 3,771,818
Segment expenses:							
Gaming tax and license fees[2]	(48,914)	(49,137)	(864,529)	(365,220)	(137,076)	(24,879)	
Employee benefits expenses[3]	(43,192)	(22,599)	(276,637)	(195,510)	(61,176)	(54,009)	
Other segment items[4]	(19,996)	(18,678)	(213,004)	(190,834)	(91,393)	(52,971)	
Segment adjusted property EBITDA:							
Adjusted property EBITDA	$ (1,277)	$ 27,286	$ 576,313	$ 206,790	$ 205,452	$ 27,500	$ 1,042,064
Other operating expenses:							
Payments to the Philippine Parties							(42,451)
Pre-opening costs							(43,994)
Development costs							(1,202)
Amortization of land use rights							(22,670)
Depreciation and amortization							(520,726)
Land rent to Belle							(1,911)
Share-based compensation							(35,473)
Property charges and other							(228,437)
Corporate and Other expenses							(80,241)
Operating income							64,959
Non-operating income (expenses):							
Interest income							23,305
Interest expense, net of amounts capitalized							(492,391)
Other financing costs							(4,372)
Foreign exchange gains, net							2,232
Other income, net							2,748
Gain on extinguishment of debt							1,611
Total non-operating expenses, net							(466,867)
Loss before income tax							(401,908)
Income tax expense							(13,422)
Net loss							(415,330)
Net loss attributable to noncontrolling interests							88,410
Net loss attributable to Melco Resorts & Entertainment Limited							$ (326,920)

Year Ended December 31, 2022	Macau				The Philippines	Cyprus	
	Altira Macau	Mocha and Other	City of Dreams	Studio City	City of Dreams Manila	City of Dreams Mediterranean and Other	Total
Segment operating revenues:							
Casino	$ 24,803	$ 74,224	$ 447,726	$ 135,814	$ 293,863	$ 90,545	$ 1,066,975
Rooms	2,938	–	39,854	17,638	54,791	–	115,221
Food and beverage	4,782	1,921	24,651	11,919	41,161	132	84,566
Entertainment, retail and other	92	258	47,453	10,612	6,577	578	65,570
Total segment operating revenues[(1)]	32,615	76,403	559,684	175,983	396,392	91,255	$ 1,332,332
Segment expenses:							
Gaming tax and license fees[(2)]	(13,914)	(30,511)	(232,466)	(72,660)	(113,916)	(21,123)	
Employee benefits expenses[(3)]	(43,215)	(18,582)	(238,667)	(143,233)	(55,194)	(24,362)	
Other segment items[(4)]	(18,506)	(17,019)	(120,711)	(65,254)	(80,356)	(22,074)	
Segment adjusted property EBITDA:							
Adjusted property EBITDA	$ (43,020)	$ 10,291	$ (32,160)	$ (105,164)	$ 146,926	$ 23,696	$ 569
Other operating expenses:							
Payments to the Philippine Parties							(28,894)
Pre-opening costs							(15,585)
Amortization of gaming subconcession							(32,785)
Amortization of land use rights							(22,662)
Depreciation and amortization							(466,492)
Land rent to Belle							(2,318)
Share-based compensation							(71,809)
Property charges and other							(39,982)
Corporate and Other expenses							(63,147)
Operating loss							(743,105)
Non-operating income (expenses):							
Interest income							26,458
Interest expense, net of amounts capitalized							(376,722)
Other financing costs							(6,396)
Foreign exchange gains, net							3,904
Other income, net							3,930
Total non-operating expenses, net							(348,826)
Loss before income tax							(1,091,931)
Income tax expense							(5,236)
Net loss							(1,097,167)
Net loss attributable to noncontrolling interests							166,641
Net loss attributable to Melco Resorts & Entertainment Limited							$ (930,526)

Year Ended December 31, 2021	Macau				The Philippines	Cyprus	
	Altira Macau	Mocha and Other	City of Dreams	Studio City	City of Dreams Manila	City of Dreams Mediterranean and Other	Total
Segment operating revenues:							
Casino	$ 45,761	$ 82,458	$ 966,533	$ 293,724	$ 211,290	$ 52,312	$ 1,652,078
Rooms	4,323	–	81,727	38,635	31,717	–	156,402
Food and beverage	6,021	2,330	44,489	21,853	22,140	23	96,856
Entertainment, retail and other	100	166	54,170	18,065	3,450	296	76,247
Total segment operating revenues[1]	56,205	84,954	1,146,919	372,277	268,597	52,631	$ 1,981,583
Segment expenses:							
Gaming tax and license fees[2]	(33,887)	(33,392)	(524,518)	(154,911)	(70,638)	(14,658)	
Employee benefits expenses[3]	(54,497)	(15,787)	(267,905)	(156,215)	(55,053)	(19,787)	
Other segment items[4]	(21,795)	(18,721)	(152,542)	(81,641)	(53,944)	(16,593)	
Segment adjusted property EBITDA:							
Adjusted property EBITDA	$ (53,974)	$ 17,054	$ 201,954	$ (20,490)	$ 88,962	$ 1,593	$ 235,099
Other operating expenses:							
Payments to the Philippine Parties							(26,371)
Pre-opening costs							(4,157)
Development costs							(30,677)
Amortization of gaming subconcession							(57,276)
Amortization of land use rights							(22,832)
Depreciation and amortization							(499,739)
Land rent to Belle							(2,848)
Share-based compensation							(67,957)
Property charges and other							(30,575)
Corporate and Other expenses							(70,118)
Operating loss							(577,451)
Non-operating income (expenses):							
Interest income							6,618
Interest expense, net of amounts capitalized							(350,544)
Other financing costs							(11,033)
Foreign exchange gains, net							4,566
Other income, net							3,082
Loss on extinguishment of debt							(28,817)
Total non-operating expenses, net							(376,128)
Loss before income tax							(953,579)
Income tax expense							(2,885)
Net loss							(956,464)
Net loss attributable to noncontrolling interests							144,713
Net loss attributable to Melco Resorts & Entertainment Limited							$ (811,751)

(1) Revenues from the Corporate and Other category includes small charter flights and management services business during the years ended December 31, 2023, 2022 and 2021; together with the Japan Ski Resorts operation before its disposal as disclosed in Note 5 and the Grand Dragon Casino operation before June 27, 2022 as mentioned above during the years ended December 31, 2022 and 2021 which are insignificant and below the quantitative thresholds attributable to the operating segments, therefore are not included in the total for the reportable segment operating revenues. A reconciliation of segment operating revenues to total consolidated operating revenues is as follows:

Reconciliation of total operating revenues

	Year Ended December 31,		
	2023	**2022**	**2021**
Segment operating revenues:			
Altira Macau	$ 110,825	$ 32,615	$ 56,205
Mocha and Other	117,700	76,403	84,954
City of Dreams	1,930,483	559,684	1,146,919
Studio City	958,354	175,983	372,277
City of Dreams Manila	495,097	396,392	268,597
City of Dreams Mediterranean and Other	159,359	91,255	52,631
Total segment operating revenues	3,771,818	1,332,332	1,981,583
Revenues from Corporate and Other	3,429	17,645	30,773
Total consolidated operating revenues	$ 3,775,247	$ 1,349,977	$ 2,012,356

(2) The details of "Gaming tax and license fees" are disclosed in Note 2(r) with certain amounts included in Corporate and Other expenses.

(3) "Employee benefits expenses" includes salaries, bonuses and incentives, benefits and allocated labor costs among segments. Certain amounts of "Employee benefits expenses" are included in Corporate and Other expenses, pre-opening costs, development costs, share-based compensation and property charges and other; and with certain amounts incurred during the construction and development stage of projects capitalized in property and equipment.

(4) "Other segment items" mainly include cost of inventories, advertising and promotions expenses, repair and maintenance expenses, utilities and fuel expenses and other gaming operation expenses.

There was intersegment revenue charged by City of Dreams to Studio City of $2,368, $6,624 and $6,865 for the years ended December 31, 2023, 2022 and 2021, respectively. The Company accounts for intersegment sales and transfers as if the sales or transfers were to third parties.

The Company's geographic information for long-lived assets and operating revenues are as follows:

Long-lived Assets

	December 31,		
	2023	**2022**	**2021**
Macau	$ 5,752,786	$ 6,068,502	$ 6,080,616
The Philippines	118,495	141,765	341,307
Cyprus	663,633	485,570	378,738
Hong Kong and other	30,452	29,871	32,972
Total long-lived assets	$ 6,565,366	$ 6,725,708	$ 6,833,633

Operating Revenues

	Year Ended December 31,		
	2023	2022	2021
Macau	$ 3,117,362	$ 844,685	$ 1,660,355
The Philippines	495,097	396,392	268,597
Cyprus	159,359	91,255	52,631
Other	3,429	17,645	30,773
Total operating revenues	$ 3,775,247	$ 1,349,977	$ 2,012,356

24. CHANGES IN SHAREHOLDINGS OF SUBSIDIARIES

The Philippine subsidiaries

As a result of the Reverse Stock Split, only those shareholders of MRP who originally owned 500,000 MRP common shares with a par value of PHP1 (equivalent to $0.02) per share (each an "Original Share") and in multiples thereof immediately prior to the Reverse Stock Split would now own whole shares (each a "MRP Whole Share") of stock of MRP. Other holders of the Original Shares could now only hold a fractional share of MRP ("MRP Fractional Share"). To facilitate the elimination of MRP Fractional Shares held by other shareholders of MRP, MPHIL Corporation ("MPHIL"), a subsidiary of Melco, offered to purchase the resulting MRP Fractional Shares at the purchase price to be calculated by multiplying the number of Original Shares represented by the relevant MRP Fractional Shares (which were equal to the number of Original Shares held by the relevant shareholder immediately prior to the Reverse Stock Split) by the price of PHP7.25 (equivalent to $0.14) per Original Share ("Fractional Share Elimination Plan"). A shareholder could also sell any MRP Whole Shares to MPHIL under the Fractional Share Elimination Plan. Any holder of MRP Fractional Shares and/or MRP Whole Shares may accept this offer during the two-year period commencing from June 5, 2020. The Fractional Share Elimination Plan expired on June 4, 2022 and was subsequently extended for the period from August 15, 2022 to November 15, 2022.

During the years ended December 31, 2023, 2022 and 2021, the Company through its subsidiaries, purchased 10.111, 50.906 and 123.103 common shares of MRP at a total consideration of PHP36,651 (equivalent to $671), PHP175,173 (equivalent to $3,310) and PHP440,032 (equivalent to $8,518) from the noncontrolling interests, which increased Melco's shareholding in MRP and the Company recognized a decrease of $582, $2,952 and $6,951 in Melco's additional paid-in capital which reflected the adjustment to the carrying amount of the noncontrolling interest in MRP, respectively.

The Company retains its controlling financial interests in MRP before and after the above transactions.

Studio City International

During February and March 2022, Studio City International, respectively, announced and completed a series of private offers of its 400,000,000 Class A ordinary shares to certain existing shareholders and holders of its ADSs, including Melco, with gross proceeds amounting to $300,000, of which $134,944 was from noncontrolling interests (the "2022 Private Placements"). The 2022 Private Placements increased Melco's shareholding in Studio City International and the Company recognized an increase of $879 in Melco's additional paid-in capital which reflected the adjustment to the carrying amount of the noncontrolling interest in Studio City International.

The Company retains its controlling financial interest in Studio City International before and after the above transactions.

The schedule below discloses the effects of changes in Melco's ownership interest in MRP and Studio City International on its equity:

	Year Ended December 31,		
	2023	2022	2021
Net loss attributable to Melco Resorts & Entertainment Limited	$ (326,920)	$ (930,526)	$ (811,751)
Transfers (to) from noncontrolling interests:			
The Philippine subsidiaries			
Decrease in additional paid-in capital resulting from purchases of common shares of MRP from the open market	(582)	(2,952)	(6,951)
Studio City International			
Increase in additional paid-in capital resulting from the private placements	–	879	–
Changes from net loss attributable to Melco Resorts & Entertainment Limited's shareholders and transfers from noncontrolling interests	$ (327,502)	$ (932,599)	$ (818,702)

ADDITIONAL INFORMATION – FINANCIAL STATEMENT SCHEDULE 1
FINANCIAL INFORMATION OF PARENT COMPANY
CONDENSED BALANCE SHEETS
(In thousands, except share and per share data)

	December 31,	
	2023	**2022**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 61,345	$ 7,407
Receivables from affiliated companies	1,064	779
Receivables from subsidiaries	198,910	157,737
Prepaid expenses and other current assets	8,619	9,527
Total current assets	269,938	175,450
Investments in subsidiaries	–	423,520
Receivables from an affiliated company	–	216,333
Receivables from subsidiaries	673,729	165,056
Total assets	$ 943,667	$ 980,359
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities:		
Accrued expenses and other current liabilities	$ 7,954	$ 26,811
Income tax payable	12,536	1,417
Payables to an affiliated company	103	75
Payables to subsidiaries	268,656	260,720
Total current liabilities	289,249	289,023
Investments deficit in subsidiaries	511,449	–
Other long-term liabilities	54	227
Payables to subsidiaries	1,430,195	1,541,434
Total liabilities	2,230,947	1,830,684
Shareholders' deficit:		
Ordinary shares, par value $0.01; 7,300,000,000 shares authorized; 1,404,679,067 and 1,445,052,143 shares issued; 1,311,270,775 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	3,109,212	3,218,895
Accumulated other comprehensive losses	(98,599)	(111,969)
Accumulated losses	(4,056,872)	(3,729,952)
Total shareholders' deficit	(1,287,280)	(850,325)
Total liabilities and shareholders' deficit	$ 943,667	$ 980,359

ADDITIONAL INFORMATION – FINANCIAL STATEMENT SCHEDULE 1
FINANCIAL INFORMATION OF PARENT COMPANY
CONDENSED STATEMENTS OF OPERATIONS
(In thousands)

	Year Ended December 31,		
	2023	**2022**	**2021**
Operating revenues	$ 84,130	$ 15,340	$ 9,547
Operating costs and expenses:			
General and administrative	(34,342)	(50,532)	(51,285)
Development costs	–	–	(32,000)
Property charges and other	(1,244)	(406)	(956)
Total operating costs and expenses	(35,586)	(50,938)	(84,241)
Operating income (loss)	48,544	(35,598)	(74,694)
Non-operating income (expenses):			
Interest income	4,991	16,151	20
Interest expense	(19,366)	(3,165)	–
Foreign exchange gains, net	1,496	7,437	6,211
Other income, net	7,302	11,220	15,092
Share of results of subsidiaries	(358,767)	(922,771)	(755,678)
Total non-operating expenses, net	(364,344)	(891,128)	(734,355)
Loss before income tax	(315,800)	(926,726)	(809,049)
Income tax expense	(11,120)	(3,800)	(2,702)
Net loss	$ (326,920)	$ (930,526)	$ (811,751)

ADDITIONAL INFORMATION – FINANCIAL STATEMENT SCHEDULE 1
FINANCIAL INFORMATION OF PARENT COMPANY
CONDENSED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands)

	Year Ended December 31,		
	2023	**2022**	**2021**
Net loss	$ (326,920)	$ (930,526)	$ (811,751)
Other comprehensive income (loss):			
Foreign currency translation adjustments	13,370	(35,961)	(64,676)
Other comprehensive income (loss)	13,370	(35,961)	(64,676)
Total comprehensive loss	$ (313,550)	$ (966,487)	$ (876,427)

ADDITIONAL INFORMATION – FINANCIAL STATEMENT SCHEDULE 1
FINANCIAL INFORMATION OF PARENT COMPANY
CONDENSED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2023	**2022**	**2021**
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	$ 70,894	$ 86,252	$ (21,401)
Cash flows from investing activities:			
Payments of advances to subsidiaries	(528,794)	(215,613)	(20,005)
Proceeds from advances repayment from subsidiaries	75,041	–	–
Proceeds from loan repayment from an affiliated company	200,000	–	–
Proceeds from transfer of intangible asset	519,000	–	–
Payment of loan to an affiliated company	–	(200,000)	–
Net cash provided by (used in) investing activities	265,247	(415,613)	(20,005)
Cash flows from financing activities:			
Repayments of loans or advances from subsidiaries	(270,593)	–	–
Repurchase of shares	(169,836)	(189,161)	(52,026)
Proceeds from loans or advances from subsidiaries	158,000	521,860	54,187
Proceeds from exercise of share options	226	–	7,101
Net cash (used in) provided by financing activities	(282,203)	332,699	9,262
Increase (decrease) in cash and cash equivalents	53,938	3,338	(32,144)
Cash and cash equivalents at beginning of year	7,407	4,069	36,213
Cash and cash equivalents at end of year	$ 61,345	$ 7,407	$ 4,069
Supplemental cash flow disclosures:			
Assignment of advance to subsidiary to offset with advance from subsidiary	$ –	$ –	$ 235,897
Capitalization of advance to subsidiary as investment in subsidiary	$ –	$ –	$ 235,897

ADDITIONAL INFORMATION – FINANCIAL STATEMENT SCHEDULE 1
FINANCIAL INFORMATION OF PARENT COMPANY
NOTES TO FINANCIAL STATEMENT SCHEDULE 1

(In thousands)

1. Schedule 1 has been provided pursuant to the requirements of Rule 12-04(a) and 4-08(e)(3) of Regulation S-X, which require condensed financial information as to financial position, cash flows and results and operations of a parent company as of the same dates and for the same periods for which audited consolidated financial statements have been presented when the restricted net assets of the consolidated and unconsolidated subsidiaries together exceed 25 percent of consolidated net assets as of the end of the most recently completed fiscal year. As of December 31, 2023, approximately $740,000 of the restricted net assets were not available for distribution and as such, the condensed financial information of Melco has been presented for the years ended December 31, 2023, 2022 and 2021. Melco received no cash dividends from its subsidiary during the years ended December 31, 2023, 2022 and 2021.

2. Basis of Presentation

The accompanying condensed financial information has been prepared using the same accounting policies as set out in Melco's consolidated financial statements except that the parent company has used the equity method to account for its investments in subsidiaries. For the parent company, the Company records its investments in subsidiaries under the equity method of accounting as prescribed in Accounting Standards Codification 323, Investments-Equity Method and Joint Ventures. Such investments are presented on the Condensed Balance Sheets as "Investments in subsidiaries" or "Investments deficit in subsidiaries" and the subsidiaries' profit or loss as "Share of results of subsidiaries" on the Condensed Statements of Operations. Ordinarily, an investor in an equity method investee would cease to recognize its share of the losses of an investee once the carrying value of the investment has been reduced to nil absent an undertaking by the investor to provide continuing support and fund losses. For the purpose of this Schedule 1, the parent company has continued to reflect its share, based on its proportionate interest, of the losses of subsidiaries regardless of the carrying value of the investment even though the parent company is not obligated to provide continuing support or fund losses.

2. The following is the text of the report from Ernst & Young in respect of the audited consolidated financial statements of Melco Resorts for the year ended 31 December 2021.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Melco Resorts & Entertainment Limited

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of operations, comprehensive loss, equity and cash flows of Melco Resorts & Entertainment Limited (the Company) for the year ended December 31, 2021, and the related notes and the financial statement schedule included in Schedule 1 (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the results of operations and cash flows of the Company for the year ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Ernst & Young

We served as the Company's auditor from 2017 to 2022.

Hong Kong, The People's Republic of China
March 31, 2022, except for Note 23, as to which the date is May 26, 2025

3. The following is the text of the report from Ernst & Young LLP in respect of the audited consolidated financial statements of Melco Resorts as of 31 December 2022 and 2023 and for each of the two years in the period ended 31 December 2023.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Melco Resorts & Entertainment Limited

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Melco Resorts & Entertainment Limited (the Company) as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive loss, (deficit) equity and cash flows for each of the two years in the period ended December 31, 2023, and the related notes and the financial statement schedule included in Schedule 1 (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Ernst & Young LLP

We served as the Company's auditor from 2022 to 2024.

Singapore
March 22, 2024, except for Note 23, as to which the date is March 21, 2025.

4. The following is an extract of the audited consolidated financial statements of Melco Resorts as of 31 December 2024 and for the years ended 31 December 2022, 2023 and 2024 (the "**Melco Resorts 2024 financial statements**"), which were prepared in accordance with US GAAP, from the report of Melco Resorts on Form 20-F and the exhibits thereto furnished to the SEC on 21 March 2025.

CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

	December 31, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,147,193	$ 1,310,715
Restricted cash	368	27
Accounts receivable, net of allowances for credit losses of $128,010 and $153,863	144,211	91,638
Receivables from affiliated companies	2,422	797
Inventories	32,452	29,427
Prepaid expenses and other current assets	102,521	111,688
Total current assets	1,429,167	1,544,292
Property and equipment, net	5,272,500	5,533,994
Intangible assets, net	288,710	304,652
Goodwill	82,090	81,582
Long-term prepayments, deposits and other assets, net of allowances for credit losses of $2,391 and $2,377	131,850	100,320
Restricted cash	125,511	125,094
Operating lease right-of-use assets	89,164	62,356
Land use rights, net	566,351	582,782
Total assets	$ 7,985,343	$ 8,335,072
LIABILITIES AND DEFICIT		
Current liabilities:		
Accounts payable	$ 24,794	$ 11,752
Accrued expenses and other current liabilities	1,054,018	1,008,316
Income tax payable	38,009	28,183
Operating lease liabilities, current	18,590	19,685
Finance lease liabilities, current	33,817	35,307
Current portion of long-term debt, net	21,597	–
Payables to affiliated companies	39	377
Total current liabilities	1,190,864	1,103,620
Long-term debt, net	7,135,825	7,472,620
Other long-term liabilities	315,299	322,591
Deferred tax liabilities, net	36,708	34,959
Operating lease liabilities, non-current	80,673	53,858
Finance lease liabilities, non-current	165,938	187,474
Total liabilities	$ 8,925,307	$ 9,175,122
Commitments and contingencies *(Note 21)*		

	December 31, 2024	December 31, 2023
Deficit:		
Ordinary shares, par value \$0.01; 7,300,000,000 shares authorized; 1,351,540,382 and 1,404,679,067 shares issued; 1,259,138,299 and 1,311,270,775 shares outstanding, respectively	\$ 13,515	\$ 14,047
Treasury shares, at cost; 92,402,083 and 93,408,292 shares, respectively	(216,626)	(255,068)
Additional paid-in capital	2,985,730	3,109,212
Accumulated other comprehensive losses	(95,750)	(98,599)
Accumulated losses	(4,013,329)	(4,056,872)
Total Melco Resorts & Entertainment Limited shareholders' deficit	(1,326,460)	(1,287,280)
Noncontrolling interests	386,496	447,230
Total deficit	(939,964)	(840,050)
Total liabilities and deficit	\$ 7,985,343	\$ 8,335,072

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share data)

	Year Ended December 31,		
	2024	2023	2022
Operating revenues:			
Casino	$ 3,772,655	$ 3,077,312	$ 1,076,398
Rooms	422,565	338,224	116,552
Food and beverage	285,933	208,885	85,518
Entertainment, retail and other	157,060	150,826	71,509
Total operating revenues	4,638,213	3,775,247	1,349,977
Operating costs and expenses:			
Casino	(2,524,565)	(2,034,848)	(912,839)
Rooms	(127,884)	(87,637)	(46,199)
Food and beverage	(230,284)	(163,492)	(82,000)
Entertainment, retail and other	(79,169)	(76,704)	(22,419)
General and administrative	(568,701)	(488,127)	(423,225)
Payments to the Philippine Parties	(41,939)	(42,451)	(28,894)
Pre-opening costs	(20,852)	(43,994)	(15,585)
Development costs	(5,433)	(1,202)	–
Amortization of gaming subconcession	–	–	(32,785)
Amortization of land use rights	(19,956)	(22,670)	(22,662)
Depreciation and amortization	(521,582)	(520,726)	(466,492)
Property charges and other	(13,221)	(228,437)	(39,982)
Total operating costs and expenses	(4,153,586)	(3,710,288)	(2,093,082)
Operating income (loss)	484,627	64,959	(743,105)
Non-operating income (expenses):			
Interest income	15,766	23,305	26,458
Interest expense, net of amounts capitalized	(486,721)	(492,391)	(376,722)
Other financing costs	(7,362)	(4,372)	(6,396)
Foreign exchange (losses) gains, net	(15,492)	2,232	3,904
Other income, net	3,833	2,748	3,930
(Loss) gain on extinguishment of debt	(1,000)	1,611	–
Total non-operating expenses, net	(490,976)	(466,867)	(348,826)
Loss before income tax	(6,349)	(401,908)	(1,091,931)
Income tax expense	(21,610)	(13,422)	(5,236)
Net loss	(27,959)	(415,330)	(1,097,167)
Net loss attributable to noncontrolling interests	71,502	88,410	166,641
Net income (loss) attributable to Melco Resorts & Entertainment Limited	$ 43,543	$ (326,920)	$ (930,526)
Net income (loss) attributable to Melco Resorts & Entertainment Limited per share:			
Basic	$ 0.034	$ (0.249)	$ (0.669)
Diluted	$ 0.034	$ (0.249)	$ (0.669)

	Year Ended December 31,		
	2024	2023	2022
Weighted average shares outstanding used in net income (loss) attributable to Melco Resorts & Entertainment Limited per share calculation:			
Basic	1,296,361,341	1,314,605,173	1,391,154,836
Diluted	1,299,430,914	1,314,605,173	1,391,154,836

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)

	Year Ended December 31,		
	2024	**2023**	**2022**
Net loss	$ (27,959)	$ (415,330)	$ (1,097,167)
Other comprehensive income (loss):			
Foreign currency translation adjustments	17,072	13,310	(41,082)
Other	(3,103)	–	–
Other comprehensive income (loss)	13,969	13,310	(41,082)
Total comprehensive loss	(13,990)	(402,020)	(1,138,249)
Comprehensive loss attributable to noncontrolling interests	60,382	88,470	171,762
Comprehensive income (loss) attributable to Melco Resorts & Entertainment Limited	$ 46,392	$ (313,550)	$ (966,487)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF (DEFICIT) EQUITY

(In thousands, except share and per share data)

	Melco Resorts & Entertainment Limited Shareholders' (Deficit) Equity								
	Ordinary Shares		Treasury Shares						
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Losses	Accumulated Losses	Noncontrolling Interests	Total (Deficit) Equity
Balance at January 1, 2022	1,456,547,942	$ 14,565	(33,177,628)	$ (132,856)	$ 3,238,600	$ (76,008)	$ (2,799,555)	$ 575,139	$ 819,885
Net loss	–	–	–	–	–	–	(930,526)	(166,641)	(1,097,167)
Foreign currency translation adjustments	–	–	–	–	–	(35,961)	–	(5,121)	(41,082)
Share-based compensation	–	–	–	–	62,831	–	–	10	62,841
Shares repurchased by the Company	–	–	(102,783,027)	(189,161)	–	–	–	–	(189,161)
Retirement of repurchased shares	(11,495,799)	(114)	11,495,799	21,971	(21,857)	–	–	–	–
Issuance of shares for restricted shares vested	–	–	14,720,040	58,296	(58,756)	–	–	–	(460)
Changes in shareholdings of the Philippine subsidiaries	–	–	–	–	(2,952)	–	–	(358)	(3,310)
Changes in shareholdings of SCIH	–	–	–	–	879	–	–	133,224	134,103
Restricted shares granted to employees of an affiliated company, net of adjustment	–	–	–	–	(129)	–	129	–	–
Reimbursement from an affiliated company for restricted shares granted to its employees	–	–	–	–	279	–	–	–	279
Dividends declared to noncontrolling interests	–	–	–	–	–	–	–	(290)	(290)
Balance at December 31, 2022	1,445,052,143	14,451	(109,744,816)	(241,750)	3,218,895	(111,969)	(3,729,952)	535,963	(314,362)
Net loss	–	–	–	–	–	–	(326,920)	(88,410)	(415,330)
Foreign currency translation adjustments	–	–	–	–	–	13,370	–	(60)	13,310
Share-based compensation	–	–	–	–	48,336	–	–	4	48,340
Shares repurchased by the Company	–	–	(40,373,076)	(169,836)	–	–	–	–	(169,836)
Retirement of repurchased shares	(40,373,076)	(404)	40,373,076	108,375	(107,971)	–	–	–	–
Issuance of shares for restricted shares vested	–	–	16,254,282	47,903	(49,452)	–	–	–	(1,549)
Exercise of share options	–	–	82,242	240	(14)	–	–	–	226
Changes in shareholdings of the Philippine subsidiaries	–	–	–	–	(582)	–	–	(90)	(672)
Dividends declared to noncontrolling interests	–	–	–	–	–	–	–	(177)	(177)
Balance at December 31, 2023	1,404,679,067	14,047	(93,408,292)	(255,068)	3,109,212	(98,599)	(4,056,872)	447,230	(840,050)
Net income (loss)	–	–	–	–	–	–	43,543	(71,502)	(27,959)
Foreign currency translation adjustments	–	–	–	–	–	5,941	–	11,131	17,072
Other	–	–	–	–	–	(3,092)	–	(11)	(3,103)
Share-based compensation	–	–	–	–	27,902	–	–	3	27,905
Shares repurchased by the Company	–	–	(62,138,685)	(112,292)	–	–	–	–	(112,292)
Retirement of repurchased shares	(53,138,685)	(532)	53,138,685	121,521	(120,989)	–	–	–	–
Issuance of shares for restricted shares vested	–	–	10,006,209	29,213	(29,803)	–	–	–	(590)
Changes in shareholdings of the Philippine subsidiaries	–	–	–	–	(592)	–	–	(151)	(743)
Dividends declared to noncontrolling interests	–	–	–	–	–	–	–	(204)	(204)
Balance at December 31, 2024	1,351,540,382	$ 13,515	(92,402,083)	$ (216,626)	$ 2,985,730	$ (95,750)	$ (4,013,329)	$ 386,496	$ (939,964)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2024	**2023**	**2022**
Cash flows from operating activities:			
Net loss	$ (27,959)	$ (415,330)	$ (1,097,167)
Adjustments to reconcile net loss to net cash provided by (used in) operating			
Depreciation and amortization	541,538	543,396	521,939
Amortization of deferred financing costs and original issue premiums	20,769	19,461	17,056
Net reversal of interest accretion on lease and other financial liabilities	(11,784)	(8,133)	(16,843)
Net loss on disposal of property and equipment	1,590	443	476
Impairment of long-lived assets	3,316	207,608	3,595
Impairment of assets held for sale	–	–	6,794
Net (gain) loss on disposal of assets held for sale	–	(4,468)	477
Provision for (reversal of) credit losses	2,931	(3,351)	(433)
Provision for input value-added tax	5,865	6,665	5,714
Loss (gain) on extinguishment of debt	1,000	(1,611)	–
Share-based compensation	27,368	35,473	71,809
Other	(3,103)	–	–
Changes in operating assets and liabilities:			
Accounts receivable	(53,941)	(31,526)	(396)
Inventories, prepaid expenses and other	5,123	20,176	4,187
Long-term prepayments, deposits and other	28,346	16,573	(16,405)
Accounts payable, accrued expenses and other	82,009	212,377	(121,288)
Other long-term liabilities	3,588	24,937	1,051
Net cash provided by (used in) operating activities	626,656	622,690	(619,434)
Cash flows from investing activities:			
Acquisition of property and equipment	(227,760)	(124,101)	(129,731)
Acquisition of intangible and other assets	(39,240)	(6,864)	(12,478)
Payments for capitalized construction costs	(34,181)	(132,923)	(479,883)
Proceeds from sale of property and equipment	374	530	423
Proceeds from sale of assets held for sale	–	14,845	15,562
Proceeds from loan repayment from an affiliated company	–	200,000	–
Payment of loan to an affiliated company	–	–	(200,000)
Net cash used in investing activities	$ (300,807)	$ (48,513)	$ (806,107)

	Year Ended December 31,		
	2024	2023	2022
Cash flows from financing activities:			
Repayments of long-term debt	$ (1,169,579)	$ (2,201,562)	$ –
Repurchase of shares	(112,292)	(169,836)	(189,161)
Payments of financing costs	(36,950)	(530)	(7,990)
Payments of intangible assets liabilities	(8,723)	(7,981)	–
Purchase of shares of a subsidiary	(743)	(671)	(3,310)
Dividends paid	(344)	(314)	(196)
Proceeds from long-term debt	850,282	1,251,544	1,849,839
Proceeds from exercise of share options	–	226	–
Net proceeds from issuance of shares of subsidiaries	–	–	134,103
Net cash (used in) provided by financing activities	(478,349)	(1,129,124)	1,783,285
Effect of exchange rate on cash, cash equivalents and restricted cash	(10,264)	2,326	(22,602)
(Decrease) increase in cash, cash equivalents and restricted cash	(162,764)	(552,621)	335,142
Cash, cash equivalents and restricted cash at beginning of year	1,435,836	1,988,457	1,653,315
Cash, cash equivalents and restricted cash at end of year	$ 1,273,072	$ 1,435,836	$ 1,988,457
Supplemental cash flow disclosures:			
Cash paid for interest, net of amounts capitalized	$ (473,233)	$ (490,910)	$ (350,737)
Cash paid for income taxes, net of refunds	$ (10,145)	$ (1,001)	$ (2,989)
Cash paid for amounts included in the measurement of lease liabilities – operating cash flows from operating leases	$ (20,769)	$ (17,135)	$ (15,393)
Repayments of long-term debt to related parties	$ (30,705)	$ (886)	$ –
Non-cash disclosures:			
Change in operating lease liabilities arising from obtaining operating lease right-of-use assets and lease modifications	$ 37,587	$ 22,365	$ 9,425
Change in right-of-use assets held under finance lease and finance lease liabilities arising from lease modification	$ –	$ –	$ 106,407

	Year Ended December 31,		
	2024	2023	2022
Change in accrued expenses and other current liabilities and other long-term liabilities related to acquisition of property and equipment	$ 47,144	$ 28,543	$ 32,042
Change in accrued expenses and other current liabilities and other long-term liabilities related to construction costs	$ 5,990	$ 4,429	$ 107,158
Change in accrued expenses and other current liabilities related to acquisition of intangible assets	$ –	$ 6,280	$ –
Change in other current and other long-term liabilities arising from recognition of intangible assets	$ 881	$ 312,647	$ –

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share data)

1. ORGANIZATION AND BUSINESS

(a) Company Information

Melco Resorts & Entertainment Limited ("Melco") is incorporated in the Cayman Islands and its American depositary shares ("ADSs") are listed on the Nasdaq Global Select Market under the symbol "MLCO" in the United States of America (the "U.S.").

Melco, together with its subsidiaries (collectively referred to as the "Company"), is a developer, owner and operator of integrated resort facilities in Asia and Europe. In the Macau Special Administrative Region of the People's Republic of China ("Macau"), the Company operates its gaming business through its subsidiary, Melco Resorts (Macau) Limited ("MRM"), a holder of a ten-year concession to operate games of fortune and chance in casinos in Macau which commenced on January 1, 2023 and ends on December 31, 2032 (the "Concession") and a holder of a previous gaming subconcession to operate gaming business in Macau which expired on December 31, 2022. The Company currently operates City of Dreams and Altira Macau, integrated resorts located in Cotai and Taipa, Macau, respectively, and Grand Dragon Casino, a casino located in Taipa, Macau. The Company's business also includes the Mocha Clubs, which comprise the non-casino based operations of electronic gaming machines in Macau. Melco, through its subsidiaries, including Studio City International Holdings Limited ("SCIH"), which is majority-owned by Melco and its ADSs are listed on the New York Stock Exchange in the U.S., also operates Studio City, a cinematically-themed integrated resort in Cotai, Macau. In the Philippines, a majority-owned subsidiary of Melco operates and manages City of Dreams Manila, an integrated resort in the Entertainment City complex in Manila. In Europe, Melco, through its majority-owned subsidiary, ICR Cyprus Holdings Limited ("ICR Cyprus") and its subsidiaries, operates City of Dreams Mediterranean, an integrated resort in Limassol, in the Republic of Cyprus ("Cyprus") and licensed satellite casinos in Cyprus (collectively, the "Cyprus Operations").

Melco International Development Limited ("Melco International"), a company listed in the Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong"), is the single largest shareholder of Melco.

(b) Recent Developments Related to Business Operations

City of Dreams Mediterranean continues to be impacted by the Israel-Hamas and Russia-Ukraine on-going military conflicts and restrictions on the ability to accept certain customers from Russia which have a negative impact on the Company's business, may materially and adversely affect the Company's business in Cyprus. The Company is currently unable to reasonably estimate the financial impact on its future results of operations, cash flows and financial condition from these disruptions.

On March 27, 2024, the Sri Lanka government granted a casino license (the "Sri Lanka License") to Bluehaven Services (Private) Limited ("Bluehaven"), a subsidiary of Melco, to operate a casino business (the "Sri Lanka Casino") for a term of 20 years effective from April 1, 2024 in an integrated resort under development at that time by Waterfront Properties (Private) Limited ("WPL"), a subsidiary of John Keells Holdings PLC ("John Keells"), an independent third party, in Colombo, Sri Lanka.

On July 10, 2024, Bluehaven and WPL entered into a lease agreement (the "Sri Lanka Lease Agreement") for the purpose of operating the Sri Lanka Casino and such lease ends upon the expiry of the Sri Lanka License. The Sri Lanka Casino is currently under development by the Company and is expected to commence operations in the third quarter of 2025.

As of December 31, 2024, the Company had cash and cash equivalents of $1,147,193 and available unused borrowing capacity of $2,075,674, subject to the satisfaction of certain conditions precedent.

The Company believes it is able to support continuing operations and capital expenditures for at least twelve months after the date of these consolidated financial statements are issued. Accordingly, the accompanying consolidated financial statements are prepared on a going concern basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("U.S. GAAP").

The accompanying consolidated financial statements include the accounts of Melco and its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

(b) Use of Estimates

The preparation of the accompanying consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, revenues and expenses and related disclosures of contingent assets and liabilities. Estimates are used for, but not limited to, inputs into Company's estimate allowances for deferred tax assets and credit losses, useful lives and recoverability of long-lived assets and intangible assets, inputs in calculating the fair values of share option, litigation and contingency estimates. These estimates and judgments are based on historical information, information that is currently available to the Company and on various other assumptions that the Company believes to be reasonable under the circumstances. Accordingly, actual results could differ from those estimates.

(c) Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the "exit price") in an orderly transaction between market participants at the measurement date. The Company estimated the fair values using appropriate valuation methodologies and market information available as of the balance sheet date.

(d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid investments with original maturities of three months or less. Cash equivalents consist of bank time deposits placed with financial institutions with high-credit ratings and quality.

(e) Restricted Cash

The current portion of restricted cash represents cash deposited into bank accounts which are restricted as to withdrawal and use and the Company expects these funds will be released or utilized in accordance with the terms of the respective agreements within the next twelve months, while the non-current portion of restricted cash represents funds that will not be released or utilized within the next twelve months. Restricted cash mainly represents cash deposits in (i) collateral bank accounts for bank guarantees as disclosed in Note 3; and (ii) collateral bank accounts associated with borrowings under the credit facilities as disclosed in Note 11.

(f) Accounts Receivable and Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of casino accounts receivable. The Company issues credit in the form of markers to approved casino customers following review of creditworthiness. Credit is/can be given to gaming promoters in the Philippines and Cyprus. These receivables can be offset against commissions payable and any other value items held by the Company to the respective customers and gaming promoters for which the Company intends to set off when required. As of December 31, 2024 and 2023, a substantial portion of the Company's markers were due from customers and gaming promoters residing in various countries. Business and economic conditions, the legal enforceability of gaming debts, foreign currency control measures or other significant events in these countries could affect the collectability of receivables from customers and gaming promoters residing in these countries.

Accounts receivable, including casino, hotel and other receivables, are typically non-interest bearing and are recorded at amortized cost. Accounts are written off when management deems it is probable the receivables are uncollectible. Recoveries of accounts previously written off are recorded when received. An estimated allowance for credit losses is maintained to reduce the Company's receivables to their carrying amounts, which reflects the net amount the Company expects to collect. The allowance for credit losses is estimated based on specific reviews of the age of the balances owed, the customers' financial condition, management's experience with the collection trends of the customers, current business and economic conditions, and management's expectations of future business and economic conditions.

As of December 31, 2024 and 2023, the credit risks associated with certain casino accounts receivable are mitigated because they are secured by properties with equal or greater value to the carrying amount of the related accounts receivable. Management believes that as of December 31, 2024 and 2023, no significant concentrations of credit risk existed for which an allowance had not already been recorded.

(g) Inventories

Inventories consist of retail merchandise, food and beverage items and certain operating supplies, which are stated at the lower of cost or net realizable value. Cost is calculated using the first-in, first-out, weighted average and specific identification methods.

(h) Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets represent current assets that are typically used up or expire within the normal operating cycle of the Company. The prepaid expenses as of December 31, 2024 and 2023 were $59,264 and $67,035, respectively, and the other current assets as of December 31, 2024 and 2023 were $43,257 and $44,653, respectively.

(i) Assets Held For Sale

Assets (disposal group) classified as held for sale are measured at the lower of their carrying amounts or fair values less costs to sell. Losses are recognized for any initial or subsequent write-down to fair values less costs to sell, while gains are recognized for any subsequent increases in fair values less costs to sell, but not in excess of the cumulative losses previously recognized. Assets are not depreciated and amortized while classified as held for sale.

During the year ended December 31, 2022, an impairment of assets held for sale of $6,794, which related to a significant decrease in the market value of a piece of freehold land in Japan as described in Note 5 which was subsequently disposed during the year ended December 31, 2023, was recognized and included in property charges and other in the accompanying consolidated statements of operations. The fair value of the freehold land as of December 31, 2022 was calculated by using level 3 inputs based on the market approach.

(j) Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and amortization, and accumulated impairment, if any. Gains or losses on dispositions of property and equipment are included in the accompanying consolidated statements of operations. Major additions, renewals and betterments are capitalized, while maintenance and repairs are expensed as incurred.

During the construction and development stage of the Company's integrated resort facilities, direct and incremental costs related to the design and construction, including costs under construction contracts, duties and tariffs, equipment installations, shipping costs, payroll and payroll-benefit related costs, applicable portions of interest, including amortization of deferred financing costs, are capitalized in property and equipment. The capitalization of such costs begins when the construction and development of a project starts and ceases once the construction is substantially completed or development activities are substantially suspended.

Depreciation and amortization expense related to capitalized construction costs and other property and equipment is recognized from the time each asset is placed in service. This may occur at different stages as integrated resort facilities are completed and opened.

Property and equipment are depreciated and amortized over the following estimated useful lives on a straight-line basis:

Freehold land	Not depreciated
Land improvements	5 years
Buildings and improvements	4 to 40 years
Transportation	5 to 10 years
Leasehold improvements	3 to 10 years or over the lease term, whichever is shorter
Furniture, fixtures and equipment	2 to 15 years
Plant and gaming machinery	3 to 5 years

During the years ended December 31, 2024, 2023 and 2022, impairments of property and equipment of $3,120, $110,033 and $3,595, being part of the impairment of long-lived assets as described in Note 2(m), were recognized, respectively, and included in property charges and other in the accompanying consolidated statements of operations.

(k) Capitalized Interest

Interest, including amortization of deferred financing costs, associated with major development and construction projects is capitalized and included in the cost of the projects. The capitalization of interest ceases when the project is substantially completed or the development activities are substantially suspended. The amount to be capitalized is determined by applying the weighted average interest rate of the Company's outstanding borrowings to the average amount of accumulated qualifying capital expenditures for assets under construction during the year. Total interest expense incurred amounted to $487,000, $518,255 and $440,654, of which $279, $25,864 and $63,932 were capitalized during the years ended December 31, 2024, 2023 and 2022, respectively.

(l) Goodwill and Intangible Assets

Goodwill represents the excess of the acquisition cost over the fair value of tangible and identifiable intangible net assets of any business acquired. Goodwill is not amortized, but is tested for impairment at the reporting unit level on an annual basis, and between annual tests when circumstances indicate that the carrying value of goodwill may not be recoverable.

Intangible assets other than goodwill are amortized over their useful lives unless their lives are determined to be indefinite in which case they are not amortized. Intangible assets are stated at cost, net of accumulated amortization, and accumulated impairment, if any. The Company's finite-lived intangible assets consist of the previous gaming subconcession for the period up to its expiry on December 31, 2022, the Concession, the Cyprus License (as defined in Note 7), the Sri Lanka License, internal-use software and proprietary rights. Finite-lived intangible assets are amortized over the shorter of their contractual terms or estimated useful lives on a straight-line basis. The Company's intangible assets with indefinite lives represent Mocha Clubs trademarks, which are tested for impairment on an annual basis or when circumstances indicate the carrying value of the intangible assets may not be recoverable.

Costs incurred to develop software for internal use are capitalized and amortized over the estimated useful lives of the software of 3 to 15 years on a straight-line basis. The capitalization of such costs begins during the application development stage of the software project and ceases once the software project is substantially complete and ready for its intended use. Costs of specified upgrades and enhancements to the internal-use software are capitalized, while costs associated with preliminary project stage activities, training, maintenance and all other post-implementation stage activities are expensed as incurred.

When performing the impairment analysis for goodwill and intangible assets with indefinite lives, the Company will first perform a qualitative assessment to determine whether it is necessary to perform a quantitative impairment test. If the qualitative factors indicate that the carrying amount of the reporting unit is more likely than not to exceed the fair value, then a quantitative impairment test is performed. To perform a quantitative impairment test of intangible assets with indefinite lives, the Company performs an assessment that consists of a comparison of the fair values of the intangible assets with indefinite lives with their carrying amounts. An impairment is recognized in an amount equal to the excess of the carrying amounts over the fair values of the intangible assets with indefinite lives. To perform a quantitative impairment test of goodwill, the Company performs an assessment that consists of a comparison of the carrying value of a reporting unit with its fair value. The fair value of the reporting unit is determined using income valuation approaches through the application of the discounted cash flow method. Estimating fair value of the reporting unit involves significant assumptions, including future revenue growth rates, future market conditions, gross margin, discount rate and terminal growth rate. If the carrying value of the reporting unit exceeds its fair value, an impairment is recognized for the amount by which the carrying value exceeds the reporting unit's fair value, limited to the total amount of goodwill allocated to that reporting unit.

No impairment on goodwill and intangible assets with indefinite lives was recognized during the years ended December 31, 2024, 2023 and 2022. As a part of the impairment of long-lived assets recognized during the years ended December 31, 2023 and 2024 as described in Note 2(m), an intangible asset with a finite life for Altira Macau as of December 31, 2024 was fully impaired. No impairment on intangible assets with finite lives was recognized during the year ended December 31, 2022.

(m) Impairment of Long-lived Assets (Other Than Goodwill)

The Company evaluates the long-lived assets with finite lives to be held and used for impairment whenever indicators of impairment exist. The Company then compares the estimated future cash flows of the assets, on an undiscounted basis, to the carrying values of the assets. Estimating future cash flows of the assets involves significant assumptions, including future revenue growth rates, future market conditions and gross margin. If the undiscounted cash flows exceed the carrying values, no impairments are indicated. If the undiscounted cash flows do not exceed the carrying values, then an impairment charge is recorded based on the fair values of the assets, typically measured using a discounted cash flow model involving significant assumptions, such as discount rates. If an asset is still under development, future cash flows include remaining construction costs.

During the year ended December 31, 2023, with the market value of Altira Macau significantly decreased as a result of a change in its forecasted performance given the latest market conditions and lingering disruptions to the business caused by COVID-19 and the Company's earlier cessation of arrangements with gaming promoters in Macau, the Company recognized an impairment of long-lived assets in relation to Altira Macau of $207,608 which was recognized and included in property charges and other in the accompanying consolidated statements of operations. Such amount included the impairment of Altira Macau's property and equipment of $110,033, and the full impairment of the finite-lived intangible assets, land use rights and operating lease right-of-use assets for Altira Macau of $30,435, $65,172 and $1,968, respectively. During the year ended December 31, 2024, the performance of Altira Macau had not improved and a further impairment of long-lived assets of $3,316 was recognized and included in property charges and other in the accompanying consolidated statements of operations which included impairment of Altira Macau's property and equipment of $3,120 and the full impairment of the finite-lived intangible assets for Altira Macau of $196. The fair values of the long-lived assets of Altira Macau were estimated by using level 3 inputs based on a combination of income and cost approaches and the discount rates adopted in the income approach for the years ended December 31, 2024 and 2023 were 12.6% and 12.3%, respectively.

During the year ended December 31, 2022, an impairment of long-lived assets of $3,595 represents the impairment of property and equipment which related to a significant decrease in the market value of an aircraft as described in Note 5, was recognized and included in property charges and other in the accompanying consolidated statements of operations. The fair value of the aircraft was estimated by using level 2 inputs based on a buyer indicative purchase price.

(n) Deferred Financing Costs

Direct and incremental costs incurred in obtaining loans or in connection with the issuance of long-term debt are capitalized and amortized to interest expense over the terms of the related debt agreements using the effective interest method. Deferred financing costs incurred in connection with the issuance of revolving credit facilities are included in other assets, either current or non-current, in the accompanying consolidated balance sheets, based on the maturity of each revolving credit facility. All other deferred financing costs are presented as a reduction of long-term debt in the accompanying consolidated balance sheets.

(o) Land Use Rights

Land use rights represent the upfront land premiums paid for the use of land held under operating leases, which are stated at cost, net of accumulated amortization, and accumulated impairment, if any. Amortization is recognized over the estimated term of the land use rights of 40 years on a straight-line basis. During the year ended December 31, 2023, land use right for Altira Macau was fully impaired, being part of the impairment of long-lived assets as described in Note 2(m). No impairment on land use rights was recognized during the years ended December 31, 2024 and 2022.

(p) Leases

At the inception of the contract or upon modification, the Company will perform an assessment as to whether the contract is a lease or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. A lessee has control of an identified asset if it has both the right to direct the use of the asset and the right to receive substantially all of the economic benefits from the use of the asset.

Finance and operating lease right-of-use assets and liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. The initial measurement of the right-of-use assets also includes any prepaid lease payments and any initial direct costs incurred and is reduced by any lease incentive received. For leases where the rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The expected lease terms include options to extend or terminate the lease when it is reasonably certain that the Company will exercise such option. Lease expense for minimum lease payments is recognized on a straight-line basis over the expected lease term. Leases with an expected term of 12 months or less are not accounted for on the balance sheet and the related lease expense is recognized on a straight-line basis over the expected lease term.

The Company's lease contracts have lease and non-lease components. For contracts in which the Company is a lessee, the Company accounts for the lease components and non-lease components as a single lease component for all classes of underlying assets, except for real estate. For contracts in which the Company is a lessor, all are accounted for as operating leases, and the lease components and non-lease components are accounted for separately.

During the year ended December 31, 2023, operating lease right-of-use assets for Altira Macau were fully impaired, being part of the impairment of long-lived assets as described in Note 2(m). No impairment on operating lease right-of-use assets was recognized during the years ended December 31, 2024 and 2022.

(q) Revenue Recognition

The Company's revenues from contracts with customers consist of casino wagers, sales of rooms, food and beverage, entertainment, retail and other goods and services.

Gross casino revenues are measured by the aggregate net difference between gaming wins and losses. The Company accounts for its casino wagering transactions on a portfolio basis versus an individual basis as all wagers have similar characteristics. Commissions rebated to customers and gaming promoters, cash discounts and other cash incentives earned by customers are recorded as reductions of casino revenues. In addition to the wagers, casino transactions typically include performance obligations related to complimentary goods or services provided to incentivize future gaming or in exchange for incentives or points earned under the Company's non-discretionary incentive programs (including loyalty programs).

For casino transactions that include complimentary goods or services provided by the Company to incentivize future gaming, the Company allocates the standalone selling price of each good or service to the appropriate revenue type based on the good or service provided.

Complimentary goods or services that are provided under the Company's control and discretion and supplied by third parties are recorded as operating expenses.

The Company operates different non-discretionary incentive programs in certain of its properties which include loyalty programs (the "Loyalty Programs") to encourage repeat business mainly from loyal slot machine customers and table games patrons. Customers earn points primarily based on gaming activity and such points can be redeemed for free play and other free goods and services. For casino transactions that include points earned under the Loyalty Programs, the Company defers a portion of the revenue by recording the estimated standalone selling prices of the earned points that are expected to be redeemed as a liability. Upon redemption of the points for Company-owned goods or services, the standalone selling price of each good or service is allocated to the appropriate revenue type based on the good or service provided. Upon the redemption of the points with third parties, the redemption amount is deducted from the liability and paid directly to the third party.

After allocating amounts to the complimentary goods or services provided and to the points earned under the Loyalty Programs, the residual amount is recorded as casino revenue when the wagers are settled.

The Company follows the accounting standards for reporting revenue gross as a principal versus net as an agent, when accounting for the operations of two of its externally managed hotels and concluded that it is the controlling entity and is the principal to these arrangements. For the operations of these two externally managed hotels, as the Company is the owner of the hotel properties, the hotel managers operate the respective hotels under management agreements providing management services to the Company, and the Company receives all rewards and takes substantial risks associated with the hotel businesses. The Company is the principal and the transactions are, therefore, recognized on a gross basis.

The transaction prices for rooms, food and beverage, entertainment, retail and other goods and services are the net amounts collected from customers for such goods and services that are recorded as revenues when the goods are provided, services are performed or events are held. Service taxes and other applicable taxes collected by the Company are excluded from revenues. Advance deposits on rooms and advance ticket sales are recorded as customer deposits until services are provided to the customers. Revenues from contracts with multiple goods or services provided by the Company are allocated to each good or service based on its relative standalone selling price.

Minimum operating and right to use fees representing lease revenues, adjusted for contractual base fees and operating fee escalations, are included in other revenues and are recognized over the terms of the related agreements on a straight-line basis.

Contract and Contract-Related Liabilities

In providing goods and services to customers, there may be a timing difference between cash receipts from customers and recognition of revenues, resulting in a contract or contract-related liability.

The Company primarily has three types of liabilities related to contracts with customers: (1) outstanding gaming chips, which represent the amounts owed in exchange for gaming chips held by customers and gaming promoters, (2) loyalty program liabilities, which represent the deferred allocation of revenues relating to incentives earned from the Loyalty Programs, and (3) advance deposits and ticket sales, which represent casino front money deposits that are funds deposited by customers and gaming promoters before gaming play occurs and advance payments on goods and services yet to be provided such as advance ticket sales and deposits on rooms and convention space. These liabilities are generally expected to be recognized as revenues within one year of being purchased, earned or deposited and are recorded as accrued expenses and other current liabilities in the accompanying consolidated balance sheets. Decreases in these balances generally represent the recognition of revenues and increases in the balances represent additional chips held by customers and gaming promoters, increases in unredeemed incentives relating to the Loyalty Programs and additional deposits made by customers and gaming promoters.

The following table summarizes the activities related to contract and contract-related liabilities:

	Outstanding Gaming Chips		Loyalty Program Liabilities		Advance Deposits and Ticket Sales	
	2024	2023	2024	2023	2024	2023
Balance at January 1	$ 83,012	$ 37,354	$ 36,000	$ 15,568	$ 250,955	$ 278,591
Balance at December 31	83,414	83,012	39,108	36,000	253,338	250,955
Increase (Decrease)	$ 402	$ 45,658	$ 3,108	$ 20,432	$ 2,383	$ (27,636)

(r) Gaming Taxes and License Fees

The Company is subject to taxes and license fees based on gross gaming revenue and other metrics in the jurisdictions in which it operates, subject to applicable jurisdictional adjustments. These gaming taxes and license fees (including the Cyprus License Fee (as defined in Note 7) prior to the fulfillment of the Cyprus License Requirement (as defined in Note 7)), totaled $1,818,235, $1,489,755 and $489,730 for the years ended December 31, 2024, 2023 and 2022, respectively, are mainly recognized as casino expense in the accompanying consolidated statements of operations.

(s) Pre-opening Costs

Pre-opening costs represent personnel, marketing and other costs incurred prior to the opening of new or start-up operations and are expensed as incurred. During the year ended December 31, 2024, the Company incurred pre-opening costs primarily in connection with the development of the Sri Lanka Casino and other enhancement projects at City of Dreams. During the years ended December 31, 2023 and 2022, the Company incurred pre-opening costs primarily in connection with the development of Studio City Phase 2 and City of Dreams Mediterranean. The Company also incurs pre-opening costs on other one-off activities related to the marketing of new facilities and operations.

(t) Development Costs

Development costs include the costs associated with the Company’s evaluation and pursuit of new business opportunities, which are expensed as incurred.

(u) Advertising and Promotional Costs

The Company expenses advertising and promotional costs the first time the advertising takes place or as incurred. Advertising and promotional costs included in the accompanying consolidated statements of operations were $165,299, $100,245 and $29,421 for the years ended December 31, 2024, 2023 and 2022, respectively.

(v) Interest Income

Interest income is recorded on an accrual basis at the stated interest rate and is recorded in interest income in the accompanying consolidated statements of operations.

(w) Foreign Currency Transactions and Translations

All transactions in currencies other than functional currencies of Melco and its subsidiaries during the year are remeasured at the exchange rates prevailing on the respective transaction dates. Monetary assets and liabilities existing at the balance sheet date denominated in currencies other than functional currencies are remeasured at the exchange rates existing on that date. Exchange differences are recorded in the accompanying consolidated statements of operations.

The functional currency of Melco is the U.S. dollar ("$" or "US$") and the functional currency of most of Melco's foreign subsidiaries is the local currency in which the subsidiary operates. All assets and liabilities are translated at the rates of exchange prevailing at the balance sheet date and all income and expense items are translated at the average rates of exchange over the year. All exchange differences arising from the translation of foreign subsidiaries' financial statements are recorded as a component of other comprehensive income (loss).

(x) Comprehensive Income (Loss) and Accumulated Other Comprehensive Losses

Comprehensive income (loss) includes net income (loss) and other non-shareholder changes in equity, or other comprehensive income (loss). Components of Company's comprehensive income (loss) are reported in the accompanying consolidated statements of (deficit) equity and consolidated statements of comprehensive income (loss).

As of December 31, 2024 and 2023, the Company's accumulated other comprehensive losses mainly consisted of foreign currency translation adjustments of $92,658 and $98,599, respectively, net of tax and noncontrolling interests.

(y) Share-based Compensation Expenses

The Company measures the cost of employee services received in exchange for an award of equity instruments based on the grant date fair value of the award and recognizes that cost over the service period. Compensation is attributed to the periods of associated service and such expense is recognized over the vesting period of the awards on a straight-line basis. Forfeitures are recognized when they occur.

Further information on the Company's share-based compensation arrangements is included in Note 16.

(z) Income Tax

The Company is subject to income taxes in Macau, Hong Kong, the Philippines, Cyprus, Sri Lanka and other jurisdictions where it operates.

Deferred income taxes are recognized for all significant temporary differences between the tax basis of assets and liabilities and their reported amounts in the accompanying consolidated financial statements. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current income taxes are provided for in accordance with the laws of the relevant taxing authorities.

The Company's income tax returns are subject to examination by tax authorities in the jurisdictions where it operates. The Company assesses potentially unfavorable outcomes of such examinations based on accounting standards for uncertain income taxes. These accounting standards utilize a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position, based on the technical merits of the position, will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely, based on cumulative probability.

(aa) Net Income (Loss) Attributable to Melco Resorts & Entertainment Limited Per Share

Basic net income (loss) attributable to Melco Resorts & Entertainment Limited per share is calculated by dividing the net income (loss) attributable to Melco Resorts & Entertainment Limited by the weighted average number of ordinary shares outstanding during the year.

Diluted net income (loss) attributable to Melco Resorts & Entertainment Limited per share is calculated by dividing the net income (loss) attributable to Melco Resorts & Entertainment Limited by the weighted average number of ordinary shares outstanding during the year adjusted to include the potentially dilutive effect of outstanding share-based awards.

The weighted average number of ordinary and ordinary equivalent shares used in the calculation of basic and diluted net income (loss) attributable to Melco Resorts & Entertainment Limited per share consisted of the following:

	Year Ended December 31,		
	2024	**2023**	**2022**
Weighted average number of ordinary shares outstanding used in the calculation of basic net income (loss) attributable to Melco Resorts & Entertainment Limited per share	1,296,361,341	1,314,605,173	1,391,154,836
Incremental weighted average number of ordinary shares from assumed vesting of restricted shares and exercise of share options using the treasury stock method	3,069,573	–	–
Weighted average number of ordinary shares outstanding used in the calculation of diluted net income (loss) attributable to Melco Resorts & Entertainment Limited per share	1,299,430,914	1,314,605,173	1,391,154,836
Anti-dilutive share options and restricted shares excluded from the calculation of diluted net income (loss) attributable to Melco Resorts & Entertainment Limited per share	19,537,045	26,921,336	44,366,752

(ab) Reclassification

Certain reclassifications have been made to the prior years' consolidated financial statements to conform to the current year's presentation. These reclassifications had no impact on net loss, shareholders' (deficit) equity, or cash flows as previously reported.

(ac) Recent Changes in Accounting Standards

Newly Adopted Accounting Pronouncement

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, "Improvements to Reportable Segment Disclosures" which enhances reportable segment disclosure requirements primarily through expanded disclosures about significant segment expenses on an interim and annual basis. ASU 2023-07 should be applied retrospectively to all prior periods presented in the financial statements. The Company adopted ASU 2023-07 for the year ended December 31, 2024. Refer to Note 23 for segment information.

Recent Accounting Pronouncements Not Yet Adopted

In December 2023, the FASB issued ASU 2023-09, "Improvements to Income Tax Disclosures" which includes amendments that further enhance income tax disclosures, primarily through providing additional information in the rate reconciliation and additional disclosures about income taxes paid by jurisdiction. The Company plans to adopt ASU 2023-09 for its annual period ending December 31, 2025 and is currently assessing the impact of adoption.

In November 2024, the FASB issued ASU 2024-03, "Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures" which primarily requires disaggregated disclosure of certain expense categories in the notes to the financial statements on an annual and interim basis. ASU 2024-03 is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted and the Company is currently assessing the impact of adoption.

3. CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Cash, cash equivalents and restricted cash reported within the accompanying consolidated statements of cash flows consisted of the following:

	December 31,	
	2024	**2023**
Cash	$ 969,353	$ 934,224
Cash equivalents	177,840	376,491
Total cash and cash equivalents	1,147,193	1,310,715
Current portion of restricted cash	368	27
Non-current portion of restricted cash[(1)]	125,511	125,094
Total cash, cash equivalents and restricted cash	$ 1,273,072	$ 1,435,836

(1) As of December 31, 2024 and 2023, the non-current portion of restricted cash included bank time deposits of $125,331 and $124,556, respectively.

On December 9, 2022, as required by the Concession, MRM provided a bank guarantee in favor of the Macau government of Macau Patacas ("MOP") 1,000,000 (equivalent to $124,319) to secure the fulfillment of performance of certain of its legal and contractual obligations, including labor obligations. As stipulated in the bank guarantee contract, the amount of MOP1,000,000 (equivalent to $124,319), or an equivalent amount in other currencies, is required to be held in a cash deposit account as collateral in order to secure the bank guarantee. The bank guarantee will remain in effect until 180 days after the earlier of the expiration or termination of the Concession. As of December 31, 2024 and 2023, Hong Kong dollars ("HK$") 970,874 (equivalent to MOP1,000,000) held in the cash collateral bank account was translated to $125,056 and $124,284, respectively, and included in the non-current portion of restricted cash in the accompanying consolidated balance sheets.

4. ACCOUNTS RECEIVABLE, NET

Components of accounts receivable, net are as follows:

	December 31, 2024	December 31, 2023
Casino	$ 270,186	$ 242,312
Hotel	3,903	4,658
Other	523	908
Sub-total	274,612	247,878
Less: allowances for credit losses[1]	(130,401)	(156,240)
	144,211	91,638
Non-current portion	–	–
Current portion	$ 144,211	$ 91,638

(1) As of December 31, 2024 and 2023, the allowances for credit losses of $2,391 and $2,377 as a reduction of the long-term casino accounts receivable, are recorded and included in long-term prepayments, deposits and other assets in the accompanying consolidated balance sheets, respectively.

The Company's allowances for casino credit losses were 48.2% and 64.4% of gross casino accounts receivable as of December 31, 2024 and 2023, respectively. The Company's allowances for credit losses from its hotel and other receivables are not material.

Movement in the allowances for credit losses are as follows:

	Year Ended December 31, 2024	2023	2022
Balance at beginning of year	$ 156,240	$ 217,244	$ 268,413
Provision for (reversal of) credit losses	2,569	(3,869)	(892)
Write-offs, net of recoveries	(28,748)	(56,805)	(49,608)
Effect of exchange rate	340	(330)	(669)
Balance at end of year	$ 130,401	$ 156,240	$ 217,244

5. ASSETS HELD FOR SALE

In December 2021, an external advisor was engaged to locate potential buyers and prepare marketing materials for the disposal of the Company's assets in Japan, including a ski resort in Nagano, Japan operated by Kabushiki Kaisha Okushiga Kogen Resort (the "Japan Ski Resort") and a parcel of freehold land together with the accompanying building structures in Hakone, Japan (the "Hakone Assets"). After considering the relevant facts, the Company concluded the assets and liabilities of the Japan Ski Resort and the Hakone Assets met the criteria for classification as held for sale which were reported under the Corporate and Other category.

On December 8, 2022, the Company entered into an agreement with an independent third party (the "Buyer") to dispose of its entire interest in the Japan Ski Resort with net liabilities of $13,663 (including a loan payable to the Company of Japanese Yen ("JPY") 2,215,180 (equivalent to $16,876)) for a consideration of JPY0.001; and to transfer the loan receivable from the Japan Ski Resort as mentioned above of JPY2,215,180 (equivalent to $16,876) to the Buyer for a consideration of JPY0.001. The disposal was completed on December 30, 2022 and the Company recorded a loss on disposal of assets held for sale of $3,106 which is included in property charges and other in the accompanying consolidated statements of operations during the year ended December 31, 2022.

Due to a significant decrease in the market value of the freehold land included in the Hakone Assets as of December 31, 2022, an impairment of assets held for sale of $6,794 was provided and included in property charges and other in the accompanying consolidated statements of operations during the year ended December 31, 2022. The fair value of the freehold land as of December 31, 2022 was calculated by using level 3 inputs based on the market approach.

On July 12, 2023, the Company completed the disposal of the Hakone Assets, with aggregate carrying values of $7,924, to an independent third party at a consideration of JPY2,144,000 (equivalent to $15,222). A gain on disposal of assets held for sale, net of the foreign currency translations of certain entities incorporated in Japan being considered as a substantial liquidation, of $4,468 was recorded and included in property charges and other in the accompanying consolidated statements of operations during the year ended December 31, 2023.

In June and August 2022, the Company signed two sale and purchase agreements with respective buyers to sell two aircraft (the "Aircraft") with an aggregate selling price of $15,800. After considering the relevant facts, the Company concluded the Aircraft met the criteria for classification as assets held for sale which were reported under the Corporate and Other category. Due to a decrease in the market value, an impairment of property and equipment of $3,595 was provided for one of the Aircraft. Upon completion of the disposals of the Aircraft in September 2022, the Company recorded a gain on disposal of assets held for sale of $2,629 on the Aircraft. The impairment and gain on disposal of assets held for sale were both included in property charges and other in the accompanying consolidated statements of operations for the year ended December 31, 2022.

6. PROPERTY AND EQUIPMENT, NET

	December 31,	
	2024	**2023**
Buildings and improvements	$ 7,648,293	$ 7,621,676
Furniture, fixtures and equipment	1,215,688	1,187,064
Leasehold improvements	1,175,252	1,094,238
Plant and gaming machinery	274,301	259,815
Transportation	196,080	192,151
Freehold land	54,956	58,467
Land improvements	2,082	–
Construction in progress	721	1,491
Sub-total	10,567,373	10,414,902
Less: accumulated depreciation and amortization	(5,294,873)	(4,880,908)
Property and equipment, net	$ 5,272,500	$ 5,533,994

The depreciation and amortization expenses of property and equipment recognized for the years ended December 31, 2024, 2023 and 2022 were $487,349, $482,574 and $454,194, respectively.

The cost and accumulated amortization of right-of-use assets held under finance lease arrangements were $142,305 and $102,632 as of December 31, 2024 and $147,072 and $101,589 as of December 31, 2023, respectively. Further information on the lease arrangements is included in Note 12.

In accordance with the Macau gaming law, the Reversion Assets (as defined in Note 7) that reverted to the Macau government at the expiration of the previous gaming subconcession are currently owned by the Macau government. Effective as of January 1, 2023, the Reversion Assets were transferred by the Macau government to MRM for the duration of the Concession, in return for annual payments for the right to use and operate the Reversion Assets as part of the Concession, as disclosed in Note 7. As MRM continues to be operated with the Reversion Assets in the same manner as under the previous gaming subconcession, obtains substantially all of the economic benefits and bears all of the risks arising from the operation of these assets, and assuming it will be successful in obtaining a new concession upon expiry of the Concession, the Company continues to recognize these Reversion Assets as property and equipment over their remaining estimated useful lives.

7. GOODWILL AND INTANGIBLE ASSETS, NET

(a) Goodwill

Goodwill arose from the acquisition of Mocha Slot Group Limited and its subsidiaries by the Company in 2006 which is reported under the Mocha and Other segment. The changes in carrying amounts of goodwill represented the exchange differences arising from foreign currency translations at the balance sheet date.

(b) Intangible Assets, Net

Intangible assets, net consisted of the following:

	December 31, 2024	December 31, 2023
Indefinite-lived intangible assets:		
Trademarks of Mocha Clubs	$ 4,229	$ 4,203
Total indefinite-lived intangible assets	4,229	4,203
Finite-lived intangible assets:		
Concession	211,929	209,934
Less: accumulated amortization	(45,076)	(24,037)
	166,853	185,897
Cyprus License	70,785	75,307
Less: accumulated amortization	(4,449)	(1,595)
	66,336	73,712
Sri Lanka License	17,089	–
Less: accumulated amortization	–	–
	17,089	–
Internal-use software	66,601	72,556
Less: accumulated amortization	(39,409)	(39,876)
	27,192	32,680
Proprietary rights	11,996	11,922
Less: accumulated amortization	(4,985)	(3,762)
	7,011	8,160
Total finite-lived intangible assets	284,481	300,449
Total intangible assets, net	$ 288,710	$ 304,652

Trademarks of Mocha Clubs

Trademarks arose from the acquisition of Mocha Slot Group Limited and its subsidiaries by the Company in 2006. The changes in carrying amounts of trademarks represented the exchange differences arising from foreign currency translations at the balance sheet date.

Concession

On December 16, 2022, the Macau government awarded the Concession to MRM. The term of the Concession commenced on January 1, 2023 and ends on December 31, 2032 and MRM is authorized to operate the City of Dreams Casino, the Altira Casino and the Studio City Casino as well as the Grand Dragon Casino and the Mocha Clubs. Under the Concession, MRM is obligated to pay the Macau government a fixed annual premium of MOP30,000 (equivalent to $3,752) 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 MRM. The variable annual premium is MOP300 (equivalent to $38) for each gaming table reserved exclusively to certain kinds of games or players, MOP150 (equivalent to $19) for each gaming table not so exclusively reserved and MOP1 (equivalent to $0.1) for each electronic gaming machine.

On December 30, 2022, in accordance with the obligations under the letters of undertakings dated June 23, 2022, MRM and certain subsidiaries of Melco, which hold the land lease rights for the properties on which the City of Dreams Casino, the Altira Casino and the Studio City Casino are located, executed a public deed pursuant to which the gaming and gaming support areas comprising the City of Dreams Casino, the Altira Casino and the Studio City Casino with an area of 31,227.3 square meters, 17,128.8 square meters and 28,784.3 square meters, respectively, and related gaming equipment and utensils (collectively referred to as 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 gaming subconcession in accordance with the Macau gaming law. The Reversion Assets that reverted to the Macau government at the expiration of the previous gaming subconcession are currently owned by the Macau government. Under the terms of the Macau gaming law and the Concession, effective as of January 1, 2023, the Reversion Assets were transferred by the Macau government to MRM for use in its operations during the Concession for a fee of MOP0.75 (equivalent to $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 $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").

On January 1, 2023, the Company recognized an intangible asset and financial liability of MOP1,934,035 (equivalent to $239,588), representing the right to use and 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 MRM is currently approved to operate by the Macau government. In the accompanying consolidated balance sheet, the non-current portion of the financial liability of the Concession 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.

Cyprus License

On June 26, 2017, the Cyprus government granted a gaming license (the "Cyprus License") to a subsidiary of ICR Cyprus (the "Cyprus Subsidiary") to develop, operate and maintain an integrated casino resort in Limassol, Cyprus (and, up until completion and opening of City of Dreams Mediterranean, 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 City of Dreams Mediterranean, the temporary casino) and any operating satellite casinos (the "Cyprus License Fee"). The annual license fee for the integrated casino resort is Euros ("EUR") 2,500 (equivalent to $2,601) for the first four years, and EUR5,000 (equivalent to $5,202) for the next four years. Upon the completion of the first eight years and thereafter every four years during the term of the Cyprus License, the Cyprus government may review the annual license fee, with minimum of EUR5,000 (equivalent to $5,202) per year and any increase in the annual license fee may not exceed 20% of the annual license fee paid annually during the previous four-year period. The Cyprus License required City of Dreams Mediterranean to open by the extended deadline of June 30, 2023 as approved by the Cyprus government (the "Cyprus License Requirement").

On June 28, 2023, upon fulfillment of the Cyprus License Requirement, to better reflect the future economic benefits arising from the Cyprus License, the Company recognized an intangible asset of EUR68,031 (equivalent to $73,928) and financial liability of EUR67,231 (equivalent to $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 EUR5,000 (equivalent to $5,202) per year; and ii) an aggregate annual license fee for three operating satellite casinos of EUR2,000 (equivalent to $2,081), during the term of the Cyprus License from June 28, 2023. In the accompanying consolidated balance sheet, the non-current 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. Prior to the fulfillment of the Cyprus License Requirement, the Cyprus License Fee was expensed as incurred and included in gaming taxes and license fees as disclosed in Note 2(r).

Sri Lanka License

As disclosed in note 1(b), on March 27, 2024, the Sri Lanka government granted the Sri Lanka License to Bluehaven to operate the Sri Lanka Casino for a term of 20 years effective from April 1, 2024 in an integrated resort under development at that time by WPL in Colombo, Sri Lanka. Upon the signing of the Sri Lanka Lease Agreement on July 10, 2024, the Company recognized an intangible asset of Sri Lankan Rupees ("LKR") 5,000,000 (equivalent to $16,600), representing the casino license fee for the Sri Lanka License which will be amortized on a straight-line basis upon the commencement date of the operation of the Sri Lanka Casino to the date of the expiry of the Sri Lanka License.

Proprietary rights

The proprietary rights related to an entertainment show in City of Dreams acquired by the Company in November 2020 for a cash consideration of $12,000. The estimated useful life of the proprietary rights is 10 years. As of December 31, 2024 and 2023, the carrying amount of the proprietary rights included the exchange differences arising from foreign currency translations at the balance sheet date.

Gaming subconcession

The deemed cost of the previous gaming subconcession in Macau was capitalized based on the fair value of the gaming subconcession agreement as of the date of acquisition of MRM in 2006, and amortized on a straight-line basis over the term of the agreement, which expired on June 26, 2022. MRM paid a premium of MOP47,000 (equivalent to $5,815) to the Macau government in June 2022 for the extension of the gaming subconcession contract to December 31, 2022 and such premium was amortized on a straight-line basis from June 27, 2022 to the extended expiration date on December 31, 2022.

The amortization expenses of finite-lived intangible assets recognized for the years ended December 31, 2024, 2023 and 2022 were $33,326, $37,216 and $44,128, respectively.

As of December 31, 2024, the estimated future amortization expenses of finite-lived intangible assets are as follows:

Year ending December 31,	
2025	$ 32,739
2026	30,408
2027	28,374
2028	28,267
2029	28,267
Over 2029	136,426
	$ 284,481

8. LONG-TERM PREPAYMENTS, DEPOSITS AND OTHER ASSETS

Long-term prepayments, deposits and other assets consisted of the following:

	December 31,	
	2024	**2023**
Deferred financing costs, net	$ 35,927	$ 16,183
Deposits and advance payments for acquisition of property and equipment	23,482	7,709
Input value-added tax, net	21,316	19,232
Entertainment production costs, net[(1)]	16,833	–
Other long-term assets	15,194	17,983
Other deposits	11,129	11,178
Deferred rent assets	7,366	17,905
Long-term prepayments	603	10,130
Long-term casino accounts receivable, net of allowances for credit losses of $2,391 and $2,377[(2)]	–	–
Long-term prepayments, deposits and other assets	$ 131,850	$ 100,320

(1) Entertainment production costs represent amounts incurred and capitalized for the entertainment show in City of Dreams and will be amortized over the estimated useful life of the entertainment show of 10 years upon the commencement of the show. No amortization expenses of such entertainment production costs were recognized during the year ended December 31, 2024.

(2) Long-term casino accounts receivable, net represent receivables from casino customers where settlements are not expected within the next year. Reclassifications to current accounts receivable, net, are made when settlement of such balances are expected to occur within one year.

9. LAND USE RIGHTS, NET

	December 31,	
	2024	**2023**
City of Dreams	$ 400,427	$ 397,953
Altira Macau	81,209	80,707
Studio City	654,954	650,906
	1,136,590	1,129,566
Less: accumulated amortization	(570,239)	(546,784)
Land use rights, net	$ 566,351	$ 582,782

10. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	December 31,	
	2024	2023
Advance deposits and ticket sales	$ 253,338	$ 250,955
Gaming tax and license fee accruals	171,014	159,285
Operating expense and other accruals and liabilities	165,975	160,169
Staff cost accruals	123,227	101,340
Interest expense payables	119,026	114,587
Outstanding gaming chips	83,414	83,012
Property and equipment payables	67,027	73,520
Loyalty program liabilities	39,108	36,000
Intangible assets liabilities(1)	31,889	29,448
Accrued expenses and other current liabilities	$ 1,054,018	$ 1,008,316

(1) As of December 31, 2024 and 2023, the non-current portion of the intangible assets liabilities of $270,563 and $282,081, respectively, are included in other long-term liabilities in the accompanying consolidated balance sheets.

11. LONG-TERM DEBT, NET

Long-term debt, net consisted of the following:

	December 31, 2024	December 31, 2023
Melco Related		
MRF 4.875% Senior Notes, due 2025 (net of unamortized deferred financing costs and original issue premiums of $1,732 and $5,746, respectively)	$ 998,268	$ 994,254
MRF 5.250% Senior Notes, due 2026 (net of unamortized deferred financing costs of $1,256 and $2,141, respectively)	498,744	497,859
MRF 5.625% Senior Notes, due 2027 (net of unamortized deferred financing costs of $2,488 and $3,358, respectively)	597,512	596,642
MRF 5.750% Senior Notes, due 2028 (net of unamortized deferred financing costs and original issue premiums of $1,865 and $2,317, respectively)	848,135	847,683
MRF 5.375% Senior Notes, due 2029 (net of unamortized deferred financing costs and original issue premiums of $1,407 and $1,634, respectively)	1,148,593	1,148,366
MRF 7.625% Senior Notes, due 2032 (net of unamortized deferred financing costs of $5,611)	744,389	–
MRM Credit Facilities, due 2026		
MRM Term Loan	129	128
MN1 Revolving Facility, due 2027(1)	158,305	1,052,515
Studio City Related		
SCF 6.000% Senior Notes, due 2025 (net of unamortized deferred financing costs of $253 and $1,320, respectively)	221,369	395,680
SCC 7.000% Senior Notes, due 2027 (net of unamortized deferred financing costs of $2,862 and $4,039, respectively)	347,138	345,961
SCF 6.500% Senior Notes, due 2028 (net of unamortized deferred financing costs of $2,299 and $2,970, respectively)	497,701	497,030
SCF 5.000% Senior Notes, due 2029 (net of unamortized deferred financing costs and original issue premiums of $2,990 and $3,626, respectively)	1,097,010	1,096,374
SCC 2016 Credit Facilities, due 2029		
SCC 2016 Term Loan	129	128
SCC 2016 Revolving Facility(2)	–	–
SCC 2024 Revolving Facility, due 2029(3)	–	–
	7,157,422	7,472,620
Less: Current portion of long-term debt, net	(21,597)	–
Long-term debt, net	$ 7,135,825	$ 7,472,620

(1) As of December 31, 2024 and 2023, the unamortized deferred financing costs related to the MN1 Revolving Facility of $27,135 and $15,905, respectively, are included in long-term prepayments, deposits and other assets in the accompanying consolidated balance sheets.

(2) As of December 31, 2024 and 2023, the unamortized deferred financing costs related to the SCC 2016 Revolving Facility of $308 and $278, respectively, are included in long-term prepayments, deposits and other assets in the accompanying consolidated balance sheets.

(3) As of December 31, 2024, the unamortized deferred financing costs related to the SCC 2024 Revolving Facility of $8,484 is included in long-term prepayments, deposits and other assets in the accompanying consolidated balance sheets.

Melco Related

MRF Senior Notes

On June 6, 2017, Melco Resorts Finance Limited ("MRF"), a subsidiary of Melco, issued senior unsecured notes in an aggregate principal amount of $650,000 of 4.875% Senior Notes due June 6, 2025 at an issue price of 100% of the principal amount (the "Initial 2025 MRF Senior Notes") pursuant to an indenture, dated June 6, 2017 (the "2025 MRF Indenture") between MRF and a trustee; and on July 3, 2017 further issued senior unsecured notes in an aggregate principal amount of $350,000 of 4.875% Senior Notes due June 6, 2025 at an issue price of 100.75% of the principal amount (the "Additional 2025 MRF Senior Notes") which were consolidated to form a single series with the Initial 2025 MRF Senior Notes (and together, the "2025 MRF Senior Notes"). The net proceeds from the offering of the Initial 2025 MRF Senior Notes were used to partly fund the redemption of the previous senior notes of MRF and the net proceeds from the offering of the Additional 2025 MRF Senior Notes were used to fully repay the MRM's prior revolving credit facility. The net carrying amount of 2025 MRF Senior Notes is classified as non-current portion of long-term debt as of December 31, 2024 given the settlement of these obligations is not expected to require the use of working capital within one year and the Company has both the intent and ability, as evidenced by the MN1 Revolving Facility (as defined below), to refinance these obligations on a long-term basis.

On April 26, 2019, MRF issued senior unsecured notes in an aggregate principal amount of $500,000 of 5.250% Senior Notes due April 26, 2026 at an issue price of 100% of the principal amount (the "2026 MRF Senior Notes") pursuant to an indenture, dated April 26, 2019 (the "2026 MRF Indenture") between MRF and a trustee. The net proceeds from the offering of the 2026 MRF Senior Notes were used to partially repay the MRM Revolving Facility (as defined below).

On July 17, 2019, MRF issued senior unsecured notes in an aggregate principal amount of $600,000 of 5.625% Senior Notes due July 17, 2027 at an issue price of 100% of the principal amount (the "2027 MRF Senior Notes") pursuant to an indenture, dated July 17, 2019 (the "2027 MRF Indenture") between MRF and a trustee. The net proceeds from the offering of the 2027 MRF Senior Notes were used to partially repay the MRM Revolving Facility.

On July 21, 2020, MRF issued senior unsecured notes in an aggregate principal amount of $500,000 of 5.750% Senior Notes due July 21, 2028 at an issue price of 100% of the principal amount (the "Initial 2028 MRF Senior Notes") pursuant to an indenture, dated July 21, 2020 (the "2028 MRF Indenture") between MRF and a trustee; and on August 11, 2020 further issued senior unsecured notes in an aggregate principal amount of $350,000 of 5.750% Senior Notes due July 21, 2028 at an issue price of 101% of the principal amount (the "Additional 2028 MRF Senior Notes") which were consolidated to form a single series with the Initial 2028 MRF Senior Notes (and together, the "2028 MRF Senior Notes"). The net proceeds from the offering of the 2028 MRF Senior Notes were partially used to repay the MN1 Revolving Facility and with the remaining amount used for general corporate purposes.

On December 4, 2019, MRF issued senior unsecured notes in an aggregate principal amount of $900,000 of 5.375% Senior Notes due December 4, 2029 at an issue price of 100% of the principal amount (the "Initial 2029 MRF Senior Notes") pursuant to an indenture, dated December 4, 2019 (the "2029 MRF Indenture") between MRF and a trustee; and on January 21, 2021 further issued senior unsecured notes in an aggregate principal amount of $250,000 of 5.375% Senior Notes due December 4, 2029 at an issue price of 103.25% of the principal amount (the "Additional 2029 MRF Senior Notes") which were consolidated to form a single series with the Initial 2029 MRF Senior Notes (and together, the "2029 MRF Senior Notes"). The net proceeds from the offering of the Initial 2029 MRF Senior Notes were used to repay the outstanding borrowing of the MRM Revolving Facility in full and to partially prepay the MRM Term Loan (as defined below). The net proceeds from the offering of the Additional 2029 MRF Senior Notes were used to fully repay the MN1 Revolving Facility.

On April 17, 2024, MRF issued senior unsecured notes in an aggregate principal amount of $750,000 of 7.625% Senior Notes due April 17, 2032 at an issue price of 100% of the principal amount (the "2032 MRF Senior Notes") pursuant to an indenture, dated April 17, 2024 (the "2032 MRF Indenture") between MRF and a trustee. The net proceeds from the offering of the 2032 MRF Senior Notes were used to partially repay the MN1 Revolving Facility.

The 2025 MRF Senior Notes, the 2026 MRF Senior Notes, the 2027 MRF Senior Notes, the 2028 MRF Senior Notes, the 2029 MRF Senior Notes and the 2032 MRF Senior Notes, are collectively referred to as the "MRF Senior Notes". The 2025 MRF Indenture and, together with the 2026 MRF Indenture, the 2027 MRF Indenture, the 2028 MRF Indenture, the 2029 MRF Indenture and the 2032 MRF Indenture, are collectively referred to as the "MRF Indentures".

There are no interim principal payments on the MRF Senior Notes and interest is payable semi-annually in arrears on each June 6 and December 6 with respect to the 2025 MRF Senior Notes, on each April 26 and October 26 with respect to the 2026 MRF Senior Notes, on each January 17 and July 17 with respect to the 2027 MRF Senior Notes, on each January 21 and July 21 with respect to the 2028 MRF Senior Notes, on each June 4 and December 4 with respect to the 2029 MRF Senior Notes and on each April 17 and October 17 with respect to the 2032 MRF Senior Notes.

The MRF Senior Notes are general obligations of MRF. Each series of the MRF Senior Notes rank equally in right of payment to all existing and future senior indebtedness of MRF, rank senior in right of payment to any existing and future subordinated indebtedness of MRF and are effectively subordinated to all of MRF's existing and future secured indebtedness to the extent of the value of the assets securing such debt and to the indebtedness of MRF's subsidiaries. None of MRF's subsidiaries guarantee the MRF Senior Notes.

Each of the MRF Indentures contains certain covenants, subject to certain exceptions and conditions, that limit the ability of MRF and its subsidiaries to, among other things, effect a consolidation or merger or sell assets. Each of the MRF Indentures also contains conditions and provides for customary events of default as well as early redemption options available to MRF during certain time periods and redemption options available to the MRF Senior Notes holders in certain events.

MRM Credit Facilities

On June 19, 2015, MRM (the "Borrower") entered into a senior secured credit facilities agreement with Bank of China Limited, Macau Branch (in its capacity as the sole lender) ("BOC Macau") (the "MRM Credit Facilities"), and following the cancellation of certain of its facilities commitments on May 7, 2020, the available commitments under the term loan facility (the "MRM Term Loan") and the multicurrency revolving credit facility (the "MRM Revolving Facility") are HK$1,000 (equivalent to $129) each. The MRM Term Loan and the MRM Revolving Facility are collateralized by a bank deposit of HK$2,130 (equivalent to $274).

Pursuant to the terms of a waiver letter from BOC Macau to the Borrower dated April 29, 2020 (the "Waiver Letter"), compliance with certain provisions of the MRM Credit Facilities were waived and BOC Macau agreed, among other things, to (i) extend the maturity date of the MRM Credit Facilities to June 24, 2022; (ii) change the repayment date of the MRM Term Loan to require full repayment on June 24, 2022 from originally being repayable in quarterly installments according to an amortization schedule; (iii) change the interest rate of the borrowings; (iv) waive the requirement to comply with substantially all information undertakings, financial covenants, general undertakings and mandatory prepayment provisions; (v) waive the requirement to make substantially all of the representations; and (vi) waive certain current and/or future defaults and events of default that may arise under the terms of the MRM Credit Facilities, subject to certain conditions and terms.

Pursuant to the terms of certain extension request letters of the Waiver Letter dated April 6, 2022, December 14, 2022 and June 6, 2024, the maturity date of the MRM Credit Facilities, and the continuing applicability of the various waivers provided under the Waiver Letter, were further extended to December 31, 2022, June 24, 2024 and June 24, 2026, respectively (the "Extended Termination Date"). The MRM Term Loan, pursuant to the terms of the Waiver Letter (as amended and extended), is repayable in full on the Extended Termination Date (as amended and extended). Each loan made under the MRM Revolving Facility is repayable in full on the last day of an agreed upon interest period in respect of the loan, generally ranging from one to six months, or rolling over subject to compliance with certain covenants and satisfaction of conditions precedent.

Borrowings under the MRM Credit Facilities bore interest at the Hong Kong Interbank Offered Rate ("HIBOR") plus a margin ranging from 1.25% to 2.50% per annum as adjusted in accordance with the leverage ratio in respect of the MRM Borrowing Group (as described below). The Borrower is permitted to select an interest period for borrowings under the MRM Credit Facilities ranging from one to six months or any other agreed period. Pursuant to the terms of the Waiver Letter, borrowings under the MRM Credit Facilities bear interest at HIBOR plus a margin of 1% per annum. As of December 31, 2024 and 2023, the interest rate was approximately 5.35% and 6.15%, respectively.

The indebtedness under the MRM Credit Facilities is guaranteed by MCO Nominee One Limited ("MN1"), a subsidiary of Melco, and certain of its subsidiaries as defined under the MRM Credit Facilities (other than the Borrower). Security for the MRM Credit Facilities includes: a first-priority interest in substantially all assets of the borrowing group which includes the Borrower and certain of its subsidiaries as defined under the MRM Credit Facilities (the "MRM Borrowing Group"), the issued share capital and equity interests and certain buildings, fixtures and equipment of the MRM Borrowing Group and certain other excluded assets and customary security.

Pursuant to the terms of the Waiver Letter, the provisions that limited certain payments of dividends and other distributions by the MRM Borrowing Group to companies or persons who were not members of the MRM Borrowing Group were waived.

Under the MRM Credit Facilities, in the event of a change of control, the Borrower may be required, at the election of any lender under the MRM Credit Facilities, to repay such lender in full. In addition, termination or rescission of MRM's concession contract or land concessions would constitute an event of default. As with substantially all of the undertakings and covenants under the MRM Credit Facilities, however, these provisions are subject to a continuing waiver under the terms of the Waiver Letter.

The Borrower is obligated to pay a commitment fee on the undrawn amount of the MRM Revolving Facility and recognized loan commitment fees of \$1, \$1 and \$1 during the years ended December 31, 2024, 2023 and 2022, respectively.

As of December 31, 2024, the outstanding principal amount of the MRM Term Loan and the MRM Revolving Facility was HK\$1,000 (equivalent to \$129) and nil, respectively, and the available unused borrowing capacity under the MRM Revolving Facility was HK\$1,000 (equivalent to \$129).

MN1 Revolving Facility

On April 29, 2020, MN1 entered into a senior unsecured revolving credit facility agreement with a syndicate of banks (the "MN1 Revolving Facility") for a HK\$14,850,000 (equivalent to \$1,915,947) with a term of five years and a maturity date of April 29, 2025. On April 8, 2024, the lenders approved an extension of the maturity date by two years to April 29, 2027. Each loan made under the MN1 Revolving Facility is repayable in full on the last day of an agreed upon interest period in respect of the loan, generally ranging from one to six months, or can be rolled over subject to compliance with certain covenants and satisfaction of conditions precedent. MN1 is also subject to mandatory prepayment requirements in respect of various amounts as specified in the MN1 Revolving Facility. In the event of a change of control or if MRM's concession contract or land concessions as defined under the MN1 Revolving Facility are terminated or otherwise expire on its terms, MN1 may be required, at the election of any lender under the MN1 Revolving Facility, to repay such lender in full.

The indebtedness under the MN1 Revolving Facility is guaranteed by MRM and MCO Investments Limited ("MINV"), a subsidiary of Melco.

The MN1 Revolving Facility contains certain covenants customary for such financings including, but not limited to, limitations on, except as permitted (i) incurring additional liens; (ii) incurring additional indebtedness (including guarantees); (iii) the disposal of certain key assets; and (iv) carrying on businesses which are not the permitted business activities of MINV and its subsidiaries. The MN1 Revolving Facility also contains conditions and events of default customary for such financings and the financial covenants including a leverage ratio, total leverage ratio and interest cover ratio.

On June 29, 2023 (the "Effective Date"), certain provisions of the MN1 Revolving Facility were amended and restated (the "2023 Amendment and Restatement") such that borrowings under the MN1 Revolving Facility denominated in US$ bear interest at the term Secured Overnight Financing Rate ("SOFR") plus an applicable credit adjustment spread ranging from 0.06% to 0.20% per annum, as adjusted in accordance with the interest period, and a margin ranging from 1.00% to 2.00% per annum as adjusted in accordance with the leverage ratio in respect of MN1 and certain of its specified subsidiaries. Prior to the Effective Date of the 2023 Amendment and Restatement, borrowings under the MN1 Revolving Facility denominated in US$ bore interest at the London Interbank Offered Rate plus a margin ranging from 1.00% to 2.00% per annum as adjusted in accordance with the leverage ratio in respect of MN1 and certain of its specified subsidiaries. Borrowings under the MN1 Revolving Facility denominated in HK$ bear interest at HIBOR plus a margin ranging from 1.00% to 2.00% per annum as adjusted in accordance with the leverage ratio in respect of MN1 and certain of its specified subsidiaries. MN1 may select an interest period for borrowings under the MN1 Revolving Facility ranging from one to six months or any other agreed period. As of December 31, 2024 and 2023, the weighted average interest rate was approximately 5.40% and 7.44%, respectively.

MN1 is obligated to pay a commitment fee on the undrawn amount of the MN1 Revolving Facility and recognized loan commitment fees of $6,769, $3,954 and $5,978 during the years ended December 31, 2024, 2023 and 2022, respectively.

On August 16, 2022, MN1 received confirmation that the majority of lenders of the MN1 Revolving Facility consented and agreed to a waiver extension of certain financial condition covenants contained in the facility agreement under the MN1 Revolving Facility, in respect of the relevant periods ended on the following applicable test dates: (a) March 31, 2023; (b) June 30, 2023; (c) September 30, 2023; (d) December 31, 2023; and (e) March 31, 2024. Such consent became effective on August 17, 2022.

As of December 31, 2024, the outstanding principal amount of the MN1 Revolving Facility was HK$1,229,000 (equivalent to $158,305), and the available unused borrowing capacity under the MN1 Revolving Facility was HK$13,621,000 (equivalent to $1,754,494).

Studio City Related

SCF Senior Notes

On July 15, 2020, Studio City Finance Limited ("SCF"), a subsidiary of Melco, issued two series of senior unsecured notes in an aggregate principal amount of $1,000,000, consisting of $500,000 of 6.000% Senior Notes due July 15, 2025 at an issue price of 100% of the principal amount (the "2025 SCF Senior Notes") and $500,000 of 6.500% Senior Notes due January 15, 2028 at an issue price of 100% of the principal amount (the "2028 SCF Senior Notes") pursuant to an indenture, dated July 15, 2020 (the "2025 SCF Indenture") among SCF, the guarantors and the trustee. The net proceeds from the offering of the 2025 SCF Senior Notes and the 2028 SCF Senior Notes were partially used to redeem in full the previous senior secured notes of Studio City Company Limited ("SCC"), a subsidiary of Melco, with the remaining amount used for capital expenditures of the remaining development project at Studio City.

On November 9, 2023, SCF initiated a cash tender offer (the "2023 Tender Offer") which expired on December 8, 2023, subject to the terms and conditions, to purchase for up to an aggregate principal amount of $75,000 of the 2025 SCF Senior Notes and was subsequently amended to increase to $100,000 (the maximum tender amount). SCF purchased an aggregate principal amount of $100,000 of the 2025 SCF Senior Notes that were validly tendered (and not validly withdrawn) pursuant to the 2023 Tender Offer, as amended, and settled the transaction on November 28, 2023. On April 8, 2024, SCF initiated a cash tender offer (the "2024 Tender Offer") which expired on May 6, 2024, subject to the terms and conditions, to purchase for up to an aggregate principal amount of $100,000 of the outstanding 2025 SCF Senior Notes and was subsequently amended to increase to $100,029 (the maximum tender amount). SCF purchased an aggregate principal amount of $100,029 of the 2025 SCF Senior Notes that were validly tendered (and not validly withdrawn) pursuant to the 2024 Tender Offer, as amended, and settled the transaction on April 24, 2024. Other than the 2023 Tender Offer and the 2024 Tender Offer, SCF repurchased an aggregate principal amount of $75,349 and $3,000 of the 2025 SCF Senior Notes during the years ended December 31, 2024 and 2023, respectively. The 2023 Tender Offer, the 2024 Tender Offer and repurchases of the 2025 SCF Senior Notes during the years ended December 31, 2024 and 2023 included certain amounts purchased from related parties as disclosed in Note 22.

In connection with the 2023 Tender Offer and the 2024 Tender Offer and the repurchases of the 2025 SCF Senior Notes during the years ended December 31, 2024 and 2023, the Company recorded a loss on extinguishment of debt of $1,000 and a gain on extinguishment of debt of $1,611 during the years ended December 31, 2024 and 2023, respectively. As of December 31, 2024, the outstanding principal amount of the 2025 SCF Senior Notes was $221,622. The net carrying amount of $199,772 of the 2025 SCF Senior Notes is classified as non-current portion of long-term debt as of December 31, 2024 given the settlement of these obligations is not expected to require the use of working capital within one year and the Company has both the intent and ability, as evidenced by the SCC 2024 Revolving Facility (as defined below), to refinance these obligations on a long-term basis.

On January 14, 2021, SCF issued senior unsecured notes in an aggregate principal amount of $750,000 of 5.000% Senior Notes due January 15, 2029 at an issue price of 100% of the principal amount (the "Initial 2029 SCF Senior Notes") pursuant to an indenture, dated January 14, 2021 (the "2029 SCF Indenture"); and on May 20, 2021 further issued senior unsecured notes in an aggregate principal amount of $350,000 of 5.000% Senior Notes due January 15, 2029 at an issue price of 101.50% of the principal amount (the "Additional 2029 SCF Senior Notes") which were consolidated to form a single series with the Initial 2029 SCF Senior Notes (and together, the "2029 SCF Senior Notes"). The net proceeds from the offering of the Initial 2029 SCF Senior Notes were primarily used to fund the conditional tender offer and the remaining outstanding balance with accrued interest of previous senior notes of SCF in February 2021. The net proceeds from the offering of the Additional 2029 SCF Senior Notes were used to partially fund the capital expenditures of the remaining development project at Studio City and for general corporate purposes.

The 2025 SCF Senior Notes, the 2028 SCF Senior Notes and the 2029 SCF Senior Notes, are collectively referred to as the "SCF Senior Notes". The 2025 SCF Indenture and, together with the 2029 SCF Indenture, are collectively referred to as the "SCF Indentures".

There are no interim principal payments on the SCF Senior Notes and interest is payable semi-annually in arrears on each January 15 and July 15 with respect to each series of the SCF Senior Notes.

The SCF Senior Notes are general obligations of SCF. Each series of the SCF Senior Notes rank equally in right of payment to all existing and future senior indebtedness of SCF, rank senior in right of payment to any existing and future subordinated indebtedness of SCF and are effectively subordinated to all of SCF's existing and future secured indebtedness (to the extent of the value of the property and assets securing such indebtedness).

All of the existing subsidiaries of SCF and any other future restricted subsidiaries that provide guarantees of certain specified indebtedness (the "SCF Senior Notes Guarantors") jointly, severally and unconditionally guarantee the SCF Senior Notes on a senior basis (the "SCF Senior Notes Guarantees"). The SCF Senior Notes Guarantees are general obligations of the SCF Senior Notes Guarantors, rank equally in right of payment to all existing and future senior indebtedness of the SCF Senior Notes Guarantors and rank senior in right of payment to any existing and future subordinated indebtedness of the SCF Senior Notes Guarantors. The SCF Senior Notes Guarantees are effectively subordinated to the SCF Senior Notes Guarantors' obligations under all existing and any future secured indebtedness (to the extent of the value of such property and assets securing such indebtedness).

Each of the SCF Indentures contains certain covenants, subject to certain exceptions and conditions, that limit the ability of SCF and its restricted subsidiaries to, among other things: (i) incur or guarantee additional indebtedness; (ii) make specified restricted payments; (iii) issue or sell capital stock; (iv) sell assets; (v) create liens; (vi) enter into agreements that restrict the restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans; (vii) enter into transactions with affiliates; and (viii) effect a consolidation or merger. Each of the SCF Indentures also contains conditions and provides for customary events of default as well as early redemption options available to SCF during certain time periods and redemption options available to the SCF Senior Notes holders in certain events.

There are provisions under each of the SCF Indentures that limit or prohibit certain payments of dividends and other distributions by SCF and its restricted subsidiaries to companies or persons who are not SCF or its restricted subsidiaries, subject to certain exceptions and conditions. As of December 31, 2024, the net assets of SCF and its restricted subsidiaries with amount of approximately $657,000 were restricted from being distributed under the terms of the SCF Senior Notes.

SCC Senior Notes

On February 16, 2022, SCC issued senior secured notes in an aggregate principal amount of $350,000 of 7.000% Senior Notes due February 15, 2027 at an issue price of 100% of the principal amount (the "2027 SCC Senior Notes") pursuant to an indenture, dated February 16, 2022 (the "2027 SCC Indenture") among SCC, the guarantors and the trustee. The net proceeds from the offering of the 2027 SCC Senior Notes were used to fund the capital expenditures of the remaining development project at Studio City and for general corporate purposes.

There are no interim principal payments on the 2027 SCC Senior Notes and interest is payable semi-annually in arrears on each February 15 and August 15.

The 2027 SCC Senior Notes are senior secured obligations of SCC, rank equally in right of payment to all existing and future senior indebtedness of SCC (although any liabilities in respect of obligations under the SCC Credit Facilities (as defined below) that are secured by common collateral securing the 2027 SCC Senior Notes will have priority over the 2027 SCC Senior Notes with respect to any proceeds received upon any enforcement action of such common collateral) and rank senior in right of payment to any existing and future subordinated indebtedness of SCC and are effectively subordinated to SCC's existing and future secured indebtedness that is secured by assets that do not secure the 2027 SCC Senior Notes, to the extent of the assets securing such indebtedness.

Studio City Investments Limited ("SCI"), a subsidiary of Melco, all of its existing subsidiaries (other than SCC) and any other future restricted subsidiaries that provide guarantees of certain specified indebtedness (including the SCC Credit Facilities) (the "SCC Senior Notes Guarantors") jointly, severally and unconditionally guarantee the 2027 SCC Senior Notes on a senior basis (the "SCC Senior Notes Guarantees"). The SCC Senior Notes Guarantees are senior obligations of the SCC Senior Notes Guarantors, rank equally in right of payment to all existing and future senior indebtedness of the SCC Senior Notes Guarantors and rank senior in right of payment to any existing and future subordinated indebtedness of the SCC Senior Notes Guarantors. The SCC Senior Notes Guarantees are pari passu to the SCC Senior Notes Guarantors' obligations under the SCC Credit Facilities, and effectively subordinated to any future secured indebtedness that is secured by assets that do not secure the 2027 SCC Senior Notes and the SCC Senior Notes Guarantees, to the extent of the value of the assets.

The 2027 SCC Senior Notes are secured, on an equal basis with the SCC Credit Facilities, by substantially all of the material assets of SCI and its subsidiaries (although obligations under the SCC Credit Facilities that are secured by the common collateral securing the 2027 SCC Senior Notes will have priority over the 2027 SCC Senior Notes with respect to any proceeds received upon any enforcement action of such common collateral); in addition, in line with the SCC Credit Facilities, the 2027 SCC Senior Notes are also secured by certain specified bank accounts.

The 2027 SCC Indenture contains certain covenants, subject to certain exceptions and conditions, that limit the ability of SCC, SCI and their respective restricted subsidiaries to, among other things: (i) incur or guarantee additional indebtedness and issue certain preferred stock; (ii) make specified restricted payments and investments; (iii) prepay or redeem subordinated debt or equity; (iv) issue or sell capital stock; (v) transfer, lease or sell assets; (vi) create or incur certain liens; (vii) impair the security interests in the collateral; (viii) enter into agreements that restrict the restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans; (ix) change the nature of the business of the relevant group; (x) enter into transactions with affiliates; and (xi) effect a consolidation or merger. The 2027 SCC Indenture also contains conditions and provides for customary events of default as well as early redemption options available to SCC during certain time periods and redemption options available to the 2027 SCC Senior Notes holders in certain events.

There are provisions under the 2027 SCC Indenture that limit or prohibit certain payments of dividends and other distributions by SCC, SCI and their respective restricted subsidiaries to companies or persons who are not SCC, SCI and their respective restricted subsidiaries, subject to certain exceptions and conditions. As of December 31, 2024, the net assets of SCI and its restricted subsidiaries with amount of approximately $585,000 were restricted from being distributed under the terms of the 2027 SCC Senior Notes.

SCC Credit Facilities

On March 15, 2021, SCC (the "SC Borrower") amended the terms of its prior senior secured credit facilities agreement entered into with a syndicate of banks, including the extension of the maturity date of the HK$234,000 (equivalent to $30,077) senior secured credit facilities (the "SCC 2016 Credit Facilities"), comprising a HK$1,000 (equivalent to $129) term loan facility (the "SCC 2016 Term Loan") and a HK$233,000 (equivalent to $29,948) revolving credit facility (the "SCC 2016 Revolving Facility") to January 15, 2028. Changes have also been made to the covenants in order to align them with those of certain other financings at SCF, including amending the threshold sizes and measurement dates of the covenants. On November 29, 2024, SCC further amended the terms of the SCC 2016 Credit Facilities (the "2024 SCC Amendment and Restatement"), including the extension of the maturity date to August 29, 2029 and change of interest rates. The SCC 2016 Term Loan shall be repaid on August 29, 2029 with no interim amortization payments. The SCC 2016 Revolving Facility is available up to the date that is one month prior to August 29, 2029.

Pursuant to the 2024 SCC Amendment and Restatement, borrowings under the SCC 2016 Credit Facilities denominated in US$ bear interest at term SOFR plus an applicable credit adjustment spread ranging from 0.06% to 0.20% per annum and a margin of 2.25% per annum; borrowings under the SCC 2016 Credit Facilities denominated in HK$ bear interest at HIBOR plus a margin of 2.25% per annum. Prior to the effective of the 2024 SCC Amendment and Restatement, borrowings under the SCC 2016 Credit Facilities denominated in HK$ bore interest at HIBOR plus a margin of 4% per annum. As of December 31, 2024 and 2023, the interest rate was approximately 6.83% and 9.27%, respectively. The SC Borrower may select an interest period for borrowings under the SCC 2016 Credit Facilities ranging from one to six months or any other agreed period. The SC Borrower is obligated to pay a commitment fee on the undrawn amount of the SCC 2016 Revolving Facility and recognized loan commitment fees of $403, $417 and $417 during the years ended December 31, 2024, 2023 and 2022, respectively.

As of December 31, 2024, the outstanding principal amount of the SCC 2016 Term Loan and the SCC 2016 Revolving Facility were HK$1,000 (equivalent to $129) and nil, respectively, and the available unused borrowing capacity under the SCC 2016 Revolving Facility was HK$233,000 (equivalent to $30,012).

On November 29, 2024, SCC entered into a senior secured revolving credit facility agreement with a syndicate of banks (the "SCC 2024 Revolving Facility") for HK$1,945,000 (equivalent to $250,273) with a term of five years and maturity date of November 29, 2029, with an option to increase the commitments in an amount not exceeding $100,000, subject to satisfaction of conditions precedent. The SCC 2024 Revolving Facility is available up to the date that is one month prior to the maturity date.

Borrowings under the SCC 2024 Revolving Facility can be denominated in US$ which bear interest at term SOFR or HK$ which bear interest at HIBOR, in both case plus an applicable margin ranging from 1.95% to 2.55% per annum as adjusted in accordance with the leverage ratio. The SC Borrower may select an interest period for borrowings under the SCC 2024 Revolving Facility ranging from one to six months or any other agreed period.

The SC Borrower is obligated to pay a commitment fee on the undrawn amount of the SCC 2024 Revolving Facility and recognized loan commitment fees of $189 during the year ended December 31, 2024.

As of December 31, 2024, the outstanding principal amount of the SCC 2024 Revolving Facility was nil, and the available unused borrowing capacity under the SCC 2024 Revolving Facility was HK$1,945,000 (equivalent to $250,532).

The SCC 2016 Credit Facilities and the SCC 2024 Revolving Facility are collectively referred to as the "SCC Credit Facilities".

The SCC 2016 Term Loan is collateralized by cash of HK$1,013 (equivalent to $130). The SC Borrower is subject to mandatory prepayment requirements in respect of various amounts of the SCC 2016 Revolving Facility and the SCC 2024 Revolving Facility; in the event of the disposal of all or substantially all of the business and assets of the Studio City borrowing group which includes the SC Borrower and certain of its subsidiaries as defined under the SCC Credit Facilities (the "SC Borrowing Group"), the SCC Credit Facilities are required to be repaid in full. In the event of a change of control, the SC Borrower may be required, at the election of any lender under the SCC Credit Facilities, to repay such lender in full (other than the principal amount of the SCC 2016 Term Loan).

The indebtedness under the SCC Credit Facilities is guaranteed by SCI and its subsidiaries (other than the SC Borrower). Security for the SCC Credit Facilities includes a first-priority mortgage over any rights under the land concession contract of Studio City and an assignment of certain leases or rights to use agreements; as well as other customary security. The SCC Credit Facilities contain certain affirmative and negative covenants customary for such financings, as well as affirmative, negative and financial covenants aligned with those of certain other financings at SCF. Certain specified bank accounts of MRM are pledged under SCC Credit Facilities and related finance documents. The SCC Credit Facilities are secured by substantially all of the material assets of SCI and its subsidiaries. Pursuant to the guarantee dated November 29, 2024 signed by SCIH, the indebtedness under the SCC 2024 Revolving Facility is also guaranteed by SCIH.

The SCC Credit Facilities contain certain covenants that, subject to certain exceptions and conditions, limit the ability of SCC, SCI and their respective restricted subsidiaries to, among other things: (i) incur or guarantee additional indebtedness and issue certain preferred stock; (ii) make specified restricted payments and investments; (iii) prepay or redeem subordinated debt or equity; (iv) issue or sell capital stock; (v) transfer, lease or sell assets; (vi) create or incur certain liens; (vii) impair the security interests in the collateral; (viii) enter into agreements that restrict the restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans; (ix) change the nature of the business of the relevant group; (x) enter into transactions with affiliates; and (xi) effect a consolidation or merger. The SCC Credit Facilities also contain conditions and events of default customary for such financings.

In addition, modification, expiry, or termination of the gaming concession of MRM in circumstances that have a material adverse effect on the SC Borrowing Group (as a whole) will allow lenders to elect for the mandatory prepayment of all outstanding loan amounts.

There are provisions that limit certain payments of dividends and other distributions by the SC Borrowing Group to companies or persons who are not members of the SC Borrowing Group. As of December 31, 2024, the net assets of SCI and its restricted subsidiaries of approximately $585,000 were restricted from being distributed under the terms of the SCC Credit Facilities.

MRP Related

MRP Credit Facility

On October 14, 2015, Melco Resorts and Entertainment (Philippines) Corporation ("MRP"), a subsidiary of Melco, entered into an on-demand, unsecured credit facility agreement of Philippine Pesos ("PHP") 2,350,000 (equivalent to $49,824), as amended from time to time (the "MRP Credit Facility") with a lender to finance advances to Melco Resorts Leisure (PHP) Corporation ("MRL"), a subsidiary of Melco. The available drawdown currencies under the MRP Credit Facility are PHP and US$. As of December 31, 2024, the MRP Credit Facility availability period, as amended from time to time, is up to June 30, 2025, and the maturity date of each individual drawdown, as amended from time to time, to be the earlier of: (i) the date which is 360 days from the date of drawdown, and (ii) the date which is 360 days after the end of the availability period. The individual drawdowns under the MRP Credit Facility are subject to certain conditions precedent, including issuance of a promissory note in favor of the lender evidencing such drawdown. As of December 31, 2024, borrowings under the MRP Credit Facility bear interest, as amended from time to time, at the higher of: (i) the PHP BVAL Reference Rate of the selected interest period plus the applicable margin to be mutually agreed by the bank and the borrower at the time of drawdown, and (ii) Philippines Term Deposit Facility Rate of the selected interest period plus the applicable margin to be mutually agreed by the bank and the borrower at the time of drawdown, such rate to be set one business day prior to the relevant interest period. The MRP Credit Facility includes a tax gross-up provision requiring MRP to pay without any deduction or withholding for or on account of tax.

As of December 31, 2024, the MRP Credit Facility had not yet been drawn and the available unused borrowing capacity was PHP2,350,000 (equivalent to $40,507).

Scheduled Maturities of Long-term Debt

Scheduled maturities of the long-term debt (excluding unamortized deferred financing costs and original issue premiums) as of December 31, 2024 are as follows:

Year ending December 31,		
2025	$	1,221,622
2026		500,129
2027		1,108,305
2028		1,350,000
2029		2,250,129
Over 2029		750,000
	$	7,180,185

12. LEASES

Lessee Arrangements

The Company is the lessee under operating and finance leases for equipment and real estate, including the land and certain of the building structures for City of Dreams Manila under the MRP Lease Agreement as described in Note 20, Cyprus casino sites, Mocha Clubs sites, the Sri Lanka Casino under the Sri Lanka Lease Agreement, office spaces, warehouses, staff quarters, and certain parcels of land in Macau on which City of Dreams, Altira Macau and Studio City are located. Certain lease agreements provide for periodic rental increases based on both contractually agreed incremental rates and on the general inflation rate once agreed by the Company and its lessors and, in some cases, contingent rental expenses stated as a percentage of turnover or calculated based on certain performance indicator. Certain leases include options to extend the lease term and options to terminate the lease term. The land concession contracts in Macau have a term of 25 years, which is renewable for further consecutive periods of 10 years, subject to applicable legislation in Macau. The estimated term related to the land concession contracts in Macau is 40 years.

The components of lease costs are as follows:

	Year Ended December 31,		
	2024	**2023**	**2022**
Operating lease costs:			
Amortization of land use rights	$ 19,956	$ 22,670	$ 22,662
Operating lease costs	22,613	18,434	14,614
Short-term lease costs	1,028	342	720
Variable lease costs	6,494	2,684	1,902
Finance lease costs:			
Amortization of right-of-use assets	5,265	5,336	12,928
Interest costs	22,399	24,562	25,371
Total lease costs	$ 77,755	$ 74,028	$ 78,197

Other information related to lease terms and discount rates is as follows:

	December 31, 2024	December 31, 2023
Weighted average remaining lease term		
Operating leases	18.9 years	18.0 years
Finance leases	8.5 years	9.5 years
Weighted average discount rate		
Operating leases	14.52%	6.66%
Finance leases	10.70%	10.70%

Maturities of lease liabilities as of December 31, 2024 are as follows:

	Operating Leases	Finance Leases
Year ending December 31,		
2025	$ 19,546	$ 35,810
2026	17,266	35,810
2027	15,294	35,810
2028	16,847	35,810
2029	13,668	35,810
Over 2029	170,426	126,393
Total future minimum lease payments	253,047	305,443
Less: amounts representing interest	(153,784)	(105,688)
Present value of future minimum lease payments	99,263	199,755
Current portion	(18,590)	(33,817)
Non-current portion	$ 80,673	$ 165,938

Lessor Arrangements

The Company is the lessor under non-cancellable operating leases mainly for mall spaces in the sites of City of Dreams, City of Dreams Manila, Studio City and City of Dreams Mediterranean with various retailers that expire at various dates through June 2037. Certain of the operating leases include minimum base fees with contingent fee clauses based on percentages of turnover.

During the years ended December 31, 2024, 2023 and 2022, the Company earned minimum operating lease income of $47,394, $45,210 and $41,633, respectively, and contingent operating lease income of $10,090, $7,810 and $265, respectively. Total lease income for the years ended December 31, 2024, 2023 and 2022 were reduced by nil, $52 and $3,076, respectively, as a result of the rent concessions in prior periods related to the effects of the COVID-19 outbreak.

Future minimum fees, excluding the contingent fees to be received under non-cancellable operating leases as of December 31, 2024 were as follows:

Year ending December 31,	
2025	$ 58,276
2026	31,831
2027	8,586
2028	3,769
2029	1,043
Over 2029	1,892
	$ 105,397

13. FAIR VALUE MEASUREMENTS

Authoritative literature provides a fair value hierarchy, which prioritizes the input to valuation techniques used to measure fair values into three broad levels. The level in the hierarchy within which the fair value measurements in its entirety is based upon the lowest level of input that is significant to the fair value measurement as follows:

- Level 1 – inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.
- Level 2 – inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models and similar techniques.

The carrying values of cash equivalents, bank time deposits included in restricted cash, long-term deposits, long-term receivables and other long-term liabilities approximated fair values and were classified as level 2 in the fair value hierarchy.

The fair values as of December 31, 2024 and 2023 for the long-lived assets impairment of Altira Macau as described in Note 2(m) were estimated by using level 3 inputs based on a combination of income and cost approaches.

The estimated fair values of long-term debt as of December 31, 2024 and 2023, were approximately $6,883,455 and $6,975,901, respectively, as compared to their carrying values, excluding unamortized deferred financing costs and original issue premiums, of $7,180,185 and $7,499,771, respectively. Fair values for the senior notes were estimated based on recent trades, if available, and indicative pricing from market information and were classified as level 2 in the fair value hierarchy. Fair values for the credit facilities approximated their carrying values as the instruments carried variable interest rates that approximated the market rates and were classified as level 2 in the fair value hierarchy.

As of December 31, 2024 and 2023, the Company did not have any non-financial assets or liabilities that were recognized or disclosed at fair value in the accompanying consolidated financial statements.

14. CAPITAL STRUCTURE

Treasury Shares

Melco's treasury shares represent new shares issued by Melco and the shares repurchased by Melco under the respective share repurchase programs. The treasury shares are mainly held by the depositary bank to facilitate the administration and operations of Melco's share incentive plans, and are to be delivered to the directors, eligible employees and consultants on the vesting of restricted shares and upon the exercise of share options.

No ordinary shares were issued by Melco to its depositary bank for future vesting of restricted shares and exercise of share options during the years ended December 31, 2024, 2023 and 2022. Melco issued 10,006,209, 16,254,282 and 14,720,040 ordinary shares upon vesting of restricted shares; and nil, 82,242 and nil ordinary shares upon exercise of share options during the years ended December 31, 2024, 2023 and 2022, respectively.

On June 2, 2021, the Board of Directors of Melco authorized the repurchase of Melco's ordinary shares and/or ADSs of up to an aggregate of $500,000 over a three-year period which commenced on June 2, 2021 and expired on June 2, 2024 under a share repurchase program (the "2021 Share Repurchase Program"). Purchases under the 2021 Share Repurchase Program might be made from time to time on the open market at prevailing market prices, including pursuant to a trading plan in accordance with Rule 10b-18 and/or Rule 10b5-1 of the U.S. Securities Exchange Act, and/or in privately-negotiated transactions. The timing and the amount of ordinary shares and/or ADSs purchased were determined by Melco's management based on its evaluation of market conditions, trading prices, applicable securities laws and other factors. The 2021 Share Repurchase Program might be suspended, modified or terminated by Melco at any time prior to its expiration.

On June 3, 2024, the Board of Directors of Melco authorized the repurchase of Melco's ordinary shares and/or ADSs of up to an aggregate of $500,000 over a three-year period which commenced on June 3, 2024 and will expire on June 3, 2027 under a share repurchase program (the "2024 Share Repurchase Program") and replaced the 2021 Share Repurchase Program which had expired. Purchases under the 2024 Share Repurchase Program may be made from time to time on the open market at prevailing market prices, including pursuant to a trading plan in accordance with Rule 10b-18 and/or Rule 10b5-1 of the U.S. Securities Exchange Act, and/or in privately-negotiated transactions. The timing of the purchases and the amount of shares and/or ADSs purchased will be determined by Melco's management based on its evaluation of market conditions, trading prices, applicable securities laws and other factors. The 2024 Share Repurchase Program may be suspended, modified or terminated at any time, and Melco has no obligation to repurchase any amounts under the program.

On August 18, 2022, Melco, Melco International and Melco Leisure and Entertainment Group Limited ("Melco Leisure"), a subsidiary of Melco International, entered into a share repurchase agreement, pursuant to which Melco agreed to repurchase 9,995,799 ordinary shares of Melco and 25,000,000 ADSs of Melco (equivalent to 75,000,000 ordinary shares) from Melco Leisure (the "2022 Share Repurchase"). On August 26, 2022, the Share Repurchase was completed for an aggregate consideration of $152,709, which represents an average price of $1.7967 per share or $5.39 per ADS. Following the completion of the 2022 Share Repurchase, 9,995,799 ordinary shares of Melco were retired (the "2022 Share Retirement").

On March 8, 2023, Melco, Melco International and Melco Leisure entered into a share repurchase agreement, pursuant to which Melco agreed to repurchase 40,373,076 ordinary shares of Melco from Melco Leisure (the "2023 Share Repurchase"). On March 10, 2023, the 2023 Share Repurchase was completed for an aggregate consideration of $169,836, which represents an average price of $4.2067 per share or $12.62 per ADS and 40,373,076 ordinary shares of Melco repurchased from Melco Leisure were retired on the same date (the "2023 Share Retirement").

During the year ended December 31, 2024, 20,712,895 ADSs, equivalent to 62,138,685 ordinary shares were repurchased under the 2024 Share Repurchase Program, of which 53,138,685 ordinary shares repurchased were retired. Other than the 2023 Share Repurchase and the 2023 Share Retirement as described above, no ordinary shares were repurchased and retired during the year ended December 31, 2023. In addition to the 2022 Share Repurchase and the 2022 Share Retirement as described above, 5,929,076 ADSs, equivalent to 17,787,228 ordinary shares were repurchased under the 2021 Share Repurchase Program, of which 1,500,000 ordinary shares repurchased were retired during the year ended December 31, 2022.

As of December 31, 2024 and 2023, Melco had 1,351,540,382 and 1,404,679,067 issued ordinary shares; and 92,402,083 and 93,408,292 treasury shares, with 1,259,138,299 and 1,311,270,775 ordinary shares outstanding, respectively.

15. INCOME TAXES

Loss before income tax consisted of:

	Year Ended December 31,		
	2024	2023	2022
Macau operations	$ 438,047	$ 11,021	$ (720,470)
Hong Kong operations	(499,077)	(474,862)	(400,725)
Philippine operations	72,211	86,910	28,204
Cyprus operations	(7,295)	(29,171)	3,152
Other jurisdictions operations	(10,235)	4,194	(2,092)
Loss before income tax	$ (6,349)	$ (401,908)	$ (1,091,931)

The income tax expense consisted of:

	Year Ended December 31,		
	2024	2023	2022
Income tax expense – current:			
Macau Complementary Tax	$ 7,773	$ –	$ 9
Payments in lieu of Macau Complementary Tax on dividends	7,021	5,650	2,342
Hong Kong Profits Tax	185	11,613	528
Philippine Corporate Income Tax	–	4	5
Philippine withholding tax on dividends	5,515	2,566	–
Income tax in other jurisdictions	31	66	219
Sub-total	20,525	19,899	3,103
(Over) under provision of income taxes in prior years:			
Macau Complementary Tax	46	(511)	(560)
Payments in lieu of Macau Complementary Tax on dividends	(14)	(1,327)	–
Hong Kong Profits Tax	(1,035)	(450)	(4)
Philippine Corporate Income Tax	479	(157)	300
Income tax in other jurisdictions	(227)	50	98
Sub-total	(751)	(2,395)	(166)
Income tax expense (benefit) - deferred:			
Macau Complementary Tax	(337)	(7,931)	(768)
Hong Kong Profits Tax	640	(154)	3,276
Philippine Corporate Income Tax	959	3,366	(258)
Cyprus Corporate Income Tax	575	589	(578)
Income tax in other jurisdictions	(1)	48	627
Sub-total	1,836	(4,082)	2,299
Total income tax expense	$ 21,610	$ 13,422	$ 5,236

A reconciliation of the income tax expense from loss before income tax per the accompanying consolidated statements of operations is as follows:

	Year Ended December 31,		
	2024	2023	2022
Loss before income tax	$ (6,349)	$ (401,908)	$ (1,091,931)
Macau Complementary Tax rate	12%	12%	12%
Income tax benefit at Macau Complementary Tax rate	(762)	(48,229)	(131,032)
Payments in lieu of Macau Complementary Tax on dividends	7,021	5,650	2,342
Effect of different tax rates of subsidiaries operating in other jurisdictions	(14,719)	(13,422)	(12,271)
Over provision in prior years	(751)	(2,395)	(166)
Effect of income for which no income tax expense is payable	(29,371)	(14,178)	(11,727)
Effect of expenses for which no income tax benefit is receivable	95,116	80,455	70,687
Effect of profits generated by gaming operations exempted	(92,598)	(75,403)	(25,700)
Effect of tax losses that cannot be carried forward	–	–	15,553
Changes in valuation allowances	24,123	27,004	48,122
Expired tax losses	33,551	53,940	49,428
Income tax expense	$ 21,610	$ 13,422	$ 5,236

Melco and certain of its subsidiaries are exempt from tax in the Cayman Islands or British Virgin Islands, where they are incorporated, while Melco is subject to Hong Kong Profits Tax on profits from its activities conducted in Hong Kong. Certain subsidiaries incorporated or conducting businesses in Macau, Hong Kong, the Philippines, Cyprus, Sri Lanka and other jurisdictions are subject to Macau Complementary Tax, Hong Kong Profits Tax, Philippine Corporate Income Tax, Cyprus Corporate Income Tax, Sri Lanka Corporate Income Tax and income tax in other jurisdictions, respectively, during the year ended December 31, 2024, and Macau Complementary Tax, Hong Kong Profits Tax, Philippine Corporate Income Tax, Cyprus Corporate Income Tax and income tax in other jurisdictions, respectively, during the years ended December 31, 2023 and 2022.

Macau Complementary Tax, Hong Kong Profits Tax, Cyprus Corporate Income Tax and income tax in other jurisdictions have been provided at 12%, 16.5%, 12.5% and the respective tax rates in other jurisdictions, on the estimated taxable income earned in or derived from the respective jurisdictions, respectively, during the years ended December 31, 2024, 2023 and 2022, if applicable.

In the Philippines, the Corporate Recovery and Tax Incentives for Enterprises ("CREATE") took effect on April 11, 2021. CREATE reduced the minimum corporate income tax rate in the Philippines from 2% to 1% for the period from July 1, 2020 to June 30, 2023 and the corporate income tax rate in the Philippines from 30% to 25% starting July 1, 2020.

The subsidiaries incorporated in Sri Lanka are subject to Sri Lanka corporate income tax of 40% on profits from betting and gaming activities while profits of other businesses are subject to tax of 30% on profit earned in or derived from Sri Lanka and abroad.

Pursuant to Dispatches of the Macau Chief Executive dated February 17, 2022 and September 1, 2022, MRM was granted an extension of the Macau Complementary Tax exemption on profits generated from gaming operations under the previous gaming subconcession for the period from January 1, 2022 to June 26, 2022 and from June 27, 2022 to December 31, 2022, respectively. MRM continues to benefit from the Macau Complementary Tax exemption on profits generated from gaming operations under the Concession for the period of five years from 2023 to 2027 pursuant to a Dispatch of the Macau Chief Executive dated January 29, 2024. MRM's non-gaming profits are subject to the Macau Complementary Tax and its casino revenues remain subject to the Macau special gaming tax and other levies in accordance with the Concession effective on January 1, 2023. Studio City Entertainment Limited ("SCE"), a subsidiary of Melco, applied for an extension of the Macau Complementary Tax exemption on profits generated from income from MRM for 2022 under the previous gaming subconcession and for the period of 10 years from 2023 to 2032 under the Concession to the extent that such income is derived from Studio City gaming operations and has been subject to gaming tax. These applications are subject to the discretionary approval of the Macau government. The application for the Macau Complementary Tax exemption for 2023 to 2032 was confirmed to be rejected in September 2024. The dividend distributions of SCE from income tax exempted profits to its shareholders continue to be subject to the Macau Complementary Tax.

The gaming operations of MRL, the operator of City of Dreams Manila, are exempt from Philippine Corporate Income Tax, among other taxes, pursuant to the Philippine Amusement and Gaming Corporation ("PAGCOR") charter as a result of its payment of the 5% franchise tax based on gross gaming revenue in the Philippines, in lieu of all other taxes. MRL is also subject to license fees in accordance with the PAGCOR charter.

Had MRM and MRL not have been entitled to the income tax exemption on profits generated by gaming operations for the year ended December 31, 2024 in Macau and the Philippines, respectively, the Company's consolidated net income attributable to Melco Resorts & Entertainment Limited for the year ended December 31, 2024 would have been decreased by $92,463 and diluted net income attributable to Melco Resorts & Entertainment Limited per share would have been decreased by $0.071 per share. Had MRM and MRL not have been entitled to the income tax exemption on profits generated by gaming operations for the year ended December 31, 2023 in Macau and the Philippines, respectively, and if SCE's application for the extended exemption from Macau Complementary Tax on profits generated from income received from MRM were rejected during the year ended December 31, 2023, the Company's consolidated net loss attributable to Melco Resorts & Entertainment Limited for the year ended December 31, 2023 would have been increased by $75,190 and diluted net loss attributable to Melco Resorts & Entertainment Limited per share would have been increased by $0.057 per share. During the year ended December 31, 2022, MRM and SCE in Macau did not have any profits generated by gaming operations exempted from Macau Complementary Tax, while had MRL not received the income tax exemption on profits generated by gaming operations in the Philippines, the Company's consolidated net loss attributable to Melco Resorts & Entertainment Limited for the year ended December 31, 2022 would have been increased by $25,252 and diluted net loss attributable to Melco Resorts & Entertainment Limited per share would have been increased by $0.018 per share.

In December 2022 and March 2023, MRM received an extension of the agreements with the Macau government for an amount of MOP4,000 (equivalent to $497) and MOP4,167 (equivalent to $518) in relation to the payments in lieu of Macau Complementary Tax which would otherwise be borne by the shareholders of MRM on dividend distributions from gaming profits ("Payments in lieu of Macau Complementary Tax on Dividend Distributions") for the period from January 1, 2022 to June 26, 2022 and from June 27, 2022 to December 31, 2022, respectively, under the previous gaming subconcession. Such payments were required regardless of whether dividends were actually distributed or whether MRM had distributable profits in the relevant year. In February 2024, MRM entered into an agreement with the Macau government in relation to the Payments in lieu of Macau Complementary Tax on Dividend Distributions from January 1, 2023 to December 31, 2025. During the years ended December 31, 2024 and 2023, an estimated amount of $7,021 and $5,650 was provided for such arrangement, respectively.

Global Anti-Base Erosion Model Rules ("Pillar Two") have been enacted or substantively enacted in certain jurisdictions where the Company operates. Pillar Two is effective for the Company's financial year beginning on or after January 1, 2024. The Company is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Company's potential exposure to Pillar Two income taxes.

The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Company. Based on the assessment, the Pillar Two transitional safe harbor relief will apply or the effective tax rates are above 15% in 2024. Based on management's best estimate, the Company does not have exposure to Pillar Two top-up taxes for the year ended December 31, 2024.

The effective tax rates for the years ended December 31, 2024, 2023 and 2022 were (340.37)%, (3.34)% and (0.48)%, respectively. Such rates differ from the statutory Macau Complementary Tax rate of 12%, where the majority of the Company's operations are located, primarily due to the effects of expired tax losses, expenses for which no income tax benefit is receivable, income for which no income tax expense is payable, changes in valuation allowances, profits generated by gaming operations being exempted from Philippine Corporate Income Tax and different tax rates of subsidiaries operating in other jurisdictions for the relevant years together with the effect of certain profits generated by gaming operations being exempted from Macau Complementary Tax for the years ended December 31, 2024 and 2023; and the effect of tax losses that cannot be carried forward for the year ended December 31, 2022.

The net deferred tax liabilities as of December 31, 2024 and 2023 consisted of the following:

	December 31,	
	2024	**2023**
Deferred tax assets:		
Net operating losses carried forward	$ 216,542	$ 205,189
Depreciation and amortization	247,041	157,667
Lease liabilities	39,101	29,277
Other	19,300	16,936
Sub-total	521,984	409,069
Valuation allowances	(477,834)	(374,623)
Total deferred tax assets	44,150	34,446
Deferred tax liabilities:		
Right-of-use assets	(20,366)	(9,471)
Land use rights	(35,546)	(36,513)
Intangible assets	(8,800)	(9,718)
Unrealized capital allowances	(3,446)	(4,405)
Other	(12,700)	(9,298)
Total deferred tax liabilities	(80,858)	(69,405)
Deferred tax liabilities, net	$ (36,708)	$ (34,959)

As of December 31, 2024 and 2023, valuation allowances of $477,834 and $374,623 were provided, respectively, as management believes it is more likely than not that these deferred tax assets will not be realized. As of December 31, 2024, adjusted operating tax losses carried forward of $5,470 have no expiry date and the remaining amount of adjusted operating tax losses carried forward of $1,427,622 will expire by 2025 through 2034. Adjusted operating tax losses carried forward of $279,594 expired during the year ended December 31, 2024.

Deferred tax, where applicable, is provided under the asset and liability method at the enacted statutory income tax rate of the respective tax jurisdictions, applicable to the respective financial years, on the difference between the consolidated financial statements carrying amounts and income tax base of assets and liabilities.

Aggregate undistributed earnings of certain of Melco's foreign subsidiaries available for distribution to Melco of approximately $745,397 and $745,694 as of December 31, 2024 and 2023, respectively, are considered to be indefinitely reinvested. Accordingly, no provision has been made for the dividend withholding taxes that would be payable upon the distribution of those amounts to Melco. If those earnings were to be distributed or they were determined to be no longer permanently reinvested, Melco would have to record a deferred income tax liability in respect of those undistributed earnings of approximately $89,448 and $89,483 as of December 31, 2024 and 2023, respectively.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits is presented as follows:

	Year Ended December 31,		
	2024	2023	2022
At beginning of year	$ 27,332	$ 22,940	$ 16,342
Additions based on tax positions related to current year	8,056	756	6,810
Additions based on tax positions related to prior year	50	4,984	–
Reductions due to expiry of the statute of limitations	(1,989)	(1,348)	(212)
At end of year	$ 33,449	$ 27,332	$ 22,940

The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate were $33,449 and $27,332 as of December 31, 2024 and 2023, respectively.

As of December 31, 2024 and 2023, there were no interest and penalties related to uncertain tax positions recognized in the accompanying consolidated financial statements. The Company does not anticipate any significant increases or decreases in unrecognized tax benefits within the next twelve months.

Melco and its subsidiaries' major tax jurisdictions are Macau, Hong Kong, the Philippines, Cyprus and Sri Lanka. Income tax returns of Melco and its subsidiaries remain open and subject to examination by the local tax authorities of Macau, Hong Kong, the Philippines, Cyprus and Sri Lanka until the statute of limitations expire in each corresponding jurisdiction. The statute of limitations in Macau, Hong Kong, the Philippines, Cyprus and Sri Lanka are five years, six years, three years, six years and two and a half years, respectively.

16. SHARE-BASED COMPENSATION

2011 Share Incentive Plan

Melco adopted a share incentive plan in 2011 (the "2011 Share Incentive Plan"), effective on December 7, 2011, which had been subsequently amended and restated, for grants of various share-based awards, including but not limited to, options to purchase Melco's ordinary shares, restricted shares, share appreciation rights and other types of awards to eligible directors, employees and consultants of the Company and its affiliates. The maximum term of an award was 10 years from the date of the grant. The maximum aggregate number of ordinary shares to be available for all awards under the 2011 Share Incentive Plan was 100,000,000 over 10 years, which could be raised up to 10% of the issued share capital upon shareholders' approval. The 2011 Share Incentive Plan would have expired ten years after December 7, 2011.

Melco adopted the 2021 Share Incentive Plan as described below, effective on December 6, 2021 (also the termination date of the 2011 Share Incentive Plan). Upon the termination of the 2011 Share Incentive Plan, no further awards may be granted under the 2011 Share Incentive Plan but the provisions of such plan shall remain in full force and effect in all other respects for any awards granted prior to the date of the termination of such plan.

Share Options

A summary of the share options activity under the 2011 Share Incentive Plan for the year ended December 31, 2024, is presented as follows:

	Number of Share Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Outstanding as of January 1, 2024	2,689,647	$ 5.93		
Expired	(394,014)	7.15		
Outstanding as of December 31, 2024	2,295,633	$ 5.72	4.43	$ –
Fully vested and exercisable as of December 31, 2024	2,295,633	$ 5.72	4.43	$ –

The following information is provided for share options under the 2011 Share Incentive Plan:

	Year Ended December 31,		
	2024	2023	2022
Proceeds from the exercise of share options	$ –	$ 58	$ –
Intrinsic value of share options exercised	$ –	$ 7	$ –

As of December 31, 2024, there were no unrecognized compensation costs related to share options under the 2011 Share Incentive Plan.

Restricted Shares

On July 7, 2021, a total of 52,056 restricted shares were granted to employees of an affiliated company, a subsidiary of Melco International, for their services rendered to Melco International, with vesting periods of three months to twelve months. The grant date fair value for these restricted shares, which was determined with reference to the market closing price of Melco's ADSs trading on the Nasdaq Global Select Market on the date of grant, were recognized as a deemed distribution to Melco International in respect of share-based compensation against retained earnings over the vesting period. Deemed distributions to Melco International in respect of these restricted shares of $143 and $136 were recognized during the years ended December 31, 2022 and 2021. During the year ended December 31, 2022, the reimbursement from Melco International of $279 for restricted shares granted to employees of an affiliated company were recognized as an increase in additional paid-in capital of the Company as deemed contribution from Melco International in respect of these restricted shares, with a corresponding increase in receivable from affiliated companies in the consolidated balance sheet.

A summary of the restricted shares activity under the 2011 Share Incentive Plan for the year ended December 31, 2024, is presented as follows:

	Number of Restricted Shares	Weighted Average Grant Date Fair Value
Unvested as of January 1, 2024	1,826,838	$ 6.81
Vested	(1,814,232)	6.81
Forfeited	(12,606)	6.89
Unvested as of December 31, 2024	–	$ –

The following information is provided for restricted shares under the 2011 Share Incentive Plan:

	Year Ended December 31,		
	2024	2023	2022
Grant date fair value of restricted shares vested	$ 12,359	$ 28,638	$ 54,424

As of December 31, 2024, there were no unrecognized compensation costs related to restricted shares under the 2011 Share Incentive Plan.

2021 Share Incentive Plan

Melco adopted the 2021 Share Incentive Plan, effective on December 6, 2021, which was subsequently amended on June 13, 2024 to bring the plan in line with applicable listing rules in Hong Kong that impact Melco International, for grants of various share-based awards, including but not limited to, options to purchase Melco's ordinary shares, restricted shares, share appreciation rights and other types of awards to eligible directors, employees and consultants of the Company and its affiliates. The maximum term of an award is 10 years from the date of the grant. The maximum aggregate number of ordinary shares to be available for all awards under the 2021 Share Incentive Plan may be increased from time to time, provided that the maximum aggregate number of Melco's ordinary shares which may be issued under the 2021 Share Incentive Plan shall not be more than 10% of the total number of the issued share capital of Melco on the date the plan limit is approved by the shareholders of Melco International in accordance with the applicable listing rules in Hong Kong. As of December 31, 2024, there were 90,868,413 ordinary shares available for grants of various share-based awards under the 2021 Share Incentive Plan.

Share Options

During the years ended December 31, 2024, 2023 and 2022, the exercise prices for share options granted under the 2021 Share Incentive Plan were determined at the market closing prices of Melco's ADSs trading on the Nasdaq Global Select Market on the dates of grant. These share options became exercisable over vesting periods of one to three years. The share options granted expire 10 years from the date of grant.

The Company uses the Black-Scholes valuation model to determine the estimated fair value for each share option granted, with certain assumptions, changes in which could materially affect the estimated fair value. Dividend yield is based on the estimate of annual dividends expected to be paid at the time of grant. Expected volatility is based on the historical volatility of Melco's ADSs trading on the Nasdaq Global Select Market. Expected term is based upon the vesting term or the historical expected term of publicly traded companies. The risk-free interest rate used for each period presented is based on the United States of America Treasury yield curve at the time of grant for the period equal to the expected term.

The fair values of share options granted under the 2021 Share Incentive Plan were estimated on the dates of grant using the following weighted average assumptions:

	Year Ended December 31,		
	2024	**2023**	**2022**
Expected dividend yield	2.50%	2.50%	2.50%
Expected stock price volatility	60.00%	58.67%	51.00%
Risk-free interest rate	4.36%	3.39%	2.69%
Expected term (years)	5.1	5.1	5.1

On March 28, 2022, the compensation committee of Melco approved a proposal to allow for an option exchange program, designed to provide the eligible participants an opportunity to exchange certain outstanding underwater share options for new share options and new restricted shares to be granted, subject to the eligible participants' consent (the "Option Exchange Program"). The share options eligible for exchange under the Option Exchange Program were those that were granted during the years from 2012 to 2021 under the 2011 Share Incentive Plan, including those unvested, or vested but not exercised or the unexercised share options granted in 2012 but expired in March 2022. The Option Exchange Program became unconditional and effective on April 15, 2022, the date Melco accepted the eligible participants' consent (the "Modification Date"), with a total of 26,076,978 eligible share options were tendered and surrendered by eligible participants (the "Cancelled Share Options") and Melco granted an aggregate of 2,486,241 new share options (the "Replacement Share Options") and 5,912,547 new restricted shares (the "Replacement Restricted Shares") under the 2021 Share Incentive Plan. The Replacement Share Options and Replacement Restricted Shares have vesting periods of one to two years. The Replacement Share Options expire 10 years from April 6, 2022. A total incremental share-based compensation expense resulting from the Option Exchange Program was approximately $3,306, representing the excess of (i) the fair value of certain Replacement Share Options measured using the Black-Scholes valuation model on the Modification Date; and (ii) the fair value of certain Replacement Restricted Shares determined with reference to the market closing price of Melco's ADSs trading on the Nasdaq Global Select Market on the Modification Date, over the fair value of the Cancelled Share Options that were granted during 2013 to 2021 immediately before the exchange. The incremental share-based compensation expenses and the unrecognized compensation costs remaining from the Cancelled Share Options are being recognized over the new vesting periods of the Replacement Share Options and Replacement Restricted Shares. The weighted average fair value of the Replacement Share Options at the Modification Date was $0.82.

The fair values of the Replacement Share Options granted under the 2021 Share Incentive Plan were estimated on the Modification Date using the following weighted average assumptions:

Expected dividend yield	2.50%
Expected stock price volatility	52.50%
Risk-free interest rate	2.75%
Expected term (years)	4.6

A summary of the share options activity under the 2021 Share Incentive Plan for the year ended December 31, 2024, is presented as follows:

	Number of Share Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Outstanding as of January 1, 2024	5,451,327	$ 2.52		
Granted	1,815,498	2.52		
Forfeited	(76,167)	2.47		
Outstanding as of December 31, 2024	7,190,658	$ 2.52	7.79	$ –
Fully vested and expected to vest as of December 31, 2024	7,190,658	$ 2.52	7.79	$ –
Exercisable as of December 31, 2024	4,387,266	$ 2.49	7.27	$ –

The following information is provided for share options under the 2021 Share Incentive Plan:

	Year Ended December 31, 2024	2023	2022
Weighted average grant date fair value (excluding the options granted under the Option Exchange Program)	$ 1.16	$ 1.82	$ 0.94
Proceeds from the exercise of share options	$ –	$ 168	$ –
Intrinsic value of share options exercised	$ –	$ 120	$ –

As of December 31, 2024, there were $1,851 unrecognized compensation costs related to share options under the 2021 Share Incentive Plan and the costs are expected to be recognized over a weighted average period of 2.03 years.

Restricted Shares

Certain restricted shares were approved by Melco to be granted under the 2021 Share Incentive Plan to the eligible management personnel of the Company in lieu of the 2022 bonus for their services performed during 2022. A total of 4,350,111 restricted shares were granted and vested immediately on April 5, 2023 (the "2022 Bonus Shares") with the grant date fair value of $12.38 per ADS or $4.13 per share, which was the closing price of Melco's ADSs trading on the Nasdaq Global Select Market on the date of grant. Based on the estimated bonus amount, share-based compensation expenses of $17,926, of which $680 were capitalized, were recognized for such grant during the year ended December 31, 2022.

Other than the restricted shares granted under the 2022 Bonus Shares as described above, the fair values for restricted shares granted under the 2021 Share Incentive Plan during the years ended December 31, 2024, 2023 and 2022, with vesting periods of generally five months to three years, were determined with reference to the market closing prices of Melco's ADSs trading on the Nasdaq Global Select Market on the dates of grant or the Modification Date.

A summary of the restricted shares activity under the 2021 Share Incentive Plan for the year ended December 31, 2024, is presented as follows:

	Number of Restricted Shares	Weighted Average Grant Date or Modification Date Fair Value
Unvested as of January 1, 2024	17,087,046	$ 3.08
Granted	12,478,449	2.49
Vested	(8,879,376)	2.82
Forfeited	(432,252)	2.87
Unvested as of December 31, 2024	20,253,867	$ 2.83

The following information is provided for restricted shares under the 2021 Share Incentive Plan:

	Year Ended December 31,		
	2024	2023	2022
Weighted average grant date fair value (excluding the options granted under the Option Exchange Program)	$ 2.49	$ 4.12	$ 2.35
Grant date fair value of restricted shares vested	$ 24,996	$ 36,732	$ 12,967

As of December 31, 2024, there were $35,358 unrecognized compensation costs related to restricted shares under the 2021 Share Incentive Plan and the costs are expected to be recognized over a weighted average period of 1.81 years.

MRP Share Incentive Plan

MRP adopted a share incentive plan (the "MRP Share Incentive Plan"), effective on June 24, 2013, which was subsequently amended and restated, for grants of various share-based awards, including but not limited to, options to purchase MRP common shares, restricted shares, share appreciation rights and other types of awards to eligible directors, employees and consultants of MRP and its subsidiaries, and the Company and its affiliates. The maximum term of an award is 10 years from the date of grant. The maximum aggregate number of common shares to be available for all awards under the MRP Share Incentive Plan was 442,630,330 shares (before the Reverse Stock Split as disclosed in Note 24) with up to 5% of the issued capital stock of MRP from time to time over 10 years. The MRP Share Incentive Plan expired on June 24, 2023.

Share Options

As of December 31, 2024 and 2023, there were no outstanding share options and unrecognized compensation costs related to share options under the MRP Share Incentive Plan.

There were no share options granted under the MRP Share Incentive Plan during the years ended December 31, 2023 and 2022 before its expiration or exercised during the years ended December 31, 2024, 2023 and 2022.

Restricted Shares

As of December 31, 2024 and 2023, there were no unvested restricted shares and unrecognized compensation costs related to restricted shares under the MRP Share Incentive Plan.

There were no restricted shares granted or vested under the MRP Share Incentive Plan before its expiration during the years ended December 31, 2023 and 2022.

Melco International Share Incentive Plan

On September 6, 2019, certain share-based awards under Melco International's share option scheme adopted on May 30, 2012 and share purchase scheme adopted on October 18, 2007 (the "Melco International Share Incentive Plan") were granted by Melco International to an employee of the Company.

On April 6, 2022, the board of directors of Melco International announced an option exchange program, to provide the eligible participants an opportunity to exchange certain outstanding underwater share options for new share options and new restricted shares to be granted, subject to the eligible participants' consent (the "Melco International Option Exchange Program"). The share options eligible for exchange under the Melco International Option Exchange Program were those that were granted during the years from 2016 to 2021 under the Melco International Share Incentive Plan, including those unvested, or vested but not exercised. The Melco International Option Exchange Program became effective on April 6, 2022. A total of 14,200,000 eligible share options granted to an employee of the Company were accepted and surrendered and Melco International granted an aggregate of 4,740,000 new restricted shares under the Melco International Share Incentive Plan (the "Melco International Replacement Restricted Shares"). The Melco International Replacement Restricted Shares have vesting periods of one to two years. No incremental share-based compensation expense was resulted from the Melco International Option Exchange Program.

In accordance with the applicable accounting standards, the share-based compensation expenses related to the grant of share-based awards under the Melco International Share Incentive Plan to an employee of the Company, to the extent of services received by the Company, are recognized in the accompanying consolidated statements of operations with a corresponding increase in additional paid-in capital, representing capital contribution from Melco International. No share-based compensation expenses related to share-based awards under the Melco International Share Incentive Plan were recognized during the years ended December 31, 2024 and 2023.

The share-based compensation expenses for the Company were recognized as follows:

	Year Ended December 31,		
	2024	**2023**	**2022**
Share-based compensation expenses:			
2011 Share Incentive Plan	$ 1,883	$ 10,343	$ 38,823
2021 Share Incentive Plan	26,620	26,092	32,803
Melco International Share Incentive Plan	–	–	2,865
Total share-based compensation expenses	28,503	36,435	74,491
Less: Share-based compensation expenses capitalized in property and equipment	(1,135)	(962)	(2,682)
Share-based compensation expenses recognized in general and administrative expenses	$ 27,368	$ 35,473	$ 71,809

17. EMPLOYEE BENEFIT PLANS

The Company operates defined contribution fund schemes in different jurisdictions, which allow eligible employees to participate in defined contribution plans (the "Defined Contribution Fund Schemes"). The Company either contributes a fixed percentage of the eligible employees' relevant income, a fixed amount or an amount which matches the contributions of the employees up to a certain percentage of relevant income to the Defined Contribution Fund Schemes. The Company's contributions to the Defined Contribution Fund Schemes are vested with employees in accordance to vesting schedules, achieving full vesting ranging from upon contribution to 10 years from the date of employment. The Defined Contribution Fund Schemes were established under trusts with the fund assets being held separately from those of the Company by independent trustees.

Employees employed by the Company in different jurisdictions are members of government-managed social security fund schemes (the "Social Security Fund Schemes"), which are operated by the respective governments, if applicable. The Company is required to pay monthly fixed contributions or certain percentages of employee relevant income and meet the minimum mandatory requirements of the respective Social Security Fund Schemes to fund the benefits.

During the years ended December 31, 2024, 2023 and 2022, the Company's contributions into the defined contribution retirement benefits schemes were $36,310, $32,041 and $26,688, respectively.

18. DISTRIBUTION OF PROFITS

Subsidiaries of Melco incorporated in Macau are required to set aside a minimum of 10% to 25% of the entity's profit after tax to the legal reserve until the balance of the legal reserve reaches a level equivalent to 25% to 50% of the entity's share capital in accordance with the provisions of the Macau Commercial Code. The legal reserve is not available for distribution to the shareholders of the subsidiaries. The appropriation of the legal reserve is recorded in the subsidiaries' financial statements in the year in which it is approved by the shareholders of the relevant subsidiaries. As of December 31, 2024 and 2023, the aggregate balance of the legal reserves amounted to $36,793 and $31,525, respectively.

The Company's borrowings, subject to certain exceptions and conditions, contain certain restrictions on paying dividends and other distributions, as defined in the respective indentures governing the relevant senior notes and credit facility agreements, and disclosed in Note 11 under each of the respective borrowings.

19. DIVIDENDS

During the years ended December 31, 2024, 2023 and 2022, the Company did not declare any dividends on the ordinary shares.

20. REGULAR LICENSE, COOPERATION AGREEMENT, OPERATING AGREEMENT AND MRP LEASE AGREEMENT FOR CITY OF DREAMS MANILA

The following agreements related to the development of City of Dreams Manila were entered into by the relevant parties of the Licensees (described below) and certain of its subsidiaries, which became effective on March 13, 2013 and end on the date of expiry of the Regular License as described below, currently expected to be on July 11, 2033, unless terminated earlier in accordance with the respective terms of the individual agreements.

(a) Regular License

On April 29, 2015, PAGCOR issued a regular casino gaming license, as amended (the "Regular License") in replacement of a provisional license granted as of March 13, 2013, to the co-licensees (the "Licensees") namely, MPHIL Holdings No. 1 Corporation, a subsidiary of MRP, and its subsidiaries including MRL (collectively the "MPHIL Holdings Group"), SM Investments Corporation ("SMIC"), Belle Corporation ("Belle") and PremiumLeisure and Amusement, Inc. ("PLAI") (SMIC, Belle and PLAI are collectively referred to as the "Philippine Parties") for the establishment and operation of City of Dreams Manila, with MRL, a co-licensee, as the "special purpose entity" to operate the casino business and as representative for itself and on behalf of the other co-licensees in dealings with PAGCOR. The Regular License has the same terms and conditions as the provisional license, and is valid until July 11, 2033. Further details of the terms and commitments under the Regular License are included in Note 21(b).

(b) Cooperation Agreement

The Licensees and certain of its subsidiaries entered into a cooperation agreement (the "Cooperation Agreement") and other related arrangements which govern the rights and obligations of the Licensees. Under the Cooperation Agreement, MRL is appointed as the sole and exclusive representative of the Licensees in connection with the Regular License and is designated as the operator to operate and manage City of Dreams Manila. Further details of the commitments under the Cooperation Agreement are included in Note 21(b).

(c) Operating Agreement

The Licensees entered into an operating agreement (the "Operating Agreement") which governs the operation and management of City of Dreams Manila by MRL. Under the Operating Agreement, MRL is appointed as the sole and exclusive operator and manager of City of Dreams Manila, and is responsible for, and has sole discretion (subject to certain exceptions) and control over, all matters relating to the operation and management of City of Dreams Manila (including the gaming and non-gaming operations). The Operating Agreement also includes terms of certain monthly payments to PLAI from MRL, based on the performance of gaming operations of City of Dreams Manila and is included in payments to the Philippine Parties in the accompanying consolidated statements of operations, and further provides that MRL has the right to retain all revenues from non-gaming operations of City of Dreams Manila.

As a result of the disruptions and impact caused by the COVID-19 outbreak, on March 22, 2021, MRL and PLAI entered into a supplemental agreement to the Operating Agreement where the monthly payments paid or payable by MRL from 2019 to 2022 were adjusted.

(d) MRP Lease Agreement

MRL and Belle entered into a lease agreement, as amended from time to time (the "MRP Lease Agreement") under which Belle agreed to lease to MRL the land and certain of the building structures for City of Dreams Manila. The leased property is used by MRL and any of its affiliates exclusively as a hotel, casino and resort complex.

On August 19, 2022 and October 31, 2022, MRL and Belle entered into supplemental agreements to the MRP Lease Agreement to make certain adjustments to the rental payments paid or payable by MRL from 2022 to 2033.

21. COMMITMENTS AND CONTINGENCIES

(a) Capital Commitments

As of December 31, 2024, the Company had capital commitments mainly for the construction and acquisitions of property and equipment for Studio City, City of Dreams and Sri Lanka Casino totaling $101,888.

(b) Other Commitments

Concession – Macau

Under the Concession awarded by the Macau government to MRM on December 16, 2022, in addition to the fixed premium and variable premiums, as well as the Fee (see Note 7), MRM is obligated to pay the Macau government the following:

i) A special gaming tax of an amount equal to 35% of gross gaming revenue on a monthly basis;

ii) Contributions of 2% and 3% of gross gaming revenue to a public fund, and to urban development, touristic promotion and social security, respectively, on a monthly basis. These contributions may be waived or reduced with respect to gross gaming revenue generated by foreign patrons under certain circumstances;

iii) A special premium in the event the average gross gaming revenue of MRM's gaming tables does not reach the annual minimum of MOP7,000 (equivalent to $875) and the average gross gaming revenue of the electronic gaming machines does not reach the annual minimum of MOP300 (equivalent to $38). The amount of the special premium is equivalent to the difference between the amount of the special gaming tax paid by MRM and the amount that would be paid under the annual minimum set average gross gaming revenue for gaming tables and electronic gaming machines; and

iv) MRM must maintain a guarantee issued by a Macau bank in favor of the Macau government in the amount of MOP1,000,000 (equivalent to $125,056) until 180 days after the earlier of the expiration or termination of the Concession to guarantee its performance of certain of its legal and contractual obligations, including labor obligations.

As a result of the bank guarantee issued by the bank to the Macau government as disclosed above, a sum of 0.03% per annum of the guarantee amount is payable by MRM to the bank.

Committed Investment

In connection with the Concession, MRM has undertaken to carry out investment in the overall amount of MOP11,823,700 (equivalent to $1,478,629) by December 2032. The investment plan includes gaming and non-gaming related projects in the expansion of foreign market patrons, conventions and exhibitions, entertainment shows, sports events, art and culture, health and well-being, thematic entertainment, gastronomy, community and maritime tourism and others. Out of the total investment amount referred to above, MOP10,008,000 (equivalent to $1,251,564) is to be applied to non-gaming related projects, with the balance applied to gaming related projects. MRM has undertaken to carry out incremental additional non-gaming investment in the amount of approximately 20% of its initial non-gaming investment, or MOP2,003,000 (equivalent to $250,488), in the event the Macau's annual gross gaming revenue reaches MOP180,000,000 (equivalent to $22,510,141) (the "Incremental Investment Trigger"). As Macau's annual gross gaming revenue exceeded MOP180,000,000 (equivalent to $22,510,141) in 2023, the Incremental Investment Trigger was reached and, the non-gaming investment to be carried out was increased by MOP2,003,000 (equivalent to $250,488) to MOP12,011,000 (equivalent to $1,502,052), with the overall investment amount increased to MOP13,826,700 (equivalent to $1,729,116) to be carried out by December 2032. As of December 31, 2024, the total investment in gaming and non-gaming related projects carried out was in the aggregate amount of MOP3,341,450 (equivalent to $417,870).

Regular License - Philippines

Commitments required by PAGCOR under the Regular License are as follows:

- To secure a surety bond in favor of PAGCOR in the amount of PHP100,000 (equivalent to $1,724) to ensure prompt and punctual remittances/payments of all license fees.

- License fees must be remitted on a monthly basis, in lieu of all taxes with reference to the income component of the gross gaming revenues: (a) 15% high roller tables; (b) 25% non-high roller tables; (c) 25% slot machines and electronic gaming machines; and (d) 15% junket operations.

  The license fees are inclusive of the 5% franchise tax under the terms of the PAGCOR charter. In October 2021, certain terms under the Regular License were amended to include the monthly minimum guarantee fee of PHP300 (equivalent to $5) on certain games under the 25% non-high roller tables effective on March 15, 2022. This monthly minimum guarantee fee was discontinued in June 2022, but was reinstated on March 2, 2023.

- The Licensees are required to remit 2% of casino revenues generated from non-junket operation tables to a foundation devoted to the restoration of Philippine cultural heritage, as selected by the Licensees and approved by PAGCOR.

- PAGCOR may collect a 5% fee on non-gaming revenue received from food and beverage, retail and entertainment outlets. All revenues from hotel operations should not be subject to the 5% fee except for rental income received from retail concessionaires.

- Grounds for revocation of the Regular License, among others, are as follows: (a) failure to comply with material provisions of this license; (b) failure to remit license fees within 30 days from receipt of notice of default; (c) the holder has become bankrupt or insolvent; and (d) if the debt-to-equity ratio is more than 70:30. As of December 31, 2024 and 2023, MPHIL Holdings Group, as one of the Licensee parties, has complied with the required debt-to-equity ratio under the definition as agreed with PAGCOR.

Cooperation Agreement - Philippines

Under the terms of the Cooperation Agreement, the Licensees are jointly and severally liable to PAGCOR under the Regular License and each Licensee (indemnifying Licensee) must indemnify the other Licensees for any losses suffered or incurred by that Licensee arising out of, or in connection with, any breach by the indemnifying Licensee of the Regular License. Also, each of the Philippine Parties and MPHIL Holdings Group agree to indemnify the non-breaching party for any losses suffered or incurred as a result of a breach of any warranties.

Gaming License - Cyprus

Pursuant to the Cyprus License agreement, in addition to the Cyprus License Fee (see Note 7), the Cyprus Subsidiary has committed to pay the Cyprus government a casino tax of an amount equal to 15% of the gross gaming revenue on a monthly basis and the rate shall not be increased during the period of exclusivity for the Cyprus License.

Gaming License - Sri Lanka

Pursuant to the casino business regulation in Sri Lanka and based on the type of the Sri Lanka License granted by the Sri Lanka government to Bluehaven on March 27, 2024, Bluehaven is required to (i) invest a minimum amount of $100,000 in a casino; and (ii) operate such casino in an integrated resort in which a minimum of $500,000 has been invested, as approved by the Sri Lanka government. Confirmation of the satisfaction of (ii) above was provided to the Sri Lanka government as part of Bluehaven's application for the Sri Lanka License.

In accordance with the Sri Lanka Betting and Gaming Levy Act (as amended), Bluehaven is subject to (i) an annual levy of LKR500,000 (equivalent to $1,709) from the fiscal year in which it commences carrying on the business of gaming and (ii) a monthly gross collection levy of 15% of total collections from the business of gaming (exempted if monthly gross collections do not exceed LKR1,000 (equivalent to $3)).

Agreement with the Board of Investment - Sri Lanka

On June 28, 2024, Bluehaven signed an agreement (the "BOI Agreement") with the Board of Investment of Sri Lanka confirming its investment plan and commitment, in return for certain import and labor-related concessions. Pursuant to the BOI Agreement, Bluehaven, subject to the terms and certain conditions, is obligated to create and operate a "recreation center including a casino and related activities" in the integrated resort developed by WPL with an investment amount of $100,000 (the "Investment") by (i) the date which is 24 months from June 28, 2024, or (ii) the date that the casino commences operations, which ever occurs first. The Investment commitment is required to be funded by 20% equity and 80% loan capital as foreign direct investment. As of December 31, 2024, the Company made equity and loan investments of LKR6,040,000 (equivalent to $19,624) and $20,000, respectively, in Bluehaven for its operation and development of the Sri Lanka Casino.

(c) Guarantees

In addition to as disclosed in Notes 11 and 21(b), the Company has made the following significant guarantees as of December 31, 2024:

- Melco entered into a deed of guarantee with a third party amounting to $5,000 to guarantee certain payment obligations of the City of Dreams' operations.
- In October 2013, one of the Melco's subsidiaries entered into a trade credit facility agreement for HK$200,000 (equivalent to $25,762) ("Trade Credit Facility") with a bank to meet certain payment obligations of the Studio City project. The Trade Credit Facility which matured on August 31, 2023 was further extended to August 31, 2025, and is guaranteed by SCC. As of December 31, 2024, approximately $644 of the Trade Credit Facility had been utilized.
- MRL issued a corporate guarantee of PHP100,000 (equivalent to $1,724) to a bank in respect of a surety bond issued to PAGCOR as disclosed in Note 21(b) under the Regular License.

(d) Litigation

On July 24, 2024, Avax S.A. & Terna S.A. (the "Claimants", main contractor for the construction of City of Dreams Mediterranean) filed a notice of arbitration against ICR Cyprus Resort Development Co Limited, a subsidiary of the Company (the "Respondent") initiating an arbitration under the London Court of International Arbitration Rules, principally seeking additional payment for the construction of City of Dreams Mediterranean (the "Arbitration"). The Respondent intends to vigorously defend against the claims and believes that the claims are without merit. The Respondent has significant counter claims against the Claimants which the Respondent intends to vigorously pursue. The Arbitration is in the preliminary stages and the Company has determined that based on the Arbitration progress to date, it is currently unable to determine the outcome of the Arbitration or reasonably estimate the range of possible loss, if any.

As of December 31, 2024, the Company was a party to certain other legal proceedings which relate to matters arising out of the ordinary course of its business. Management believes that the outcomes of such proceedings have been adequately provided for or have no material impacts on the Company's consolidated financial statements as a whole.

22. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2024, 2023 and 2022, the Company entered into the following significant related party transactions:

		Year Ended December 31,		
Related companies	**Nature of transactions**	**2024**	**2023**	**2022**
Transactions with affiliated companies				
Melco International and its subsidiaries	**Revenues and income (services provided by the Company):**			
	Shared service fee income for corporate office	$ 1,704	$ 2,198	$ 2,188
	Loan interest income	–	1,238	16,133
	Costs and expenses (services provided to the Company):			
	Management fee expenses[(1)]	2,294	2,182	1,394
	Share-based compensation expenses[(2)]	–	–	2,865
	Trademark license fees[(3)]	5,978	–	–

(1) The amount mainly represents management fee expenses for the services provided by the senior management of Melco International and for the operation of the office of Melco's Chief Executive Officer.

(2) The amount represents the share-based compensation expenses related to the grant of certain share-based awards under the Melco International Share Incentive Plan to an employee of the Company. Further information on the share-based compensation arrangements is included in Note 16.

(3) The amount represents the fees to use certain licensed marks granted by Melco International, as licensor, to the Company in the territories as defined in the trademark license agreement with a term of 10 years commenced on January 1, 2024 and the trademark license fees are payable at a percentage of the gross revenues of City of Dreams as agreed from time to time between both parties.

Other Related Party Transactions

During the year ended December 31, 2024, an aggregate principal amount of $30,000 and $705 of the 2025 SCF Senior Notes held by Mr. Lawrence Yau Lung Ho ("Mr. Ho"), Melco's Chief Executive Officer, and an independent director of Melco, were purchased by SCF for a consideration of $30,000 and $705, respectively. As of December 31, 2024, Mr. Ho and his controlled entity; an independent director of Melco; and an executive officer of Melco held an aggregate principal amount of $30,000, $3,886 and $1,600 senior notes issued by subsidiaries of Melco, respectively.

During the year ended December 31, 2023, a principal amount of $909 of the 2025 SCF Senior Notes held by an independent director of Melco was purchased by SCF for a consideration of $886. As of December 31, 2023, Mr. Ho and his controlled entity; and an independent director of Melco held an aggregate principal amount of $60,000 and $7,591 senior notes issued by subsidiaries of Melco, respectively.

During the years ended December 31, 2024, 2023 and 2022, total interest expense of $2,508, $3,300 and $3,300, in relation to the senior notes issued by a subsidiary of Melco, were paid or payable to Mr. Ho and his controlled entity, respectively. During the years ended December 31, 2024, 2023 and 2022, total interest expense of $486, $519 and $497, in relation to the senior notes issued by subsidiaries of Melco, were paid or payable to an independent director of Melco, respectively. During the year ended December 31, 2024, total interest expense of $25, in relation to the senior notes issued by subsidiaries of Melco, was paid or payable to an executive officer of Melco.

(a) Receivables from Affiliated Companies

The outstanding balances mainly arising from operating income or prepayment of operating expenses on behalf of the affiliated companies as of December 31, 2024 and 2023 are unsecured, non-interest bearing and repayable on demand with details as follows:

	December 31,	
	2024	**2023**
Melco International and its subsidiaries and joint venture	$ 2,357	$ 728
Other	65	69
	$ 2,422	$ 797

(b) Payables to Affiliated Companies

The outstanding balances mainly arising from operating expenses and expenses paid by affiliated companies on behalf of the Company as of December 31, 2024 and 2023, are unsecured, non-interest bearing and repayable on demand with details as follows:

	December 31, 2024	December 31, 2023
Melco International and its subsidiaries	$ 39	$ 377

(c) Receivables from an Affiliated Company, Non-current

On March 28, 2022, Melco entered into a facility agreement (the "Facility Agreement") with Melco International pursuant to which a $250,000 revolving loan facility was granted by Melco as lender to Melco International as borrower for a period of 12 months after the first utilization date (the last day of such period being the "Final Repayment Date"). Melco International could request utilization of all or part of the loan from the date of the Facility Agreement until one month prior to the Final Repayment Date for general corporate purposes of Melco International and its subsidiaries (excluding the Company). Principal amounts outstanding under the Facility Agreement bore interest at an annual rate of 11%, with outstanding principal amounts and accrued interest payable by Melco International on the Final Repayment Date. On December 30, 2022, Melco and Melco International agreed to amend the Final Repayment Date to June 30, 2024, subject to certain conditions. As of December 31, 2022, the outstanding principal amount under the Facility Agreement was $200,000 and the remaining outstanding balance mainly represented the accrued interest payable. No part of the amounts would be repayable within the next twelve months from the balance sheet date and, accordingly, the amounts were shown as non-current assets in the accompanying consolidated balance sheets.

The outstanding principal amount of $200,000 under the Facility Agreement was fully repaid by Melco International on January 18, 2023. The Facility Agreement was terminated on March 10, 2023 following the settlement of the related accrued loan interest under the Facility Agreement due by Melco International to Melco on the same date.

23. SEGMENT INFORMATION

The Company is principally engaged in the gaming and hospitality business in Asia and Europe and its principal operating and developmental activities occur in three geographic areas: Macau, the Philippines and Cyprus. The Company views each of its operating properties as a reportable segment. The Company monitors its operations and evaluates earnings by reviewing the assets and operations of each of its reportable segment which includes Altira Macau, Mocha and Other, City of Dreams, Studio City, City of Dreams Manila and City of Dreams Mediterranean and Other. The development projects in Sri Lanka and elsewhere are included in the Corporate and Other category and do not meet the criteria of a reportable segment. Effective from June 12, 2023, with the soft opening of City of Dreams Mediterranean, the Cyprus Operations segment which previously included the operation of the temporary casino before its closure on June 9, 2023 and the licensed satellite casinos in Cyprus, has been renamed to City of Dreams Mediterranean and Other segment which included the operation of City of Dreams Mediterranean and the licensed satellite casinos in Cyprus. Effective from June 27, 2022, the Grand Dragon Casino, which was previously reported under the Corporate and Other category, has been included in the Mocha and Other segment as a result of the change of terms of the right-to-use agreement for the Grand Dragon Casino.

The Company's segment information for total assets and capital expenditures is as follows:

Total Assets	**December 31,**		
	2024	**2023**	**2022**
Macau:			
Altira Macau	$ 45,697	$ 77,631	$ 239,575
Mocha and Other	139,511	135,256	122,499
City of Dreams	2,691,228	2,720,571	2,641,875
Studio City	3,444,870	3,705,391	3,924,262
The Philippines:			
City of Dreams Manila	376,244	418,594	381,579
Cyprus:			
City of Dreams Mediterranean and Other	682,937	742,450	565,663
Corporate and Other	604,856	535,179	1,426,331
Total consolidated assets	$ 7,985,343	$ 8,335,072	$ 9,301,784

Capital Expenditures	**Year Ended December 31,**		
	2024	**2023**	**2022**
Macau:			
Altira Macau	$ 5,614	$ 3,892	$ 3,303
Mocha and Other	6,549	4,590	1,704
City of Dreams	83,988	22,259	21,684
Studio City	86,071	73,452	429,362
The Philippines:			
City of Dreams Manila	17,940	24,970	4,986
Cyprus:			
City of Dreams Mediterranean and Other	11,815	108,214	131,419
Corporate and Other	31,504	15,113	5,956
Total capital expenditures	$ 243,481	$ 252,490	$ 598,414

Melco's Chief Executive Officer is the Chief Operating Decision Maker ("CODM") of the Company. The CODM uses Adjusted property EBITDA for each segment as the measure of segment profit or loss to allocate resources to each segment and to compare the operating performance of the Company's properties with those of its competitors as a way to assess performance. Adjusted property EBITDA is 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, integrated resort and casino rent, Corporate and Other expenses, and other non-operating income and expenses.

The following tables present the results of operations for each of the Company's reportable segments and reconciliation to net income (loss) attributable to Melco Resorts & Entertainment Limited for the years ended December 31, 2024, 2023 and 2022.

Year Ended December 31, 2024	Macau				The Philippines	Cyprus	
	Altira Macau	Mocha and Other	City of Dreams	Studio City	City of Dreams Manila	City of Dreams Mediterranean and Other	Total
Segment operating revenues:							
Casino	$ 104,686	$ 117,632	$ 1,957,079	$ 1,076,619	$ 357,315	$ 159,324	$ 3,772,655
Rooms	11,770	–	161,939	159,926	53,494	35,436	422,565
Food and beverage	8,507	4,736	102,293	83,881	52,345	34,171	285,933
Entertainment, retail and other	133	228	60,945	69,919	9,183	5,646	146,054
Total segment operating revenues[1]	125,096	122,596	2,282,256	1,390,345	472,337	234,577	$ 4,627,207
Segment expenses:							
Gaming tax and license fees[2]	(52,834)	(50,959)	(1,019,075)	(526,250)	(137,107)	(30,650)	
Employee benefits expenses[3]	(45,170)	(24,257)	(326,737)	(253,104)	(62,314)	(78,484)	
Other segment items[4]	(29,014)	(20,406)	(314,802)	(269,752)	(91,858)	(74,897)	
Segment adjusted property EBITDA:							
Adjusted property EBITDA	$ (1,922)	$ 26,974	$ 621,642	$ 341,239	$ 181,058	$ 50,546	$ 1,219,537
Other operating expenses:							
Payments to the Philippine Parties							(41,939)
Pre-opening costs[5]							(17,833)
Development costs							(5,433)
Amortization of land use rights							(19,956)
Depreciation and amortization							(521,582)
Integrated resort and casino rent[6]							(8,436)
Share-based compensation							(27,368)
Property charges and other							(13,221)
Corporate and Other expenses							(79,142)
Operating income							484,627
Non-operating income (expenses):							
Interest income							15,766
Interest expense, net of amounts capitalized							(486,721)
Other financing costs							(7,362)
Foreign exchange losses, net							(15,492)
Other income, net							3,833
Loss on extinguishment of debt							(1,000)
Total non-operating expenses, net							(490,976)
Loss before income tax							(6,349)
Income tax expense							(21,610)
Net loss							(27,959)
Net loss attributable to noncontrolling interests							71,502
Net income attributable to Melco Resorts & Entertainment Limited							$ 43,543

Year Ended December 31, 2023	Macau				The Philippines	Cyprus	
	Altira Macau	Mocha and Other	City of Dreams	Studio City	City of Dreams Manila	City of Dreams Mediterranean and Other	Total
Segment operating revenues:							
Casino	$ 91,556	$ 115,533	$ 1,649,551	$ 714,680	$ 378,475	$ 127,517	$ 3,077,312
Rooms	10,975	–	144,147	111,351	57,652	14,099	338,224
Food and beverage	8,194	1,990	77,142	56,948	50,459	14,152	208,885
Entertainment, retail and other	100	177	59,643	75,375	8,511	3,591	147,397
Total segment operating revenues[1]	110,825	117,700	1,930,483	958,354	495,097	159,359	$ 3,771,818
Segment expenses:							
Gaming tax and license fees[2]	(48,914)	(49,137)	(864,529)	(365,220)	(137,076)	(24,879)	
Employee benefits expenses[3]	(43,192)	(22,599)	(276,637)	(195,510)	(61,176)	(54,009)	
Other segment items[4]	(19,996)	(18,678)	(213,004)	(190,834)	(91,393)	(52,971)	
Segment adjusted property EBITDA:							
Adjusted property EBITDA	$ (1,277)	$ 27,286	$ 576,313	$ 206,790	$ 205,452	$ 27,500	$ 1,042,064
Other operating expenses:							
Payments to the Philippine Parties							(42,451)
Pre-opening costs							(43,994)
Development costs							(1,202)
Amortization of land use rights							(22,670)
Depreciation and amortization							(520,726)
Integrated resort and casino rent[6]							(1,911)
Share-based compensation							(35,473)
Property charges and other							(228,437)
Corporate and Other expenses							(80,241)
Operating income							64,959
Non-operating income (expenses):							
Interest income							23,305
Interest expense, net of amounts capitalized							(492,391)
Other financing costs							(4,372)
Foreign exchange gains, net							2,232
Other income, net							2,748
Gain on extinguishment of debt							1,611
Total non-operating expenses, net							(466,867)
Loss before income tax							(401,908)
Income tax expense							(13,422)
Net loss							(415,330)
Net loss attributable to noncontrolling interests							88,410
Net loss attributable to Melco Resorts & Entertainment Limited							$ (326,920)

Year Ended December 31, 2022	Macau				The Philippines	Cyprus	
	Altira Macau	Mocha and Other	City of Dreams	Studio City	City of Dreams Manila	City of Dreams Mediterranean and Other	Total
Segment operating revenues:							
Casino	$ 24,803	$ 74,224	$ 447,726	$ 135,814	$ 293,863	$ 90,545	$ 1,066,975
Rooms	2,938	–	39,854	17,638	54,791	–	115,221
Food and beverage	4,782	1,921	24,651	11,919	41,161	132	84,566
Entertainment, retail and other	92	258	47,453	10,612	6,577	578	65,570
Total segment operating revenues[1]	32,615	76,403	559,684	175,983	396,392	91,255	$ 1,332,332
Segment expenses:							
Gaming tax and license fees[2]	(13,914)	(30,511)	(232,466)	(72,660)	(113,916)	(21,123)	
Employee benefits expenses[3]	(43,215)	(18,582)	(238,667)	(143,233)	(55,194)	(24,362)	
Other segment items[4]	(18,506)	(17,019)	(120,711)	(65,254)	(80,356)	(22,074)	
Segment adjusted property EBITDA:							
Adjusted property EBITDA	$ (43,020)	$ 10,291	$ (32,160)	$ (105,164)	$ 146,926	$ 23,696	$ 569
Other operating expenses:							
Payments to the Philippine Parties							(28,894)
Pre-opening costs							(15,585)
Amortization of gaming subconcession							(32,785)
Amortization of land use rights							(22,662)
Depreciation and amortization							(466,492)
Integrated resort and casino rent[6]							(2,318)
Share-based compensation							(71,809)
Property charges and other							(39,982)
Corporate and Other expenses							(63,147)
Operating loss							(743,105)
Non-operating income (expenses):							
Interest income							26,458
Interest expense, net of amounts capitalized							(376,722)
Other financing costs							(6,396)
Foreign exchange gains, net							3,904
Other income, net							3,930
Total non-operating expenses, net							(348,826)
Loss before income tax							(1,091,931)
Income tax expense							(5,236)
Net loss							(1,097,167)
Net loss attributable to noncontrolling interests							166,641
Net loss attributable to Melco Resorts & Entertainment Limited							$ (930,526)

(1) Revenues from the Corporate and Other category includes small charter flights and management services business during the years ended December 31, 2024, 2023 and 2022; together with the Japan Ski Resorts operation before its disposal as disclosed in Note 5 and the Grand Dragon Casino operation before June 27, 2022 as mentioned above during the year ended December 31, 2022 which are insignificant and below the quantitative thresholds attributable to the operating segments, therefore are not included in the total for the reportable segment operating revenues. A reconciliation of segment operating revenues to total consolidated operating revenues is as follows:

Reconciliation of total operating revenues

	Year Ended December 31,		
	2024	**2023**	**2022**
Segment operating revenues:			
Altira Macau	$ 125,096	$ 110,825	$ 32,615
Mocha and Other	122,596	117,700	76,403
City of Dreams	2,282,256	1,930,483	559,684
Studio City	1,390,345	958,354	175,983
City of Dreams Manila	472,337	495,097	396,392
City of Dreams Mediterranean and Other	234,577	159,359	91,255
Total segment operating revenues	4,627,207	3,771,818	1,332,332
Revenues from Corporate and Other	11,006	3,429	17,645
Total consolidated operating revenues	$ 4,638,213	$ 3,775,247	$ 1,349,977

(2) The details of "Gaming tax and license fees" are disclosed in Note 2(r) with certain amounts included in pre-opening costs and Corporate and Other expenses.

(3) "Employee benefits expenses" includes salaries, bonuses and incentives, benefits and allocated labor costs among segments. Certain amounts of "Employee benefits expenses" are included in Corporate and Other expenses, pre-opening costs, development costs, share-based compensation and property charges and other; and with certain amounts incurred during the construction and development stage of projects capitalized in property and equipment.

(4) "Other segment items" mainly include cost of inventories, advertising and promotions expenses, repair and maintenance expenses, utilities and fuel expenses and other gaming operation expenses.

(5) Certain amounts of pre-opening costs are grouped and reported under the line item "Integrated resort and casino rent".

(6) "Integrated resort and casino rent" represents land rent and variable lease costs to Belle and casino rent to John Keells.

There was intersegment revenue charged by City of Dreams to Studio City of $44,917, $2,368 and $6,624 for the years ended December 31, 2024, 2023 and 2022, respectively. The Company accounts for intersegment sales and transfers as if the sales or transfers were to third parties.

The Company's geographic information for long-lived assets and operating revenues are as follows:

Long-lived Assets

	December 31,		
	2024	**2023**	**2022**
Macau	$ 5,522,756	$ 5,752,786	$ 6,068,502
The Philippines	88,950	118,495	141,765
Cyprus	586,753	663,633	485,570
Sri Lanka	73,945	–	–
Hong Kong and other	26,411	30,452	29,871
Total long-lived assets	$ 6,298,815	$ 6,565,366	$ 6,725,708

Operating Revenues

	Year Ended December 31,		
	2024	**2023**	**2022**
Macau	$ 3,920,293	$ 3,117,362	$ 844,685
The Philippines	472,337	495,097	396,392
Cyprus	234,577	159,359	91,255
Other	11,006	3,429	17,645
Total operating revenues	$ 4,638,213	$ 3,775,247	$ 1,349,977

24. CHANGES IN SHAREHOLDINGS OF SUBSIDIARIES

The Philippine subsidiaries

On April 24, 2019 and June 24, 2019, the board and the shareholders of MRP approved an amendment to the Amended Articles of Incorporation of MRP, respectively, whereby, without changing the total amount of the authorized capital stock, the par value per MRP common share was increased from PHP1 (equivalent to $0.02) per share to PHP500,000 (equivalent to $9,857) per share, thereby decreasing the total number of MRP common shares on a pro-rata basis ("Reverse Stock Split"). The Reverse Stock Split was approved by the Philippine Securities and Exchange Commission on May 12, 2020. All share and per share data of MRP common shares relating to the transactions carried out before May 12, 2020 as disclosed in the accompanying consolidated financial statements, represent the number of shares or value per share of MRP common shares before the Reverse Stock Split.

As a result of the Reverse Stock Split, only those shareholders of MRP who originally owned 500,000 MRP common shares with a par value of PHP1 (equivalent to $0.02) per share (each an "Original Share") and in multiples thereof immediately prior to the Reverse Stock Split would now own whole shares (each a "MRP Whole Share") of stock of MRP. Other holders of the Original Shares could now only hold a fractional share of MRP ("MRP Fractional Share"). To facilitate the elimination of MRP Fractional Shares held by other shareholders of MRP, MPHIL Corporation ("MPHIL"), a subsidiary of Melco, offered to purchase the resulting MRP Fractional Shares at the purchase price to be calculated by multiplying the number of Original Shares represented by the relevant MRP Fractional Shares (which were equal to the number of Original Shares held by the relevant shareholder immediately prior to the Reverse Stock Split) by the price of PHP7.25 (equivalent to $0.14) per Original Share ("Fractional Share Elimination Plan"). A shareholder could also sell any MRP Whole Shares to MPHIL under the Fractional Share Elimination Plan. Any holder of MRP Fractional Shares and/or MRP Whole Shares may accept this offer during the two-year period commencing from June 5, 2020. The Fractional Share Elimination Plan expired on June 4, 2022 and was subsequently extended for the period from August 15, 2022 to November 15, 2022.

During the years ended December 31, 2024, 2023 and 2022, the Company through its subsidiaries, purchased 11.816, 10.111 and 50.906 common shares of MRP at a total consideration of PHP42,833 (equivalent to $743), PHP36,651 (equivalent to $671) and PHP175,173 (equivalent to $3,310) from the noncontrolling interests, which increased Melco's shareholding in MRP and the Company recognized a decrease of $592, $582 and $2,952 in Melco's additional paid-in capital which reflected the adjustment to the carrying amount of the noncontrolling interest in MRP, respectively.

The Company retains its controlling financial interests in MRP before and after the above transactions.

SCIH

During February and March 2022, SCIH, respectively, announced and completed a series of private offers of its 400,000,000 Class A ordinary shares to certain existing shareholders and holders of its ADSs, including Melco, with gross proceeds amounting to $300,000, of which $134,944 was from noncontrolling interests (the "2022 Private Placements"). The 2022 Private Placements increased Melco's shareholding in SCIH and the Company recognized an increase of $879 in Melco's additional paid-in capital which reflected the adjustment to the carrying amount of the noncontrolling interest in SCIH.

The Company retains its controlling financial interest in SCIH before and after the above transactions.

The schedule below discloses the effects of changes in Melco's ownership interest in MRP and SCIH on its equity:

	Year Ended December 31,		
	2024	**2023**	**2022**
Net income (loss) attributable to Melco Resorts & Entertainment Limited	$ 43,543	$ (326,920)	$ (930,526)
Transfers (to) from noncontrolling interests:			
The Philippine subsidiaries			
Decrease in additional paid-in capital resulting from purchases of common shares of MRP from the open market	(592)	(582)	(2,952)
SCIH			
Increase in additional paid-in capital resulting from the private placements	–	–	879
Changes from net income (loss) attributable to Melco Resorts & Entertainment Limited's shareholders and transfers from noncontrolling interests	$ 42,951	$ (327,502)	$ (932,599)

25. SUBSEQUENT EVENTS

(a) During the period from January 1, 2025 through March 14, 2025, 5,924,374 ADSs, equivalent to 17,773,122 ordinary shares were repurchased under the 2024 Share Repurchase Program for an aggregate consideration of $32,081.

(b) On February 25, 2025, pursuant to the terms under the MN1 Revolving Facility, an incremental facility of HK$387,500 (equivalent to $49,834) was established to increase the available commitments of the MN1 Revolving Facility from HK$14,850,000 (equivalent to $1,909,769) to HK$15,237,500 (equivalent to $1,959,603), with no other changes made to the terms of the MN1 Revolving Facility.

ADDITIONAL INFORMATION – FINANCIAL STATEMENT SCHEDULE 1
FINANCIAL INFORMATION OF PARENT COMPANY
CONDENSED BALANCE SHEETS
(In thousands, except share and per share data)

	December 31, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 114,678	$ 61,345
Receivables from affiliated companies	1,972	1,064
Receivables from subsidiaries	177,384	198,910
Prepaid expenses and other current assets	4,584	8,619
Total current assets	298,618	269,938
Receivables from subsidiaries	674,394	673,729
Total assets	$ 973,012	$ 943,667
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities:		
Accrued expenses and other current liabilities	$ 2,811	$ 7,954
Income tax payable	12,621	12,536
Payables to an affiliated company	–	103
Payables to subsidiaries	249,130	268,656
Total current liabilities	264,562	289,249
Investments deficit in subsidiaries	596,976	511,449
Other long-term liabilities	28	54
Payables to subsidiaries	1,437,906	1,430,195
Total liabilities	2,299,472	2,230,947
Shareholders' deficit:		
Ordinary shares, par value $0.01; 7,300,000,000 shares authorized; 1,351,540,382 and 1,404,679,067 shares issued; 1,259,138,299 and 1,311,270,775 shares outstanding, respectively	13,515	14,047
Treasury shares, at cost; 92,402,083 and 93,408,292 shares, respectively	(216,626)	(255,068)
Additional paid-in capital	2,985,730	3,109,212
Accumulated other comprehensive losses	(95,750)	(98,599)
Accumulated losses	(4,013,329)	(4,056,872)
Total shareholders' deficit	(1,326,460)	(1,287,280)
Total liabilities and shareholders' deficit	$ 973,012	$ 943,667

ADDITIONAL INFORMATION – FINANCIAL STATEMENT SCHEDULE 1
FINANCIAL INFORMATION OF PARENT COMPANY
CONDENSED STATEMENTS OF OPERATIONS
(In thousands)

	Year Ended December 31,		
	2024	**2023**	**2022**
Operating revenues	$ 18,758	$ 84,130	$ 15,340
Operating costs and expenses:			
General and administrative	(29,867)	(34,342)	(50,532)
Property charges and other	(14)	(1,244)	(406)
Total operating costs and expenses	(29,881)	(35,586)	(50,938)
Operating (loss) income	(11,123)	48,544	(35,598)
Non-operating income (expenses):			
Interest income	49,243	4,991	16,151
Interest expense	(12,901)	(19,366)	(3,165)
Foreign exchange (losses) gains, net	(414)	1,496	7,437
Other income, net	7,174	7,302	11,220
Share of results of subsidiaries	11,657	(358,767)	(922,771)
Total non-operating expenses, net	54,759	(364,344)	(891,128)
Income (loss) before income tax	43,636	(315,800)	(926,726)
Income tax expense	(93)	(11,120)	(3,800)
Net income (loss)	$ 43,543	$ (326,920)	$ (930,526)

ADDITIONAL INFORMATION – FINANCIAL STATEMENT SCHEDULE 1
FINANCIAL INFORMATION OF PARENT COMPANY
CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)

	Year Ended December 31,		
	2024	**2023**	**2022**
Net income (loss)	$ 43,543	$ (326,920)	$ (930,526)
Other comprehensive income (loss):			
Foreign currency translation adjustments	2,849	13,370	(35,961)
Other comprehensive income (loss)	2,849	13,370	(35,961)
Total comprehensive income (loss)	$ 46,392	$ (313,550)	$ (966,487)

ADDITIONAL INFORMATION – FINANCIAL STATEMENT SCHEDULE 1
FINANCIAL INFORMATION OF PARENT COMPANY
CONDENSED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2024	**2023**	**2022**
Cash flows from operating activities:			
Net cash provided by operating activities	$ 198,077	$ 70,894	$ 86,252
Cash flows from investing activities:			
Payments of advances to subsidiaries	(20,275)	(528,794)	(215,613)
Proceeds from advances repayment from subsidiaries	7,823	75,041	–
Proceeds from loan repayment from an affiliated company	–	200,000	–
Proceeds from transfer of intangible asset	–	519,000	–
Payment of loan to an affiliated company	–	–	(200,000)
Net cash (used in) provided by investing activities	(12,452)	265,247	(415,613)
Cash flows from financing activities:			
Repurchase of shares	(112,292)	(169,836)	(189,161)
Repayments of loans or advances from subsidiaries	(20,000)	(270,593)	–
Proceeds from loans or advances from subsidiaries	–	158,000	521,860
Proceeds from exercise of share options	–	226	–
Net cash (used in) provided by financing activities	(132,292)	(282,203)	332,699
Increase in cash and cash equivalents	53,333	53,938	3,338
Cash and cash equivalents at beginning of year	61,345	7,407	4,069
Cash and cash equivalents at end of year	$ 114,678	$ 61,345	$ 7,407

ADDITIONAL INFORMATION – FINANCIAL STATEMENT SCHEDULE 1
FINANCIAL INFORMATION OF PARENT COMPANY
NOTES TO FINANCIAL STATEMENT SCHEDULE 1

(In thousands)

1. Schedule 1 has been provided pursuant to the requirements of Rule 12-04(a) and 4-08(e)(3) of Regulation S-X, which require condensed financial information as to financial position, cash flows and results and operations of a parent company as of the same dates and for the same periods for which audited consolidated financial statements have been presented when the restricted net assets of the consolidated and unconsolidated subsidiaries together exceed 25 percent of consolidated net assets as of the end of the most recently completed fiscal year. As of December 31, 2024, approximately $657,000 of the restricted net assets were not available for distribution and as such, the condensed financial information of Melco has been presented for the years ended December 31, 2024, 2023 and 2022. Melco received cash dividends of $121,000, nil and nil from its subsidiary during the years ended December 31, 2024, 2023 and 2022.

2. Basis of Presentation

The accompanying condensed financial information has been prepared using the same accounting policies as set out in Melco's consolidated financial statements except that the parent company has used the equity method to account for its investments in subsidiaries. For the parent company, the Company records its investments in subsidiaries under the equity method of accounting as prescribed in Accounting Standards Codification 323, Investments-Equity Method and Joint Ventures. Such investments are presented on the Condensed Balance Sheets as "Investments in subsidiaries" or "Investments deficit in subsidiaries" and the subsidiaries' profit or loss as "Share of results of subsidiaries" on the Condensed Statements of Operations. Ordinarily, an investor in an equity method investee would cease to recognize its share of the losses of an investee once the carrying value of the investment has been reduced to nil absent an undertaking by the investor to provide continuing support and fund losses. For the purpose of this Schedule 1, the parent company has continued to reflect its share, based on its proportionate interest, of the losses of subsidiaries regardless of the carrying value of the investment even though the parent company is not obligated to provide continuing support or fund losses.

5. The following is the text of the report from Ernst & Young LLP in respect of the audited consolidated financial statements of Melco Resorts as of 31 December 2023 and for each of the two years in the period ended 31 December 2023.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Melco Resorts & Entertainment Limited

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Melco Resorts & Entertainment Limited (the Company) as of December 31, 2023, the related consolidated statements of operations, comprehensive loss, (deficit) equity and cash flows for each of the two years in the period ended December 31, 2023, and the related notes and the financial statement schedule included in Schedule 1 (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Ernst & Young LLP

We served as the Company's auditor from 2022 to 2024.

Singapore
March 22, 2024, except for Note 23, as to which the date is March 21, 2025

6. The following is the text of the report from Deloitte & Touche LLP in respect of the audited consolidated financial statements of Melco Resorts as of 31 December 2024 and for the year ended 31 December 2024.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Melco Resorts & Entertainment Limited

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Melco Resorts & Entertainment Limited (the "Company") as of December 31, 2024, the related consolidated statements of operations, comprehensive income, deficit and cash flows, for the year ended December 31, 2024 and the related notes and the financial statement schedule included in Schedule 1 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the year ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 21, 2025 (not presented herein), expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill impairment assessment – Refer to Note 7 to the financial statements

Critical Audit Matter Description

The goodwill balance was $82.1 million as of December 31, 2024, of which all are allocated to the Mocha and Other ("Mocha") reporting unit. The Company's evaluation of goodwill for impairment involves the comparison of the fair value of each reporting unit to its carrying value. The Company used the discounted cash flow model to estimate fair value, which requires management to make significant estimates and assumptions related to discount rates, forecasted cash flows and terminal value. Changes in these assumptions could have a significant impact on either the fair value, the amount of any goodwill impairment charge, or both. The fair value of Mocha exceeded its carrying value by a substantial margin as of the measurement date and, therefore, no impairment was recognized.

Given the significant judgments made by management to estimate the fair value of Mocha, performing audit procedures to evaluate the reasonableness of management's estimates and assumptions related to the discount rate and forecasts of future cash flows of Mocha required a high degree of auditor judgment and an increased extent of effort.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the discount rate and forecasts of future cash flows used by management to estimate the fair value of Mocha included the following, among others:

- We tested the design and operating effectiveness of controls over management's goodwill impairment evaluation, including those over the determination of the fair value of Mocha, such as controls related to management's determination and review over the discount rate, forecasts of future cash flows and determination of terminal value;

- We evaluated management's ability to accurately forecast future revenue and operating margin by performing retrospective analyses of management's historical forecasts by comparing to the actual results; and

- We challenged and evaluated the assumptions and estimates included in the forecast by:
  - Evaluating reasonableness of the discount rate and terminal growth rate, including testing the market-based source information underlying the determination of the discount rate and testing the mathematical accuracy of the calculation; and
  - Evaluating the reasonableness of management's forecast of revenue and expenses through inquiry with management and by comparing the forecasts to (1) the historical operating results, (2) internal communications to management and the board of directors, (3) external communications made by management to analysts and investors, (4) industry reports containing analyses of the Company and its competitors, and (5) evidence obtained in other areas of the audit.

Deloitte & Touche LLP

Singapore
March 21, 2025

We have served as the Company's auditor since 2024.

B. ADDITIONAL FINANCIAL INFORMATION OF MELCO RESORTS

The Company sets out the following additional financial information of Melco Resorts required for an accountants' report under the Listing Rules for the financial years ended 31 December 2022, 2023 and 2024 but not disclosed in Melco Resorts' published audited annual financial statements prepared under US GAAP showing the financial information for the three financial years ended 31 December 2022, 2023 and 2024.

The following discussion should be read in connection with the Melco Resorts 2023 financial statements and the Melco Resorts 2024 financial statements, included elsewhere in this circular.

1. Capital Structure and Charge on Assets

For details of the indebtedness as of December 31, 2024, 2023 and 2022, see note 11 to the Melco Resorts 2024 financial statements and note 11 to the Melco Resorts 2023 financial statements included elsewhere in this circular, which includes information regarding the type of debt facilities used, the maturity profile of debt, the currency and interest rate structure, the charge on Melco Resorts' assets and nature and extent of any restrictions on Melco Resorts' ability, and the ability of Melco Resorts' subsidiaries, to transfer funds as cash dividends, loans or advances.

2. Gearing Ratio

As of December 31, 2024, December 31, 2023 and December 31, 2022, Melco Resorts' gearing ratio (total long-term debt, net divided by total assets) were 89.6%, 89.7% and 90.4%, respectively.

3. Employees

Melco Resorts had 21,784, 20,209 and 16,908 employees as of December 31, 2024, 2023 and 2022, respectively. The following table sets forth the number of employees categorized by the areas of operations and as a percentage of Melco Resorts' workforce as of December 31, 2024, December 31, 2023 and December 31, 2022. Staff remuneration packages are determined taking into account market conditions and the performance of the individuals, and are subject to review from time to time.

	As of December 31,					
	2024		2023		2022	
	Number of Employees	Percentage of Total	Number of Employees	Percentage of Total	Number of Employees	Percentage of Total
Mocha Clubs[1]	548	2.5%	577	2.9%	550	3.3%
Altira Macau	968	4.4%	959	4.7%	1,052	6.2%
City of Dreams	8,241	37.8%	7,411	36.7%	6,529	38.6%
Corporate and centralized services[2]	569	2.6%	540	2.7%	520	3.1%
Studio City	5,848	26.8%	5,286	26.2%	3,571	21.1%
City of Dreams Manila	3,947	18.1%	3,699	18.3%	3,713	22.0%
City of Dreams Mediterranean and the Cyprus Casinos	1,650	7.6%	1,737	8.6%	973	5.8%
Sri Lanka	13	0.1%	–	–	–	–
Total	21,784	100.0%	20,209	100.0%	16,908	100.0%

(1) For the purposes of this table, figures include employees at Grand Dragon Casino described under "Item 4. Information on the Company – B. Business Overview – Our Land and Premises – Mocha Clubs."

(2) For the purposes of this table, figures as of 31 December 2022 include employees at Melco resorts' ski resort in Nagano, Japan (disposed in late December 2022).

Melco Resorts has implemented a number of employee attraction and retention initiatives over recent years for the benefit of its employees and their families. These initiatives include, among others, a unique in-house learning academy (which provides curriculum across multi-functional tracks such as technical training – gaming and non-gaming, sales and marketing, legal, finance, human resources, computer application, language, service, leadership and lifestyle), a foundation acceleration program designed to enhance its employees' understanding of business perspectives beyond their own jobs, an on-site high school diploma program and Diploma in Casino Management and Advanced Diploma in Gaming Management (a collaboration with The University of Macau), the Diploma in Hospitality Management (a collaboration with the Institute for Tourism Studies), scholarship awards to encourage the concept of life-long learning, as well as ample internal promotion and transfer opportunities. In September 2015, Melco Resorts launched the Melco You-niversity program with the Edinburgh Napier University, an overseas institution based in the United Kingdom, to bring a bachelor degree program in-house.

Share-based compensation

Melco Resorts adopted the 2011 Share Incentive Plan, 2021 Share Incentive Plan and MRP Share Incentive Plan (which expired on 24 June 2023). The 2011 Share Incentive Plan has been succeeded by the 2021 Share Incentive Plan. No further awards may be granted under the 2011 Share Incentive Plan. All subsequent awards will be issued under the 2021 Share Incentive Plan. For the details of share-based compensation, please refer to note 16 to the Melco Resorts 2024 financial statements and note 16 to the Melco Resorts 2023 financial statements, included elsewhere in this circular.

4. Quantitative and Qualitative Disclosures about Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Melco Resorts believes the primary exposure to market risk will be interest rate risk associated with the substantial indebtedness.

For the details of interest rate risk and foreign exchange risk exposure as of December 31, 2024, 2023 and 2022, please refer to the section "D. Management Discussion and Analysis of Melco Resorts" in Appendix II to this circular.

5. Accounts Receivable

During the years ended December 31, 2024, 2023 and 2022, Melco Resorts has provided allowances for (reversal of) credit losses of approximately US$2,569,000, (US$3,869,000) and (US$892,000) respectively.

Movement in the allowances for credit losses are as follows:

	Year Ended December 31,		
	2024	**2023**	**2022**
	(in thousands of US$)		
Balance at beginning of year	$ 156,240	$ 217,244	$ 268,413
Provision for (reversal of) credit losses	2,569	(3,869)	(892)
Write-offs, net of recoveries	(28,748)	(56,805)	(49,608)
Effect of exchange rate	340	(330)	(669)
Balance at end of year	$ 130,401	$ 156,240	$ 217,244

Melco Resorts issues credit in the form of markers to approved casino customers following review of creditworthiness, typically with a credit period of 14 to 28 days. An extended repayment term of up to 90 days may be offered to casino customers with large gaming losses and established credit history. Credit is/can be given to gaming promoters with unsecured credit lines in the Philippines and Cyprus based on pre-approved credit limits. When credit is granted, the Melco Resorts typically issues markers to gaming promoters with a credit period of 30 days. Credit lines granted to all approved casino customers and gaming promoters are subject to monthly review and settlement procedures.

Melco Resorts' accounts receivable related to the rooms, food and beverage, entertainment and retail which are largely operated on cash on delivery or due immediately on the date of billing, except for those well-established customers to whom credit terms of 30-60 days may be granted.

An aging analysis of accounts receivable as of the balance sheet date, based on the due dates, is as follows:

	As at December 31,		
	2024	**2023**	**2022**
	(in thousands of US$)		
Current	$ 43,724	$ 41,000	$ 13,311
Past due:			
Within 1 month	65,514	11,849	5,062
More than 1 month but within 3 months	14,410	9,668	9,178
More than 3 months but within 6 months	3,716	8,505	100
More than 6 months	147,248	176,856	245,585
	274,612	247,878	273,236
Less: allowances for credit losses	(130,401)	(156,240)	(217,244)
	$ 144,211	$ 91,638	$ 55,992

6. Accounts Payable

An aging analysis of accounts payable as of the balance sheet date, based on invoice dates, is as follows:

	As at December 31,		
	2024	**2023**	**2022**
	(in thousands of US$)		
Within 1 month	$ 17,215	$ 7,475	$ 4,165
More than 1 month but within 3 months	5,326	2,617	935
More than 3 months but within 6 months	642	184	83
More than 6 months	1,611	1,476	1,547
	$ 24,794	$ 11,752	$ 6,730

7. Operating Income (Loss)

Operating income (loss) is arrived at after charging:

	Year Ended December 31, 2024	2023	2022
	(in thousands of US$)		
Auditor's remuneration	$ 2,561	$ 4,168	$ 3,065
Net loss on disposal of property and equipment	1,590	443	476
Impairment of long-lived assets	3,316	207,608	3,595
Impairment of assets held for sale	–	–	6,794

8. Directors' and Chief Executive's Emoluments

The emoluments paid or payable to each of the seven directors during the years ended December 31, 2024, 2023 and 2022 were as follows:

	Fees	Salaries and other benefits	Discretionary bonus[1]	Pension costs – defined contributions plans	Share-based compensation	December 31, 2024 Total
			(in thousands of US$)			
Chairman, Chief Executive Officer and Director						
Lawrence Yau Lung Ho	$ –	$ 2,413	$ 4,802	$ 2	$ 8,580	$ 15,797
Directors						
Clarence Yuk Man Chung	300	–	261	–	566	1,127
Evan Andrew Winkler	–	2,000	2,001	300	725	5,026
Independent Non-executive Directors						
Alec Yiu Wa Tsui	133	–	–	–	151	284
Thomas Jefferson Wu	133	–	–	–	151	284
John William Crawford	225	–	–	–	151	376
Francesca Galante	120	–	–	–	151	271
	$ 911	$ 4,413	$ 7,064	$ 302	$ 10,475	$ 23,165

	Fees	Salaries and other benefits	Discretionary bonus[1]	Pension costs – defined contributions plans	Share-based compensation	December 31, 2023 Total
			(in thousands of US$)			
Chairman, Chief Executive Officer and Director						
Lawrence Yau Lung Ho	$ -	$ 2,406	$ -	$ 2	$ 10,628	$ 13,036
Directors						
Clarence Yuk Man Chung	300	–	252	–	563	1,115
Evan Andrew Winkler	–	2,000	1,460	–	3,543	7,003
Independent Non-executive Directors						
Alec Yiu Wa Tsui	133	–	–	–	160	293
Thomas Jefferson Wu	133	1	–	–	151	285
John William Crawford	225	–	–	–	160	385
Francesca Galante	120	–	–	–	151	271
	$ 911	$ 4,407	$ 1,712	$ 2	$ 15,356	$ 22,388

	Fees	Salaries and other benefits	Discretionary bonus[1]	Pension costs – defined contributions plans	Share-based compensation	December 31, 2022 Total
			(in thousands of US$)			
Chairman, Chief Executive Officer and Director						
Lawrence Yau Lung Ho	$ -	$ 1,334	$ -	$ 2	$ 20,755	$ 22,091
Directors						
Clarence Yuk Man Chung	282	5	–	–	773	1,060
Evan Andrew Winkler	–	1,004	–	–	8,018	9,022
Independent Non-executive Directors						
Alec Yiu Wa Tsui	133	2	–	–	204	339
Thomas Jefferson Wu	133	1	–	–	157	291
John William Crawford	225	2	–	–	203	430
Francesca Galante	120	1	–	–	157	278
	$ 893	$ 2,349	$ -	$ 2	$ 30,267	$ 33,511

(1) The discretionary bonus was determined based on the financial performance of Melco Resorts for the years ended December 31, 2024, 2023 and 2022.

None of the directors waived any emoluments for the years ended December 31, 2024, 2023 and 2022.

9. Five Highest Paid Employees

For each of the years ended December 31, 2024, 2023 and 2022, the five highest paid employees of Melco Resorts included two directors, details of whose remuneration are set out in note 8 above. Details of the remuneration for the years ended December 31, 2024, 2023 and 2022 of the remaining three highest paid employees who are neither a director nor the Chief Executive of Melco Resorts are as follows:

	Year Ended December 31,		
	2024	**2023**	**2022**
	(in thousands of US$)		
Basic salaries, housing allowances, other allowances and benefits in kind	$ 3,285	$ 3,214	$ 2,764
Discretionary bonus	1,764	1,554	–
Pension costs – defined contribution plans	242	285	285
Share-based compensation	2,780	3,991	7,761
	$ 8,071	$ 9,044	$ 10,810

The number of the highest paid employees (excluding directors and the Chief Executive) whose remuneration fell within the following bands are as follows:

	Number of Employees		
	Year Ended December 31,		
	2024	2023	2022
HK$17,000,001 (approximately US$2,190,000) to HK$17,500,000 (approximately US$2,254,000)	1	–	–
HK$18,000,001 (approximately US$2,319,000) to HK$18,500,000 (approximately US$2,383,000)	–	–	1
HK$19,000,001 (approximately US$2,447,000) to HK$19,500,000 (approximately US$2,512,000)	1	–	–
HK$20,000,001 (approximately US$2,576,000) to HK$20,500,000 (approximately US$2,641,000)	–	1	–
HK$22,500,001 (approximately US$2,898,000) to HK$23,000,000 (approximately US$2,963,000)	–	1	–
HK$26,000,001 (approximately US$3,349,000) to HK$26,500,000 (approximately US$3,413,000)	1	–	–
HK$27,500,001 (approximately US$3,542,000) to HK$28,000,000 (approximately US$3,607,000)	–	1	–
HK$30,500,001 (approximately US$3,929,000) to HK$31,000,000 (approximately US$3,993,000)	–	–	1
HK$35,000,001 (approximately US$4,508,000) to HK$35,500,000 (approximately US$4,573,000)	–	–	1
	3	3	3

10. Subsequent Event

For details of the subsequent event, please refer to note 25 to the Melco Resorts 2024 financial statements included elsewhere in this circular.

C. DIFFERENCES BETWEEN THE ACCOUNTING POLICIES ADOPTED BY THE COMPANY (HKFRS) AND MELCO RESORTS (US GAAP)

As described in "*Letter from the Board – Waiver from Compliance with Rule 14.67(6)(a)(i) of the Listing Rules*", the Company has applied to the Stock Exchange for, and has been granted, a waiver from the requirement to produce an accountants' report on Melco Resorts prepared under HKFRS in accordance with Rule 14.67(6)(a)(i) of the Listing Rules.

Instead, this circular contains a copy of Melco Resorts 2023 financial statements and Melco Resorts 2024 financial statements prepared in accordance with US GAAP extracted from the reports of Melco Resorts on Form 20-F and their exhibits thereto furnished to the SEC on 22 March 2024 and 21 March 2025, respectively, and the management discussion and analysis extracted from the annual reports of Melco Resorts for each of those years (together, the "**Melco Resorts Historical Track Record Accounts**").

The Melco Resorts Historical Track Record Accounts cover the financial positions of Melco Resorts as of December 31, 2022, 2023 and 2024 and the results of Melco Resorts for each of the years ended December 31, 2022, 2023 and 2024 (the "**Relevant Periods**").

The accounting policies adopted in the preparation of the Melco Resorts Historical Track Record Accounts differ in certain material respects from the accounting policies adopted by the Company which comply with HKFRS. Differences which would have a significant effect on the Melco Resorts Historical Track Record Accounts, had they been prepared in accordance with the accounting policies adopted by the Company rather than in accordance with US GAAP, are set out below in "*Melco Resorts' Unaudited Adjusted Financial Information under the Company's Policies*", with the following disclosures:

(a) a comparison between Melco Resorts' consolidated statements of financial position as extracted from the Melco Resorts Historical Track Record Accounts, prepared in accordance with US GAAP, and unaudited adjusted consolidated statements of financial position had they instead been prepared in accordance with the accounting policies adopted by the Company which are in compliance with HKFRS. The process applied in the preparation of such a comparison is set out in the "*Basis of Preparation*" and "*Reconciliation Process*" sections below;

(b) a comparison between Melco Resorts' consolidated statements of profit or loss as extracted from the Melco Resorts Historical Track Record Accounts, prepared in accordance with US GAAP, and unaudited adjusted consolidated statements of profit or loss had they instead been prepared in accordance with the accounting policies adopted by the Company which are in compliance with HKFRS. The process applied in the preparation of such a comparison is also set out in the "*Basis of Preparation*" and "*Reconciliation Process*" sections below; and

(c) a discussion of the material financial statement line item differences arising out of the exercise outlined in (a) and (b) above.

The above referenced items are collectively referred to as the "**Reconciliation Information**".

Basis of Preparation

The Reconciliation Information for the Relevant Periods, which presents the "*Unadjusted Financial Information under US GAAP*" of Melco Resorts as if it had been prepared in accordance with the accounting policies adopted by the Company which are in compliance with HKFRS, has been prepared on the assumption that the transition provisions of HKFRS 1 are applicable to Melco Resorts. Melco Resorts' HKFRS transition date is deemed to be January 1, 2022 and as such, Melco Resorts has applied the mandatory exceptions and certain optional exemptions afforded by HKFRS 1 for the preparation of the Reconciliation Information for the Relevant Periods.

Reconciliation Process

The Reconciliation Information has been prepared by Melco Resorts by comparing and analyzing the differences between the accounting policies adopted by Melco Resorts for the preparation of the Melco Resorts Historical Track Record Accounts in accordance with US GAAP and the accounting policies adopted by the Company which are in compliance with HKFRS, and quantifying the relevant material financial effects of such differences.

Years ended December 31, 2022 and 2023

Deloitte Touche Tohmatsu was engaged by the Company to perform agreed-upon procedures, in accordance with Hong Kong Standard on Related Services 4400 (Revised) "Agreed-Upon Procedures Engagements" issued by the HKICPA. The agreed-upon procedures consisted of:

(i) Comparing the "Unadjusted Financial Information under US GAAP" under the sections entitled "Unaudited Adjusted Consolidated Statement of Financial Position under the Company's Policies as of December 31, 2022", "Unaudited Adjusted Consolidated Statement of Financial Position under the Company's Policies as of December 31, 2023", "Unaudited Adjusted Consolidated Statement of Profit or Loss under the Company's Policies for the year ended December 31, 2022" and "Unaudited Adjusted Consolidated Statement of Profit or Loss under the Company's Policies for the year ended December 31, 2023" in the Reconciliation Information with the corresponding amount as set out in the corresponding audited consolidated financial statements of Melco Resorts Group for each of the years ended December 31, 2022 and 2023 prepared in accordance with US GAAP;

(ii) Comparing the "Adjustments" under the sections entitled "Unaudited Adjusted Consolidated Statement of Financial Position under the Company's Policies as of December 31, 2022", "Unaudited Adjusted Consolidated Statement of Financial Position under the Company's Policies as of December 31, 2023", "Unaudited Adjusted Consolidated Statement of Profit or Loss under the Company's Policies for the year ended December 31, 2022" and "Unaudited Adjusted Consolidated Statement of Profit or Loss under the Company's Policies for the year ended December 31, 2023" in the Reconciliation Information with the corresponding amount as set out in the schedules provided by the management of the Melco Resorts Group; and

(iii) Checking the arithmetic accuracy of the Reconciliation Information under the sections entitled "Unaudited Adjusted Consolidated Statement of Financial Position under the Company's Policies as of December 31, 2022", "Unaudited Adjusted Consolidated Statement of Financial Position under the Company's Policies as of December 31, 2023", "Unaudited Adjusted Consolidated Statement of Profit or Loss under the Company's Policies for the year ended December 31, 2022" and "Unaudited Adjusted Consolidated Statement of Profit or Loss under the Company's Policies for the year ended December 31, 2023".

The above procedures carried out in accordance with Hong Kong Standard on Related Services 4400 (Revised) "Agreed-Upon Procedures Engagements" do not constitute an assurance engagement made in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently, Deloitte Touche Tohmatsu did not express any assurance on the Reconciliation Information for the years ended December 31, 2022 and 2023. Deloitte Touche Tohmatsu's engagement was intended solely for the use of the Directors in connection with this circular and may not be suitable for another purpose. Based on the information and documents made available to Deloitte Touche Tohmatsu,

(i) Deloitte Touche Tohmatsu found that the "Unadjusted Financial Information under US GAAP" under the sections entitled "Unaudited Adjusted Consolidated Statement of Financial Position under the Company's Policies as of December 31, 2022", "Unaudited Adjusted Consolidated Statement of Financial Position under the Company's Policies as of December 31, 2023", "Unaudited Adjusted Consolidated Statement of Profit or Loss under the Company's Policies for the year ended December 31, 2022" and "Unaudited Adjusted Consolidated Statement of Profit or Loss under the Company's Policies for the year ended December 31, 2023" in the Reconciliation Information to be in agreement with the corresponding amount as set out in the corresponding audited consolidated financial statements of Melco Resorts Group for each of the years ended December 31, 2022 and 2023 prepared in accordance with US GAAP;

(ii) Deloitte Touche Tohmatsu found that "Adjustments" under the sections entitled "Unaudited Adjusted Consolidated Statement of Financial Position under the Company's Policies as of December 31, 2022", "Unaudited Adjusted Consolidated Statement of Financial Position under the Company's Policies as of December 31, 2023", "Unaudited Adjusted Consolidated Statement of Profit or Loss under the Company's Policies for the year ended December 31, 2022" and "Unaudited Adjusted Consolidated Statement of Profit or Loss under the Company's Policies for the year ended December 31, 2023" in the Reconciliation Information to be in agreement with the corresponding amount as set out in the schedules provided by the management of the Melco Resorts Group; and

(iii) Deloitte Touche Tohmatsu found that the Reconciliation Information under the sections entitled "Unaudited Adjusted Consolidated Statement of Financial Position under the Company's Policies as of December 31, 2022", "Unaudited Adjusted Consolidated Statement of Financial Position under the Company's Policies as of December 31, 2023", "Unaudited Adjusted Consolidated Statement of Profit or Loss under the Company's Policies for the year ended December 31, 2022" and "Unaudited Adjusted Consolidated Statement of Profit or Loss under the Company's Policies for the year ended December 31, 2023" to be arithmetically accurate.

Year ended December 31, 2024

Deloitte Touche Tohmatsu was engaged by the Company to conduct work in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" ("HKSAE3000") issued by the HKICPA on the Reconciliation Information for the year ended December 31, 2024. The work consisted primarily of:

(i) Comparing the "Unadjusted Financial Information under US GAAP" under the sections entitled "Unaudited Adjusted Consolidated Statement of Financial Position under the Company's Policies as of December 31, 2024" and "Unaudited Adjusted Consolidated Statement of Profit or Loss under the Company's Policies for the year ended December 31, 2024" in the Reconciliation Information with the corresponding amount as set out in the audited consolidated financial statements of Melco Resorts Group for the year ended December 31, 2024 prepared in accordance with US GAAP;

(ii) Evaluating the assessment made by the directors of Melco Resorts in comparing and analyzing the differences between the Melco Resorts Group's accounting policies in accordance with US GAAP and the Company's accounting policies in accordance with HKFRS, and the evidence supporting the adjustments made in the Reconciliation Information in arriving at the "Adjusted Financial Information under the Company's Policies" under the sections entitled "Unaudited Adjusted Consolidated Statement of Financial Position under the Company's Policies as of December 31, 2024" and "Unaudited Adjusted Consolidated Statement of Profit or Loss under the Company's Policies for the year ended December 31, 2024"; and

(iii) Checking the arithmetic accuracy of the Reconciliation Information under the sections entitled "Unaudited Adjusted Consolidated Statement of Financial Position under the Company's Policies as of December 31, 2024" and "Unaudited Adjusted Consolidated Statement of Profit or Loss under the Company's Policies for the year ended December 31, 2024".

Deloitte Touche Tohmatsu's engagement did not involve independent examination of any of the underlying financial information. The work carried out in accordance with HKSAE3000 is different in scope from an audit or a review conducted in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA and consequently, Deloitte Touche Tohmatsu did not express an audit opinion nor a review conclusion on the Reconciliation Information. Deloitte Touche Tohmatsu's engagement was intended solely for the use of the Directors in connection with this circular and may not be suitable for another purpose. Based on the procedures performed and evidence obtained, nothing has come to Deloitte Touche Tohmatsu's attention that causes Deloitte Touche Tohmatsu to believe that:

(i) The "Unadjusted Financial Information under US GAAP" under the sections entitled "Unaudited Adjusted Consolidated Statement of Financial Position under the Company's Policies as of December 31, 2024" and "Unaudited Adjusted Consolidated Statement of Profit or Loss under the Company's Policies for the year ended December 31, 2024" in the Reconciliation Information is not in agreement with the corresponding amount as set out in the audited consolidated financial statements of Melco Resorts Group for the year ended December 31, 2024 prepared in accordance with US GAAP;

(ii) The adjustments made in the Reconciliation Information in arriving at the "Adjusted Financial Information under the Company's Policies" under the sections entitled "Unaudited Adjusted Consolidated Statement of Financial Position under the Company's Policies as of December 31, 2024" and "Unaudited Adjusted Consolidated Statement of Profit or Loss under the Company's Policies for the year ended December 31, 2024", do not reflect, in all material respects, the different accounting treatments according to the Melco Resorts Group's accounting policies in accordance with US GAAP and the Company's accounting policies in accordance with HKFRS; and

(iii) The Reconciliation Information under the sections entitled "Unaudited Adjusted Consolidated Statement of Financial Position under the Company's Policies as of December 31, 2024" and "Unaudited Adjusted Consolidated Statement of Profit or Loss under the Company's Policies for the year ended December 31, 2024" is not arithmetically accurate.

Melco Resorts' Unaudited Adjusted Financial Information under the Company's Policies

The Melco Resorts Historical Track Record Accounts for the Relevant Periods have been prepared and presented in accordance with US GAAP. The material differences between the Melco Resorts Historical Track Record Accounts, as prepared in accordance with US GAAP, compared to that applying the accounting policies presently adopted by the Company which are in compliance with HKFRS, are set out below:

Unaudited Adjusted Consolidated Statement of Financial Position under the Company's Policies as of December 31, 2022
(In thousands of US$)

	Notes	Unadjusted Financial Information under US GAAP	Adjustments	Adjusted Financial Information under the Company's Policies
ASSETS				
Current assets:				
Cash and cash equivalents		$ 1,812,729	$ –	$ 1,812,729
Restricted cash		50,992	–	50,992
Accounts receivable, net		55,992	–	55,992
Receivables from affiliated companies		630	–	630
Inventories		26,416	–	26,416
Prepaid expenses and other current assets	*f*	119,410	900	120,310
Assets held for sale		8,503	–	8,503
Total current assets		2,074,672	900	2,075,572
Property and equipment, net	*a,b,f,i*	5,870,905	72,783	5,943,688
Intangible assets, net		43,610	–	43,610
Goodwill		81,606	–	81,606
Long-term prepayments, deposits and other assets, net	*e,f*	159,697	327	160,024
Receivables from an affiliated company		216,333	–	216,333
Restricted cash		124,736	–	124,736
Deferred tax assets, net		638	–	638
Operating lease right-of-use assets	*f*	58,715	(58,715)	–
Right-of-use assets	*f*	–	707,168	707,168
Land use rights, net	*a,c,f*	670,872	(670,872)	–
Total assets		$ 9,301,784	$ 51,591	$ 9,353,375

	Notes	Unadjusted Financial Information under US GAAP	Adjustments	Adjusted Financial Information under the Company's Policies
LIABILITIES AND DEFICIT				
Current liabilities:				
Accounts payable		$ 6,730	$ –	$ 6,730
Accrued expenses and other current liabilities	*g*	809,305	(13,985)	795,320
Income tax payable		11,610	–	11,610
Operating lease liabilities, current	*f*	12,761	(12,761)	–
Finance lease liabilities, current	*f*	34,959	(34,959)	–
Lease liabilities, current	*f*	–	47,720	47,720
Current portion of long-term debt, net	*h*	322,500	(322,500)	–
Payables to affiliated companies		761	–	761
Total current liabilities		1,198,626	(336,485)	862,141
Long-term debt, net	*e,h*	8,090,008	332,953	8,422,961
Other long-term liabilities	*g*	33,712	(195)	33,517
Deferred tax liabilities, net	*c*	39,677	(33,824)	5,853
Operating lease liabilities, non-current	*f*	55,832	(55,832)	–
Finance lease liabilities, non-current	*f*	198,291	(198,291)	–
Lease liabilities, non-current	*f*	–	254,123	254,123
Total liabilities		$ 9,616,146	$ (37,551)	$ 9,578,595

	Notes	Unadjusted Financial Information under US GAAP	Adjustments	Adjusted Financial Information under the Company's Policies
Deficit:				
Ordinary shares		$ 14,451	$ –	$ 14,451
Treasury shares		(241,750)	–	(241,750)
Additional paid-in capital	*d*	3,218,895	6,506	3,225,401
Accumulated other comprehensive losses		(111,969)	(47)	(112,016)
Accumulated losses		(3,729,952)	19,286	(3,710,666)
Total Melco Resorts & Entertainment Limited shareholders' deficit		(850,325)	25,745	(824,580)
Noncontrolling interests		535,963	63,397	599,360
Total deficit		(314,362)	89,142	(225,220)
Total liabilities and deficit		$ 9,301,784	$ 51,591	$ 9,353,375
Net current assets		$ 876,046	$ 337,385	$ 1,213,431
Total assets less current liabilities		$ 8,103,158	$ 388,076	$ 8,491,234

Unaudited Adjusted Consolidated Statement of Profit or Loss under the Company's Policies for the year ended December 31, 2022
(In thousands of US$)

	Notes	**Unadjusted Financial Information under US GAAP**	**Adjustments**	**Adjusted Financial Information under the Company's Policies**
Operating revenues:				
Casino		$ 1,076,398	$ –	$ 1,076,398
Rooms		116,552	–	116,552
Food and beverage		85,518	–	85,518
Entertainment, retail and other	*f*	71,509	1,834	73,343
Total operating revenues		1,349,977	1,834	1,351,811
Operating costs and expenses:				
Casino	*f,g*	(912,839)	10,731	(902,108)
Rooms	*f,g*	(46,199)	30	(46,169)
Food and beverage	*f,g*	(82,000)	31	(81,969)
Entertainment, retail and other	*f,g*	(22,419)	414	(22,005)
General and administrative	*d,f,g*	(423,225)	14,492	(408,733)
Payments to the Philippine Parties		(28,894)	–	(28,894)
Pre-opening costs	*f*	(15,585)	83	(15,502)
Amortization of gaming subconcession		(32,785)	–	(32,785)
Amortization of land use rights	*a,c,f*	(22,662)	22,662	–
Depreciation and amortization	*a,b,f*	(466,492)	(38,305)	(504,797)
Property charges and other	*f,i*	(39,982)	(67,685)	(107,667)
Total operating costs and expenses		(2,093,082)	(57,547)	(2,150,629)
Operating loss		$ (743,105)	$ (55,713)	$ (798,818)

	Notes	Unadjusted Financial Information under US GAAP	Adjustments	Adjusted Financial Information under the Company's Policies
Non-operating income (expenses):				
Interest income		$ 26,458	$ –	$ 26,458
Interest expenses, net of amounts capitalized	*b,e,f*	(376,722)	711	(376,011)
Other financing costs		(6,396)	–	(6,396)
Foreign exchange gains, net		3,904	–	3,904
Other income, net		3,930	1	3,931
Total non-operating expenses, net		(348,826)	712	(348,114)
Loss before income tax		(1,091,931)	(55,001)	(1,146,932)
Income tax expense	*c*	(5,236)	(1,258)	(6,494)
Net loss		(1,097,167)	(56,259)	(1,153,426)
Net loss attributable to noncontrolling interests		166,641	1,075	167,716
Net loss attributable to Melco Resorts & Entertainment Limited		$ (930,526)	$ (55,184)	$ (985,710)

Unaudited Adjusted Consolidated Statement of Financial Position under the Company's Policies as of December 31, 2023
(In thousands of US$)

	Notes	Unadjusted Financial Information under US GAAP	Adjustments	Adjusted Financial Information under the Company's Policies
ASSETS				
Current assets:				
Cash and cash equivalents		$ 1,310,715	$ –	$ 1,310,715
Restricted cash	*h*	27	272	299
Accounts receivable, net		91,638	–	91,638
Receivables from affiliated companies		797	–	797
Inventories		29,427	–	29,427
Prepaid expenses and other current assets	*f*	111,688	851	112,539
Total current assets		1,544,292	1,123	1,545,415
Property and equipment, net	*a,b,f*	5,533,994	110,543	5,644,537
Intangible assets, net		304,652	–	304,652
Goodwill		81,582	–	81,582
Long-term prepayments, deposits and other assets, net	*e,f*	100,320	156	100,476
Restricted cash	*h*	125,094	(273)	124,821
Operating lease right-of-use assets	*f*	62,356	(62,356)	–
Right-of-use assets	*f*	–	646,195	646,195
Land use rights, net	*a,c,f*	582,782	(582,782)	–
Total assets		$ 8,335,072	$ 112,606	$ 8,447,678

	Notes	Unadjusted Financial Information under US GAAP	Adjustments	Adjusted Financial Information under the Company's Policies
LIABILITIES AND DEFICIT				
Current liabilities:				
Accounts payable		$ 11,752	$ –	$ 11,752
Accrued expenses and other current liabilities	*g*	1,008,316	(1,106)	1,007,210
Income tax payable		28,183	–	28,183
Operating lease liabilities, current	*f*	19,685	(19,685)	–
Finance lease liabilities, current	*f*	35,307	(35,307)	–
Lease liabilities, current	*f*	–	54,991	54,991
Current portion of long-term debt, net	*h*	–	128	128
Payables to affiliated companies		377	–	377
Total current liabilities		1,103,620	(979)	1,102,641
Long-term debt, net	*e,h*	7,472,620	6,158	7,478,778
Other long-term liabilities		322,591	828	323,419
Deferred tax liabilities, net	*c*	34,959	(26,041)	8,918
Operating lease liabilities, non-current	*f*	53,858	(53,858)	–
Finance lease liabilities, non-current	*f*	187,474	(187,474)	–
Lease liabilities, non-current	*f*	–	241,333	241,333
Total liabilities		$ 9,175,122	$ (20,033)	$ 9,155,089

	Notes	**Unadjusted Financial Information under US GAAP**	**Adjustments**	**Adjusted Financial Information under the Company's Policies**
Deficit:				
Ordinary shares		$ 14,047	$ –	$ 14,047
Treasury shares		(255,068)	–	(255,068)
Additional paid-in capital	*d*	3,109,212	6,081	3,115,293
Accumulated other comprehensive losses		(98,599)	(17)	(98,616)
Accumulated losses		(4,056,872)	68,671	(3,988,201)
Total Melco Resorts & Entertainment Limited shareholders' deficit		(1,287,280)	74,735	(1,212,545)
Noncontrolling interests		447,230	57,904	505,134
Total deficit		(840,050)	132,639	(707,411)
Total liabilities and deficit		$ 8,335,072	$ 112,606	$ 8,447,678
Net current assets		$ 440,672	$ 2,102	$ 442,774
Total assets less current liabilities		$ 7,231,452	$ 113,585	$ 7,345,037

Unaudited Adjusted Consolidated Statement of Profit or Loss under the Company's Policies for the year ended December 31, 2023
(In thousands of US$)

	Notes	Unadjusted Financial Information under US GAAP	Adjustments	Adjusted Financial Information under the Company's Policies
Operating revenues:				
Casino		$ 3,077,312	$ –	$ 3,077,312
Rooms		338,224	–	338,224
Food and beverage		208,885	–	208,885
Entertainment, retail and other	*f*	150,826	(602)	150,224
Total operating revenues		3,775,247	(602)	3,774,645
Operating costs and expenses:				
Casino	*f,g*	(2,034,848)	(9,436)	(2,044,284)
Rooms		(87,637)	–	(87,637)
Food and beverage	*f,g*	(163,492)	(15)	(163,507)
Entertainment, retail and other	*f,g*	(76,704)	(294)	(76,998)
General and administrative	*d,f,g*	(488,127)	12,758	(475,369)
Payments to the Philippine Parties		(42,451)	–	(42,451)
Pre-opening costs	*f,g*	(43,994)	2,135	(41,859)
Development costs		(1,202)	–	(1,202)
Amortization of land use rights	*a,c*	(22,670)	22,670	–
Depreciation and amortization	*a,b,f,i*	(520,726)	(40,233)	(560,959)
Property charges and other	*f,i*	(228,437)	65,878	(162,559)
Total operating costs and expenses		(3,710,288)	53,463	(3,656,825)
Operating income		$ 64,959	$ 52,861	$ 117,820

	Notes	Unadjusted Financial Information under US GAAP	Adjustments	Adjusted Financial Information under the Company's Policies
Non-operating income (expenses):				
Interest income		$ 23,305	$ –	$ 23,305
Interest expenses, net of amounts capitalized	*b,e,f*	(492,391)	(385)	(492,776)
Other financing costs		(4,372)	–	(4,372)
Foreign exchange gains, net		2,232	–	2,232
Other income, net		2,748	–	2,748
Gain on extinguishment of debt		1,611	–	1,611
Total non-operating expenses, net		(466,867)	(385)	(467,252)
Loss before income tax		(401,908)	52,476	(349,432)
Income tax expense	*c*	(13,422)	(7,764)	(21,186)
Net loss		(415,330)	44,712	(370,618)
Net loss attributable to noncontrolling interests		88,410	5,453	93,863
Net loss attributable to Melco Resorts & Entertainment Limited		$ (326,920)	$ 50,165	$ (276,755)

Unaudited Adjusted Consolidated Statement of Financial Position under the Company's Policies as of December 31, 2024
(In thousands of US$)

	Notes	Unadjusted Financial Information under US GAAP	Adjustments	Adjusted Financial Information under the Company's Policies
ASSETS				
Current assets:				
Cash and cash equivalents		$ 1,147,193	$ –	$ 1,147,193
Restricted cash		368	–	368
Accounts receivable, net		144,211	–	144,211
Receivables from affiliated companies		2,422	–	2,422
Inventories		32,452	–	32,452
Prepaid expenses and other current assets	*f*	102,521	756	103,277
Total current assets		1,429,167	756	1,429,923
Property and equipment, net	*a,b,f*	5,272,500	110,657	5,383,157
Intangible assets, net	*i*	288,710	959	289,669
Goodwill		82,090	–	82,090
Long-term prepayments, deposits and other assets, net	*e,f*	131,850	(229)	131,621
Restricted cash		125,511	–	125,511
Operating lease right-of-use assets	*f*	89,164	(89,164)	–
Right-of-use assets	*f*	–	663,302	663,302
Land use rights, net	*a,c*	566,351	(566,351)	–
Total assets		$ 7,985,343	$ 119,930	$ 8,105,273

	Notes	Unadjusted Financial Information under US GAAP	Adjustments	Adjusted Financial Information under the Company's Policies
LIABILITIES AND DEFICIT				
Current liabilities:				
Accounts payable		$ 24,794	$ –	$ 24,794
Accrued expenses and other current liabilities	*g*	1,054,018	(1,041)	1,052,977
Income tax payable		38,009	–	38,009
Operating lease liabilities, current	*f*	18,590	(18,590)	–
Finance lease liabilities, current	*f*	33,817	(33,817)	–
Lease liabilities, current	*f*	–	54,638	54,638
Current portion of long-term debt, net	*e,h*	21,597	1,199,934	1,221,531
Payables to affiliated companies		39	–	39
Total current liabilities		1,190,864	1,201,124	2,391,988
Long-term debt, net	*e,h*	7,135,825	(1,198,039)	5,937,786
Other long-term liabilities		315,299	1,290	316,589
Deferred tax liabilities, net	*c*	36,708	(26,117)	10,591
Operating lease liabilities, non-current	*f*	80,673	(80,673)	–
Finance lease liabilities, non-current	*f*	165,938	(165,938)	–
Lease liabilities, non-current	*f*	–	257,556	257,556
Total liabilities		$ 8,925,307	$ (10,797)	$ 8,914,510

	Notes	Unadjusted Financial Information under US GAAP	Adjustments	Adjusted Financial Information under the Company's Policies
Deficit:				
Ordinary shares		$ 13,515	$ –	$ 13,515
Treasury shares		(216,626)	–	(216,626)
Additional paid-in capital	*d*	2,985,730	5,636	2,991,366
Accumulated other comprehensive losses		(95,750)	3,571	(92,179)
Accumulated losses		(4,013,329)	69,726	(3,943,603)
Total Melco Resorts & Entertainment Limited shareholders' deficit		(1,326,460)	78,933	(1,247,527)
Noncontrolling interests		386,496	51,794	438,290
Total deficit		(939,964)	130,727	(809,237)
Total liabilities and deficit		$ 7,985,343	$ 119,930	$ 8,105,273
Net current assets (liabilities)		$ 238,303	$ (1,200,368)	$ (962,065)
Total assets less current liabilities		$ 6,794,479	$ (1,081,194)	$ 5,713,285

Unaudited Adjusted Consolidated Statement of Profit or Loss under the Company's Policies for the year ended December 31, 2024
(In thousands of US$)

	Notes	Unadjusted Financial Information under US GAAP	Adjustments	Adjusted Financial Information under the Company's Policies
Operating revenues:				
Casino		$ 3,772,655	$ –	$ 3,772,655
Rooms		422,565	–	422,565
Food and beverage		285,933	–	285,933
Entertainment, retail and other	*f*	157,060	152	157,212
Total operating revenues		4,638,213	152	4,638,365
Operating costs and expenses:				
Casino	*g,f*	(2,524,565)	6,890	(2,517,675)
Rooms	*f*	(127,884)	13	(127,871)
Food and beverage		(230,284)	–	(230,284)
Entertainment, retail and other	*f*	(79,169)	(1,002)	(80,171)
General and administrative	*d,f*	(568,701)	11,793	(556,908)
Payments to the Philippine Parties		(41,939)	–	(41,939)
Pre-opening costs	*f*	(20,852)	3,130	(17,722)
Development costs	*f*	(5,433)	19	(5,414)
Amortization of land use rights	*a,c*	(19,956)	19,956	–
Depreciation and amortization	*a,b,f*	(521,582)	(45,786)	(567,368)
Property charges and other	*f,i*	(13,221)	899	(12,322)
Total operating costs and expenses		(4,153,586)	(4,088)	(4,157,674)
Operating income		$ 484,627	$ (3,936)	$ 480,691

	Notes	Unadjusted Financial Information under US GAAP	Adjustments	Adjusted Financial Information under the Company's Policies
Non-operating income (expenses):				
Interest income		$ 15,766	$ –	$ 15,766
Interest expenses, net of amounts capitalized	*b,e,f*	(486,721)	(1,565)	(488,286)
Other financing costs		(7,362)	–	(7,362)
Foreign exchange loss, net		(15,492)	–	(15,492)
Other income, net		3,833	–	3,833
Loss on extinguishment of debt		(1,000)	–	(1,000)
Total non-operating expenses, net		(490,976)	(1,565)	(492,541)
Loss before income tax		(6,349)	(5,501)	(11,850)
Income tax expense	*c,f*	(21,610)	(85)	(21,695)
Net loss		(27,959)	(5,586)	(33,545)
Net loss attributable to noncontrolling interests		71,502	6,629	78,131
Net income attributable to Melco Resorts & Entertainment Limited		$ 43,543	$ 1,043	$ 44,586

Notes:

(a) Capitalization of Amortization of Land Use Rights/Depreciation of Right-of-use Assets (Land) as Property and Equipment

Under US GAAP, the amortization of land use rights is recognized in the consolidated statements of profit or loss over the estimated term of the land use rights on a straight-line basis and is not capitalized to the property and equipment during the property construction period.

Under HKFRS, land use rights are classified as right-of-use assets (land) (see note (f) for details), the depreciation of right-of-use assets (land) is generally recognized in the consolidated statements of profit or loss over the estimated term of the right-of-use assets (land) on a straight-line basis. If the depreciation of right-of-use assets (land) is an expenditure directly attributable to bringing a property to working condition for its intended use, the related depreciation is capitalized to property and equipment, until such time as the construction work is completed.

(b) Borrowing Costs

Under US GAAP, the amount of interest cost, including amortization of deferred financing costs, associated with major development and construction projects is capitalized and included in the cost of the projects. The amount to be capitalized is determined by applying the weighted average interest rate of the Company's outstanding borrowings to the average amount of accumulated qualifying capital expenditures for assets under construction during the period. Income earned on temporary investment of actual borrowings is not generally deducted from the amount of borrowing costs to be capitalized. Capitalization of borrowing costs also include the interest related to finance lease liabilities for the purpose of obtaining a qualifying asset.

Under HKFRS, to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings. If an entity borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for capitalization by applying a capitalization rate to the expenditures on that asset. The capitalization rate shall be the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Capitalization of borrowing costs also include the interest related to lease liabilities for the purpose of obtaining a qualifying asset.

(c) Deferred Income Taxes

Under US GAAP, deferred income tax is recognized for the temporary differences arising from an asset purchase that is not a business combination. The tax effect of asset purchases that are not business combinations in which the amount paid differs from the tax basis of the asset shall not result in immediate profit or loss recognition. The differences are considered to be a temporary difference and a deferred tax asset or liability should be recognized. The simultaneous-equations method shall be used to calculate the assigned value of the asset and the related deferred tax assets or deferred tax liabilities.

Under HKFRS, deferred income tax is not recognized for temporary differences resulting from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.

The value of land use rights acquired for Altira Macau, City of Dreams and Studio City are different under US GAAP and HKFRS. Accordingly, the amount of amortization of land use rights and the depreciation of right-of-use assets (land) over the estimated term of the land use rights and the deferred income taxes are different.

(d) Share-based Compensation

Under US GAAP, for awards that have graded vesting features and service condition only, an entity has to choose as an accounting policy either to (1) recognize a charge on an accelerated basis to reflect the vesting as it occurs (which is similar to the method under HKFRS) or (2) amortize the entire grant on a straight-line basis over the longest vesting period. Melco Resorts has adopted the straight-line method in the preparation of its consolidated financial statements.

HKFRS states that share-based compensation expense is recognized on an accelerated method where an entity recognizes compensation cost over the requisite service period for each separately vesting portion of the award as if the award was, in-substance, multiple awards. Each portion is treated as a separate grant, as each portion has a different vesting period.

Compensation expense recognized will be different under US GAAP and HKFRS.

For the awards that are modified with longer vesting periods, Melco Resorts has recognized the unrecognized compensation cost remaining from the original award plus the incremental compensation cost, if any, as a result of the modification in its entirety over the remaining portion of the requisite service period of the modified award under US GAAP. However, the unrecognized compensation cost remaining from the original award is recognized over the original vesting period if the modification includes an extension of vesting period under HKFRS.

In addition, for awards that are forfeited after the vesting date, the amount previously recognized in additional paid in capital is transferred to accumulated losses under HKFRS. However, such transfer is not allowed under US GAAP.

(e) Debt Modification/Extinguishment

Transaction costs associated to debt modification or extinguishment

Under US GAAP, fees paid to or received from lenders and other third-party costs incurred in relation to a debt refinancing are distinguished and accounted for differently depending on the classification of such debt as modified or extinguished.

Under HKFRS, there is no difference on the treatment for fees paid to or received from lenders and other third-party costs for debt refinancing under modification or extinguishment.

Debt extinguishment

Under US GAAP, fees paid to or received from lenders are included in gain or loss on extinguishment of debt and other third-party costs are capitalized as deferred financing costs and amortized as an adjustment of interest expense over the new term, if any.

Under HKFRS, all fees and costs incurred are included in gain or loss on the extinguishment of debt.

Debt modification

Under US GAAP, third-party costs are included in gain or loss on modification of debt and fees paid to or received from lenders are capitalized as deferred financing costs and amortized as an adjustment of interest expense over the remaining term of the modified debt.

Under HKFRS, all fees and costs incurred are deferred and amortized over the remaining term of the modified debt.

Adjustment on carrying amount of the liability for debt modification

Under US GAAP, a new effective interest rate is determined based on the carrying amount of the original debt instrument at the time of the transaction and the modified terms and cash flows. No adjustment on the carrying amount of the liability is required.

Under HKFRS, an entity should adjust the carrying amount of the liability by computing the present value of the modified contractual cash flows using the original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liability and are amortized over the remaining term. Any adjustment to the carrying amount of the financial liability is then recognized as part of the gain/loss on modification of debt.

(f) Lease Accounting

As a lessee

Under US GAAP, leases are classified as either operating or finance leases. Right-of-use assets ("ROU Assets") of operating leases are classified as "Right-of-use assets" and "Land use right" while the ROU Assets of finance leases are classified as "Property and equipment" in the consolidated statements of financial position. For leases classified as operating leases, lease expense for minimum lease payments is recognized on a straight-line basis over the expected lease term and classified as respective operating costs in the consolidated statements of profit or loss while the treatment of finance lease costs under US GAAP is similar to the treatment of lease costs under HKFRS.

Under HKFRS, there is no distinguishment between operating and finance leases for lessee and the ROU Assets including the land use right are classified as "Right-of-use assets" in the consolidated statements of financial position. Depreciation of ROU Assets and interest expense related to the lease liabilities are recorded under "Depreciation and amortization" and "Interest expenses, net of amounts capitalized", respectively, in consolidated statements of profit or loss.

Under US GAAP, an entity recognizes the effect of changes to index and rate-based variable lease payment in profit or loss in the period of the change. However, under HKFRS, changes to index and rate-based variable lease payment results in remeasurement of the lease liability by discounting the revised lease payments using an unchanged discount rate, unless the change in lease payments results from a change in floating interest rates.

As a lessor

Melco Resorts adopted the practical expedient for lessor under US GAAP for the COVID-19 related rent concession in which the rent concession provided by Melco Resorts to the lessee is directly recognized in profit or loss as a reduction in lease income.

Under HKFRS, the rent concession provided by Melco Resorts to the lessee is accounted for as lease modification unless there are enforceable rights and obligations for rent concessions exist in the original lease contract.

Under US GAAP, the changes in collectability assessment after the lease commencement date are recognized as adjustment to lease income in the period of change.

Under HKFRS, the changes in collectability assessment shall follow HKFRS 9's guidance on credit losses instead of reflecting in the lease income.

(g) Employee Special Leave and Subsidy Program

During the period of COVID-19 outbreak, Melco Resorts launched the special leave and subsidy program (the "Program") for employees' voluntary participation. A monthly subsidy was paid to the participated employees during the period of special leave. Melco Resorts has the right to cancel or change the special leave period granted to employees in accordance with its business and operational needs (the "Cancelation Right").

Under US GAAP, Melco Resorts shall record an accrual for the total amount of subsidy to be paid in the Program when it is probable that the subsidy will be paid and such amount can be reasonably estimated (i.e. upon the employee choosing to participate in the Program and such participation is approved by Melco Resorts) and this accrual amount is updated at each balance sheet date in accordance with the exercise of the Cancelation Right.

Under HKFRS, the subsidy shall be recognized over the special leave period instead of a "one-off accrual". Expense and liability shall be recorded on a month to month basis upon incurrence.

(h) Current and Non-current Classification of Debt Obligation

Long-term revolving facilities

Under US GAAP, a revolver that is short-term in nature allowing for automatic renewal or extension is essentially refinancing of the short-term debt via another short-term obligation. The exclusion of such short-term debt from current liabilities can occur only when the debtor establishes its intent and ability to refinance the short-term obligation on a long-term basis.

Under HKFRS, liability to be classified as non-current requires an entity has the right to defer its settlement of the liability for at least twelve months after the reporting period.

Senior notes and term loan facilities

Under US GAAP, senior notes and term loan obligations which mature within one year from the balance sheet date are classified as non-current portion of long-term debt if the management has intent and believes the borrower has ability to refinance these short-term obligations on a long-term basis. The collateral bank accounts associated with these borrowings under the term loan facilities are classified as non-current portion of restricted cash in accordance with the debt classification.

Under HKFRS, the senior notes and term loan obligations will be classified as current as the maturity date is less than one year after the balance sheet date. HKFRS does not consider intention of management for extension of maturity date. The collateral bank accounts associated with these borrowings under the term loan facilities are classified as current portion of restricted cash in accordance with the debt classification.

(i) Impairment of Assets

Under US GAAP, an entity is required to use a two-step approach to measure impairment. In step 1, the entity performs a recoverability test by comparing the expected undiscounted future cash flows to be derived from the asset with its carrying amount. If the asset fails the recoverability test, step 2 is required, and the entity must record an impairment loss calculated as the excess of the asset's carrying amount over its fair value. Fair value should be calculated as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". Subsequent reversal of a previously recognized impairment loss is prohibited.

Under HKFRS, the impairment loss is calculated as the excess of the asset's carrying amount over its recoverable amount. The recoverable amount is the higher of an asset's (1) fair value less costs of disposal and (2) value in use. "Fair value less costs of disposal" is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, less the costs of disposal". When entities calculate value in use, they discount the expected future cash flows to be generated by the asset to their present value. An impairment loss recognized in prior periods for an asset other than goodwill can be reversed in future.

Under US GAAP, if the recoverability test in step 1 is passed, impairment is not recorded even if the fair value of the asset is less than its carrying amount. Accordingly, an impairment loss may be recorded under HKFRS but may not be recorded under US GAAP under the same set of circumstances. When an impairment loss is recorded under both US GAAP and HKFRS, the amount of the impairment loss may not be the same under US GAAP and HKFRS because the fair value (under US GAAP) and recoverable amount (under HKFRS) may differ.

There are other differences between US GAAP and HKFRS relevant to the accounting policies of Melco Resorts. Such differences do not have a material impact on shareholders' deficit of Melco Resorts as at December 31, 2022, 2023 and 2024 and net (loss) income attributable to Melco Resorts during the years ended December 31, 2022, 2023 and 2024.

There are also differences between US GAAP and HKFRS in the presentation and classification of items in the consolidated statements of profit or loss, statement of financial position and statements of cash flows. In addition, there are differences on financial statement disclosure required between US GAAP and HKFRS. Such differences do not have impact on shareholders' deficit of Melco Resorts as at December 31, 2022, 2023 and 2024 or net (loss) income attributable to Melco Resorts during the years ended December 31, 2022, 2023 and 2024.

D. MANAGEMENT DISCUSSION AND ANALYSIS OF MELCO RESORTS

For the purpose of this section only, unless the context requires otherwise, references to the "Company", "we", "us" and "our" refer to Melco Resorts and references to "$" refer to US$.

(1) The following is an extract of the management discussion and analysis of the results of Melco Resorts for the year ended 31 December 2022 from the 2022 annual report of Melco Resorts, except for certain narratives have been supplemented or adjusted to reflect the retrospective adoption for the fiscal years beginning after December 15, 2023 of Accounting Standards Update ("**ASU**") 2023-07, "Improvements to Reportable Segment Disclosures":

Summary of Financial Results

For the year ended December 31, 2022, our total operating revenues were US$1.35 billion, a decrease of 32.9% from US$2.01 billion for the year ended December 31, 2021. Net loss attributable to Melco Resorts & Entertainment Limited for the year ended December 31, 2022 was US$0.93 billion, as compared to net loss attributable to Melco Resorts & Entertainment Limited of US$0.81 billion for the year ended December 31, 2021. The change was primarily attributable to softer performance in the mass market table games and rolling chip segments as well as non-gaming operations as a result of the government mandated temporary closure of our casinos in Macau in July and heighted travel restrictions in Macau and mainland China related to COVID-19 during the year, partially offset by lower development costs, amortization of gaming subconcession costs as well as depreciation and amortization expenses.

	Year ended December 31,		
	2022	2021	2020
	(in thousands of US$)		
Total operating revenues	$ 1,349,977	$ 2,012,356	$ 1,727,923
Total operating costs and expenses	(2,093,082)	(2,589,807)	(2,668,480)
Operating loss	(743,105)	(577,451)	(940,557)
Net loss attributable to Melco Resorts & Entertainment Limited	$ (930,526)	$ (811,751)	$ (1,263,492)

Our results of operations and financial position for the years presented are not fully comparable for the following reasons:

- On April 29, 2020, we sold all of our approximately 9.99% ownership interest in Crown Resorts at the aggregate price of AUD551.6 million (equivalent to approximately US$359.1 million based on the exchange rate on the transaction date).

- On April 29, 2020, our subsidiary, MCO Nominee One, as borrower, entered into the 2020 Credit Facilities pursuant to which the lenders have made available HK$14.85 billion (equivalent to US$1.90 billion) in a revolving credit facility for a term of five years.

- On May 6, 2020, MCO Nominee One drew down HK$2.73 billion (equivalent to US$349.6 million) under the 2020 Credit Facilities and, on May 7, 2020, we used a portion of the proceeds from such drawdown to repay all outstanding loan amounts under the 2015 Credit Facilities, together with accrued interest and associated costs, other than HK$1.0 million (equivalent to US$128,000) which remained outstanding under the term loan facility for the 2015 Credit Facilities. On May 7, 2020, following the repayment of outstanding amounts under the 2015 Credit Facilities, together with accrued interest and associated costs, a part of the revolving credit facility commitments under the 2015 Credit Facilities were canceled, following which the available revolving credit facility commitments under the 2015 Credit Facilities were HK$1.0 million (equivalent to US$128,000).

- On July 15, 2020, Studio City Finance issued US$500 million in aggregate principal amount of the 2025 Studio City Notes and US$500 million in aggregate principal amount of the 2028 Studio City Notes, net proceeds from which a portion were used to redeem in full by Studio City Company of the 2021 Studio City Company Notes.

- On July 21, 2020, Melco Resorts Finance issued US$500.0 million in aggregate principal of the First 2028 Senior Notes, the net proceeds from which were used to repay the principal amount outstanding for the revolving credit facility under the 2020 Credit Facilities.

- On August 11, 2020, Melco Resorts Finance issued US$350.0 million in aggregate principal of the Additional 2028 Senior Notes.

- During July and August 2020, SCI announced and completed a US$500 million private placement of shares. The net proceeds from this private placement was approximately US$499.2 million, of which US$219.2 million was from noncontrolling interests.

- On September 23, 2020, MCO Nominee One drew down HK$1.94 billion (equivalent to US$249.9 million) of the revolving credit facility under the 2020 Credit Facilities.

- On January 14, 2021, Studio City Finance issued US$750.0 million in aggregate principal amount of the First 2029 Studio City Notes.

- On January 21, 2021, Melco Resorts Finance issued US$250.0 million in aggregate principal of the Additional 2029 Senior Notes.

- On January 27, 2021, MCO Nominee One repaid HK$1.94 billion (equivalent to US$249.9 million) of the revolving credit facility under the 2020 Credit Facilities, together with accrued interest, with the proceeds from the Additional 2029 Senior Notes.

- On May 20, 2021, Studio City Finance issued US$350.0 million in aggregate principal amount of the Additional 2029 Studio City Notes.

- On December 1, 2021, MCO Nominee One drew down HK$1.17 billion (equivalent to US$149.8 million) under the 2020 Credit Facilities, and, on December 15, 2021, drew down HK$1.95 billion (equivalent to US$249.7 million) under the 2020 Credit Facilities.

- On February 16, 2022, Studio City Company issued US$350.0 million in aggregate principal amount of the 2027 Studio City Notes.

- On February 23, 2022, MCO Nominee One drew down US$170.0 million under the 2020 Credit Facilities to fund the purchase of shares from SCI as part of its private placement announced in February 2022.

- On April 6, 2022, MCO Nominee One further drew down US$250.0 million under the 2020 Credit Facilities, out of which US$170.0 million was advanced to our Company for working capital and general corporate purposes.

- On May 4, 2022, the maturity date of the 2015 Credit Facilities was extended to December 31, 2022 pursuant to an extension request letter.

- On August 16, 2022, MCO Nominee One received confirmation that the majority of lenders of 2020 Credit Facilities agreement dated April 29, 2020 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 December 31, 2022 test date, and the waiver extension granted extends that waiver for all relevant periods to and including the March 31, 2024 test date. MCO Nominee One 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.

- On August 24, 2022, MCO Nominee One drew down US$400.0 million under the 2020 Credit Facilities, out of which US$160.0 million was advanced to our Company for corporate purposes.

- On December 5, 2022, MCO Nominee One drew down HK$5.31 billion (equivalent to US$680.1 million) under the 2020 Credit Facilities and were advanced to Melco Resorts Macau, out of which approximately US$496.0 million was used to pay MOP3.99 billion (equivalent to US$496.0 million) in dividends from Melco Resorts Macau to MCO Investments.

- On December 16, 2022, the maturity date of the 2015 Credit Facilities was extended to June 24, 2024 pursuant to an extension request letter.

Our operations in 2022 continued to be significantly impacted by travel restrictions and quarantine requirements as well as casino closures. According to the DSEC, visitor arrivals to Macau decreased by 26.0% on a year-over-year basis in 2022 as compared to 2021 while, according to the DICJ, gross gaming revenues in Macau declined by 51.4% on a year– over-year basis in 2022. As we derive a significant majority of our revenues from our business and operations in Macau, our business has been materially and adversely affected by the COVID-19 pandemic.

While quarantine-free travel within Greater China has resumed and pandemic measures in Macau, the Philippines and Cyprus have eased significantly, the pace of recovery from COVID-19 is highly uncertain and will depend on the extent of any future COVID-19 outbreaks and government responses to such outbreaks, the efficacy of COVID-19 vaccines, including against any new strains of the coronavirus that causes COVID– 19, the impact of potentially higher unemployment rates, declines in income levels and loss of personal wealth resulting from COVID-19 outbreaks. Moreover, even if COVID-19 outbreaks subside, there is no guarantee that travel and consumer sentiment will rebound quickly or at all. In addition, although restrictions related to COVID-19 have eased in mainland China, Macau, the Philippines and Cyprus, we cannot be certain whether authorities in these jurisdictions will reintroduce any of the previously imposed restrictions or any new restrictions in response to COVID-19 or other health emergencies.

The COVID-19 outbreak has also caused severe disruptions to the businesses of our tenants and other business partners, which may increase the risk of them defaulting on their contractual obligations with us, which may adversely affect our business, financial condition and results of operations, including causing increases in our bad debts.

Given the uncertainty around the pace of recovery from COVID-19 and the extent of any future COVID-19 outbreaks and government responses to any such outbreaks, we cannot reasonably estimate the impact to our future results of operations, cash flows and financial condition. See “Item 3. Key Information – Risk Factors – Risks Relating to Our Business and Operations – COVID-19 outbreaks have had an adverse effect on our operations, which has had a significant negative effect over the past three years and may continue to materially impact our business, prospects, financial condition and results of operations.”

Key Performance Indicators (KPIs)

We use the following KPIs to evaluate our casino operations, including table games and gaming machines:

- *Rolling chip volume:* the amount of non-negotiable chips wagered and lost by the rolling chip market segment.

- *Rolling chip win rate:* rolling chip table games win (calculated before discounts, commissions, non-discretionary incentives (including our point-loyalty programs) and allocating casino revenues related to goods and services provided to gaming patrons on a complimentary basis) as a percentage of rolling chip volume.

- *Mass market table games drop:* the amount of table games drop in the mass market table games segment.

- *Mass market table games hold percentage:* mass market table games win (calculated before discounts, commissions, non-discretionary incentives (including our point-loyalty programs) and allocating casino revenues related to goods and services provided to gaming patrons on a complimentary basis) as a percentage of mass market table games drop.

- *Table games win:* the amount of wagers won net of wagers lost on gaming tables that is retained and recorded as casino revenues. Table games win is calculated before discounts, commissions, non-discretionary incentives (including our point-loyalty programs) and allocating casino revenues related to goods and services provided to gaming patrons on a complimentary basis.

- *Gaming machine handle:* the total amount wagered in gaming machines.

- *Gaming machine win rate:* gaming machine win (calculated before non-discretionary incentives (including our point-loyalty programs) and allocating casino revenues related to goods and services provided to gaming patrons on a complimentary basis) expressed as a percentage of gaming machine handle.

In the rolling chip market segment, customers purchase identifiable chips known as non-negotiable chips, or rolling chips, from the casino cage, and there is no deposit into a gaming table's drop box for rolling chips purchased from the cage. Rolling chip volume and mass market table games drop are not equivalent. Rolling chip volume is a measure of amounts wagered and lost. Mass market table games drop measures buy in. Rolling chip volume is generally substantially higher than mass market table games drop. As these volumes are the denominator used in calculating win rate or hold percentage, with the same use of gaming win as the numerator, the win rate is generally lower in the rolling chip market segment than the hold percentage in the mass market table games segment.

Our combined expected rolling chip win rate across our properties is in the range of 2.85% to 3.15%.

We use the following KPIs to evaluate our hotel operations:

- *Average daily rate:* calculated by dividing total room revenues including complimentary rooms (less service charges, if any) by total rooms occupied, including complimentary rooms, i.e., average price of occupied rooms per day.

- *Occupancy rate:* the average percentage of available hotel rooms occupied, including complimentary rooms, during a period.

- *Revenue per available room, or REVPAR:* calculated by dividing total room revenues including complimentary rooms (less service charges, if any) by total rooms available, thereby representing a combination of hotel average daily room rates and occupancy.

Complimentary rooms are included in the calculation of the above room-related KPIs. The average daily rate of complimentary rooms is typically lower than the average daily rate for cash rooms. The occupancy rate and REVPAR would be lower if complimentary rooms were excluded from the calculation. As not all available rooms are occupied, average daily room rates are normally higher than revenue per available room.

Tables games and gaming machines that were not in operation due to government mandated closures or social distancing measures in relation to COVID-19 outbreaks have been excluded. Room statistics also exclude rooms that were temporarily closed or provided to the staff members due to COVID-19 outbreaks.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Revenues

Our total operating revenues for the year ended December 31, 2022 were US$1.35 billion, a decrease of US$662.4 million, or 32.9%, from US$2.01 billion for the year ended December 31, 2021. The decrease in total operating revenues was primarily attributable to softer performance in the mass market table games and rolling chip segments as well as lower non-gaming revenues.

Our total operating revenues for the year ended December 31, 2022 consisted of US$1.08 billion of casino revenues, representing 79.7% of our total operating revenues, and US$273.6 million of non-casino revenues. Our total operating revenues for the year ended December 31, 2021 consisted of US$1.68 billion of casino revenues, representing 83.3% of our total operating revenues, and US$336.1 million of non-casino revenues.

Casino. Casino revenues for the year ended December 31, 2022 were US$1.08 billion, representing a US$599.9 million, or 35.8%, decrease from casino revenues of US$1.68 billion for the year ended December 31, 2021, primarily due to softer performance in mass market table games and rolling chip segments.

Altira Macau. Altira Macau has strategically repositioned itself to cater to the premium mass segment and has shut down VIP rolling chip operations starting in the third quarter of 2021. Altira Macau's rolling chip volume for the year ended December 31, 2021 was US$1.96 billion. The rolling chip win rate was 1.61% for the year ended December 31, 2021. Our expected range was 2.85% to 3.15%. In the mass market table games segment, drop was US$124.0 million for the year ended December 31, 2022, representing a decrease of 22.1% from US$159.2 million for the year ended December 31, 2021. The mass market table games hold percentage was 19.6% for the year ended December 31, 2022, decreasing from 24.5% for the year ended December 31, 2021. Average net win per gaming machine per day was US$116 for the year ended December 31, 2022, a decrease of US$85, or 42.2%, from US$201 for the year ended December 31, 2021.

City of Dreams. City of Dreams' rolling chip volume for the year ended December 31, 2022 of US$4.38 billion represented a decrease of US$10.22 billion, or 70.0%, from US$14.60 billion for the year ended December 31, 2021. The rolling chip win rate was 3.85% for the year ended December 31, 2022, which increased from 2.54% for the year ended December 31, 2021. Our expected range was 2.85% to 3.15%. In the mass market table games segment, drop was US$1.19 billion for the year ended December 31, 2022 which represented a decrease of US$1.66 billion, or 58.3%, from US$2.85 billion for the year ended December 31, 2021. The mass market table games hold percentage was 30.5% for the year ended December 31, 2022, decreasing from 30.8% for the year ended December 31, 2021. Average net win per gaming machine per day was US$140 for the year ended December 31, 2022, a decrease of US$142, or 50.4%, from US$282 for the year ended December 31, 2021.

Mocha and Other. Effective from June 27, 2022, the Grand Dragon Casino, a casino on Taipa Island, Macau, which focuses on mass market table games and was previously reported under the Corporate and Other segment, has been included in the Mocha and Other segment as a result of the change of terms of the right-to-use agreement for the Grand Dragon Casino. Mocha and Other's mass market table games drop was US$39.2 million for the year ended December 31, 2022 and the mass market table games hold percentage was 20.1% for the year ended December 31, 2022. Average net win per gaming machine per day for the year ended December 31, 2022 was US$209, a decrease of US$77, or 27.0%, from US$287 for the year ended December 31, 2021.

Studio City. Studio City Casino's rolling chip volume was US$0.84 billion for the year ended December 31, 2022, a decrease from US$1.84 billion for the year ended December 31, 2021. The rolling chip win rate was 2.56% for the year ended December 31, 2022, which increased from 2.00% for the year ended December 31, 2021. Our expected range was 2.85% to 3.15%. In the mass market table games segment, drop was US$0.46 billion for the year ended December 31, 2022, a decrease from US$1.13 billion for the year ended December 31, 2021. The mass market table games hold percentage was 28.5% for the year ended December 31, 2022, representing an increase from 27.7% for the year ended December 31, 2021. Average net win per gaming machine per day was US$75 for the year ended December 31, 2022, a decrease of US$54, or 41.8%, from US$129 for the year ended December 31, 2021.

City of Dreams Manila. City of Dreams Manila's rolling chip volume for the year ended December 31, 2022 was US$2.87 billion, representing an increase of US$2.10 billion, or 270.4%, from US$0.78 billion for the year ended December 31, 2021. The rolling chip win rate was 2.17% for the year ended December 31, 2022, a decrease from 4.83% for the year ended December 31, 2021. Our expected range was 2.85% to 3.15%. In the mass market table games segment, drop was US$607.1 million for the year ended December 31, 2022, representing an increase of US$242.5 million, or 66.5%, from US$364.6 million for the year ended December 31, 2021. The mass market table games hold percentage was 30.9% for the year ended December 31, 2022, representing a decrease from 32.4% for the year ended December 31, 2021. Average net win per gaming machine per day was US$232 for the year ended December 31, 2022, an increase of US$37, or 18.9%, from US$195 for the year ended December 31, 2021.

Cyprus operations. Cyprus operations' rolling chip volume for the year ended December 31, 2022 was US$5.2 million, which decreased from US$5.6 million for the year ended December 31, 2021. The rolling chip win rate was 7.09% for the year ended December 31, 2022, a decrease from 9.09% for the year ended December 31, 2021. Our expected range was 2.85% to 3.15%. In the mass market table games segment, drop was US$135.3 million for the year ended December 31, 2022, representing an increase of US$59.1 million, or 77.5%, from US$76.2 million for the year ended December 31, 2021. The mass market table games hold percentage was 20.5% for the year ended December 31, 2022, representing an increase from 18.0% for the year ended December 31, 2021. Average net win per gaming machine per day was US$394 for the year ended December 31, 2022, an increase of US$6, or 1.6%, from US$388 for the year ended December 31, 2021.

Rooms. Room revenues (including complimentary rooms) for the year ended December 31, 2022 were US$116.6 million, representing a decrease of US$40.9 million, or 26.0%, from room revenues (including complimentary rooms) of US$157.5 million for the year ended December 31, 2021. The decrease was primarily due to decreased occupancy as a result of a year-over-year decrease in inbound tourism to Macau.

The average daily rate, occupancy rate and REVPAR of each property are as follows:

	Year Ended December 31,					
	2022	2021	2022	2021	2022	2021
	Average daily rate *(US$)*		Occupancy rate		REVPAR *(US$)*	
Altira Macau	97	110	42%	48%	41	53
City of Dreams	205	205	27%	53%	56	109
Studio City	111	123	28%	51%	31	62
City of Dreams Manila	177	164	95%	76%	167	124

Food, beverage and others. Food, beverage and other revenues (including complimentary food and beverage and entertainment services) for the year ended December 31, 2022 included food and beverage revenues of US$85.5 million and entertainment, retail and other revenues of US$71.5 million. Food, beverage and other revenues (including complimentary food and beverage and entertainment services) for the year ended December 31, 2021 included food and beverage revenues of US$97.7 million and entertainment, retail and other revenues of US$80.9 million. The decrease of US$21.6 million in food, beverage and other revenues from the year ended December 31, 2021 to the year ended December 31, 2022 was primarily due to decrease in business activities as a result of a year-over-year decrease in inbound tourism to Macau.

Operating costs and expenses

Total operating costs and expenses were US$2.09 billion for the year ended December 31, 2022, representing a decrease of US$496.7 million, or 19.2%, from US$2.59 billion for the year ended December 31, 2021.

Casino. Casino expenses decreased by US$408.0 million, or 30.9%, to US$0.91 billion for the year ended December 31, 2022 from US$1.32 billion for the year ended December 31, 2021, primarily due to a decrease in gaming taxes, which decreased as a result of decreased gaming volumes and associated lower group-wide revenues.

Rooms. Room expenses, which represent the costs of operating the hotel facilities were US$46.2 million and US$49.9 million for the years ended December 31, 2022 and 2021, respectively. The decrease was in-line with lower room revenues for the year ended December 31, 2022.

Food, beverage and others. Food, beverage and other expenses were US$104.4 million and US$121.0 million for the years ended December 31, 2022 and 2021, respectively. The decrease was in-line with lower food, beverage and other revenues for the year ended December 31, 2022.

General and administrative. General and administrative expenses slightly decreased by US$3.2 million, or 0.7%, to US$423.2 million for the year ended December 31, 2022 from US$426.4 million for the year ended December 31, 2021.

Payments to the Philippine Parties. Payments to the Philippine Parties increased to US$28.9 million for the year ended December 31, 2022 from US$26.4 million for the year ended December 31, 2021, due to the improved performance in gaming operations and resulting increase in revenues from gaming operations in City of Dreams Manila.

Pre-opening costs. Pre-opening costs were US$15.6 million and US$4.2 million for the years ended December 31, 2022 and 2021, respectively. Such costs relate primarily to personnel training, rental, marketing, advertising and administrative costs in connection with new or start-up operations. Pre-opening costs for the year ended December 31, 2022 were mainly for Studio City Phase 2 and City of Dreams Mediterranean which are scheduled to open in 2023.

Development costs. Development costs were US$30.7 million for the year ended December 31, 2021, which predominantly related to marketing and promotion costs as well as professional and consultancy fees for corporate business development. There were no development costs for the year ended December 31, 2022.

Amortization of gaming subconcession. Amortization expenses for our gaming subconcession continued to be recognized on a straight-line basis and were US$32.8 million and US$57.3 million for the years ended December 31, 2022 and 2021, respectively. Gaming subconcession was fully amortized during the year ended December 31, 2022.

Amortization of land use rights. Amortization expenses for the land use rights continued to be recognized on a straight-line basis and were US$22.7 million and US$22.8 million for the years ended December 31, 2022 and 2021, respectively.

Depreciation and amortization. Depreciation and amortization expenses decreased by US$33.2 million, or 6.7%, to US$466.5 million for the year ended December 31, 2022 from US$499.7 million for the year ended December 31, 2021.

Property charges and other. Property charges and other for the year ended December 31, 2022 were US$40.0 million, which primarily included termination costs and other payroll expenses as a result of department restructuring of US$19.1 million and asset impairments of US$10.4 million. Property charges and other for the year ended December 31, 2021 were US$30.6 million, which primarily included termination costs and other payroll expenses as a result of departmental restructuring of US$22.3 million and asset impairments of US$3.6 million.

Non-operating expenses, net

Net non-operating expenses consist of interest income, interest expenses, net of amounts capitalized, other financing costs, foreign exchange gains, net, loss on extinguishment of debt and other non-operating income, net.

Interest income was US$26.5 million for the year ended December 31, 2022, as compared to US$6.6 million for the year ended December 31, 2021. The increase in interest income was primarily due to interest accruing on the US$200.0 million loan to Melco International which was drawn down in April 2022.

Interest expenses were US$376.7 million (net of amounts capitalized of US$63.9 million) for the year ended December 31, 2022, compared to US$350.5 million (net of amounts capitalized of US$30.4 million) for the year ended December 31, 2021. The increase in interest expenses (net of amounts capitalization) of US$26.2 million was primarily due to higher interest expenses from the full-year impact of the issuances of notes during the year ended December 31, 2021 and the drawdowns of 2020 Credit Facilities during the year ended December 31, 2022, partially offset by higher amounts capitalized.

Other financing costs for the year ended December 31, 2022 amounted to US$6.4 million, compared to US$11.0 million for the year ended December 31, 2021. The decrease in other financing costs was primarily due to the decrease in loan commitment fees as a result of the drawdowns from the 2020 Credit Facilities during the year ended December 31, 2022.

Other income, net for the year ended December 31, 2022 amounted to US$3.9 million, compared to US$3.1 million for the year ended December 31, 2021.

There was no loss on extinguishment of debt for the year ended December 31, 2022. Loss on extinguishment of debt for the year ended December 31, 2021 was US$28.8 million, resulting from the early redemption of the 2024 Studio City Notes which were refinanced by the issuance of the First 2029 Studio City Notes.

Income tax expense

Income tax expense for the year ended December 31, 2022 was primarily attributable to a lump sum tax payable of US$2.3 million in lieu of Macau Complementary Tax otherwise due by Melco Resorts Macau's shareholders on dividends distributable to them by Melco Resorts Macau and deferred income tax expenses of US$2.3 million. The effective tax rate for the year ended December 31, 2022 was (0.48)%, as compared to (0.30)% for the year ended December 31, 2021. Such rates differ from the statutory Macau Complementary Tax rate of 12%, where the Company's majority operations are located, primarily due to the effects of expired tax losses, changes in valuation allowances, expenses for which no income tax benefit is receivable, income for which no income tax expense is payable, tax losses that cannot be carried forward and different tax rates of subsidiaries operating in other jurisdictions for the relevant years together with the effects of profits generated by gaming operations being exempted from Philippine Corporate Income Tax for the year ended December 31, 2022 and the effects of profits generated by gaming operations being exempted from Philippine Corporate Income Tax and change in income tax rate for the year ended December 31, 2021.

Our management currently does not expect to realize significant income tax benefits associated with net operating loss carryforwards and other deferred tax assets generated by our Macau and Philippine operations. However, to the extent that the financial results of our Macau and Philippine operations improve and it becomes more likely than not that the deferred tax assets are realizable, we will be able to reduce the valuation allowance related to the net operating losses and other deferred tax assets.

Net loss attributable to noncontrolling interests

Our net loss attributable to noncontrolling interests was US$166.6 million for the year ended December 31, 2022, compared to a net loss attributable to noncontrolling interests of US$144.7 million for the year ended December 31, 2021. For the year ended December 31, 2022, such net loss represented the share of Studio City's expenses of US$166.4 million, Cyprus operations' expenses of US$0.4 million, partially offset by City of Dreams Manila's income of US$0.1 million attributable to the respective minority shareholders.

Net loss attributable to Melco Resorts & Entertainment Limited

As a result of the foregoing, we had net loss attributable to Melco Resorts & Entertainment Limited of US$0.93 billion for the year ended December 31, 2022, compared to net loss attributable to Melco Resorts & Entertainment Limited of US$0.81 billion for the year ended December 31, 2021.

For a discussion of our results of operations for the year ended December 31, 2021 compared with the year ended December 31, 2020, see "Item 5. Operating and Financial Review and Prospects – A. Operating Results – Year Ended December 31, 2021 Compared to Year Ended December 31, 2020" of our annual report on Form 20-F for the fiscal year ended December 31, 2021, filed with the SEC on March 31, 2022.

Adjusted Property EBITDA and Adjusted EBITDA

Our Chief Executive Officer is the Chief Operating Decision Maker ("**CODM**") of the Company. The CODM uses Adjusted Property EBITDA for each segment as the measure of segment profit or loss to allocate resources to each segment and to compare the operating performance of the Company's properties with those of its competitors as a way to assess performance. Adjusted Property EBITDA is 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, land rent to Belle Corporation, Corporate and Other expenses, and other non-operating income and expenses.

The following table sets forth a summary of our Adjusted Property EBITDA for the years presented.

	Year Ended December 31,		
	2022	2021	2020
	(in thousands of US$)		
Macau:			
Altira Macau	$ (43,020)	$ (53,974)	$ (58,773)
Mocha and Other	10,291	17,054	3,560
City of Dreams	(32,160)	201,954	(1,326)
Studio City	(105,164)	(20,490)	(79,000)
The Philippines:			
City of Dreams Manila	146,926	88,962	28,983
Cyprus:			
Cyprus operations	23,696	1,593	2,280
Total Adjusted Property EBITDA	$ 569	$ 235,099	$ (104,276)

Altira Macau

Altira Macau generated negative Adjusted Property EBITDA of US$43.0 million in 2022, compared with US$54.0 million in 2021. The year-over-year decrease in negative Adjusted Property EBITDA was a result of the strategical reposition to shut down VIP operations starting in the third quarter of 2021 and effective cost controls, partially offset by softer performance in mass market segments led by the government mandated temporary closure of our casinos in Macau in July 2022 and heightened travel restrictions in Macau and mainland China related to COVID-19 during the year ended December 31, 2022.

Mocha and Other

Mocha and Other generated Adjusted Property EBITDA of US$10.3 million in 2022, compared with US$17.1 million in 2021. The year-over-year decrease in Adjusted Property EBITDA was a result of softer performance in gaming machine segment, led by the government mandated temporary closure of our casinos in Macau in July 2022 and heightened travel restrictions in Macau and mainland China related to COVID-19 during the year ended December 31, 2022.

City of Dreams

City of Dreams generated negative Adjusted Property EBITDA of US$32.2 million in 2022, compared with Adjusted Property EBITDA of US$202.0 million in 2021. The change in Adjusted Property EBITDA was a result of softer performance in all gaming segments and non-gaming operations, led by the government mandated temporary closure of our casinos in Macau in July 2022 and heightened travel restrictions in Macau and mainland China related to COVID-19 during the year ended December 31, 2022.

Studio City

Studio City generated negative Adjusted Property EBITDA of US$105.2 million in 2022, compared with US$20.5 million in 2021. The year-over-year increase in negative Adjusted Property EBITDA was a result of softer performance in all gaming segments and non-gaming operations, led by the government mandated temporary closure of our casinos in Macau in July 2022 and heightened travel restrictions in Macau and mainland China related to COVID-19 during the year ended December 31, 2022.

City of Dreams Manila

City of Dreams Manila generated Adjusted Property EBITDA of US$146.9 million in 2022, compared with US$89.0 million in 2021. The year-over-year increase in Adjusted Property EBITDA was primarily the result of the relaxation of COVID-19 related restrictions in Manila. Casinos were temporarily closed for approximately 2.5 months in 2021 due to government mandated restrictions.

Cyprus operations

Cyprus operations generated Adjusted Property EBITDA of US$23.7 million in 2022, compared with US$1.6 million in 2021. The year-over-year increase in Adjusted Property EBITDA was primarily the result of the relaxation of COVID-19 related restrictions in Cyprus. Casinos were temporarily closed for approximately 4.5 months in 2021 due to government mandated restrictions.

The following table sets forth a summary of reconciliation of net income/loss attributable to Melco Resorts & Entertainment Limited to Adjusted EBITDA and Adjusted Property EBITDA for the years presented.

	Year Ended December 31,		
	2022	2021	2020
	(in thousands of US$)		
Net loss attributable to Melco Resorts & Entertainment Limited	$ (930,526)	$ (811,751)	$ (1,263,492)
Net loss attributable to noncontrolling interests	(166,641)	(144,713)	(191,122)
Net loss	(1,097,167)	(956,464)	(1,454,614)
Income tax expense (credit)	5,236	2,885	(2,913)
Interest and other non-operating expenses, net	348,826	376,128	516,970
Property charges and other	39,982	30,575	47,223
Depreciation and amortization	521,939	579,847	618,530
Share-based compensation	71,809	67,957	54,392
Development costs	–	30,677	25,616
Pre-opening costs	15,585	4,157	1,322
Land rent to Belle Corporation	2,318	2,848	3,195
Payments to the Philippine Parties	28,894	26,371	12,989
Adjusted EBITDA	(62,578)	164,981	(177,290)
Corporate and Other expenses	63,147	70,118	73,014
Adjusted Property EBITDA	$ 569	$ 235,099	$ (104,276)

Adjusted EBITDA is 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, land rent to Belle Corporation and other non-operating income and expenses.

Adjusted EBITDA and Adjusted Property EBITDA, which are non-GAAP financial measures, are presented as supplemental disclosures because management believes they are widely used to measure the performance, and as a basis for valuation, of gaming companies. Management uses Adjusted EBITDA and Adjusted Property EBITDA to measure the operating performance of our segments and to compare the operating performance of our properties with those of our competitors.

The Company also presents Adjusted EBITDA and Adjusted Property EBITDA because they are used by some investors as ways to measure a company's ability to incur and service debt, make capital expenditures, and meet working capital requirements. Gaming companies have historically reported similar measures as supplements to financial measures in accordance with generally accepted accounting principles, in particular, U.S. GAAP or International Financial Reporting Standards. However, Adjusted EBITDA and Adjusted Property EBITDA should not be considered as alternatives to operating income/loss as indicators of the Company's performance, as alternatives to cash flows from operating activities as measures of liquidity, or as alternatives to any other measure determined in accordance with U.S. GAAP. Unlike net income/loss, Adjusted EBITDA and Adjusted Property EBITDA do not include depreciation and amortization or interest expense and, therefore, do not reflect current or future capital expenditures or the cost of capital. The Company recognizes these limitations and uses Adjusted EBITDA and Adjusted Property EBITDA as only two of several comparative tools, together with U.S. GAAP measurements, to assist in the evaluation of operating performance.

Such U.S. GAAP measurements include operating income/loss, net income/loss, cash flows from operations and cash flow data. The Company has significant uses of cash flows, including capital expenditures, interest payments, debt principal repayments, taxes and other recurring and nonrecurring charges, which are not reflected in Adjusted EBITDA or Adjusted Property EBITDA. Also, the Company's calculation of Adjusted EBITDA and Adjusted Property EBITDA may be different from the calculation methods used by other companies and, therefore, comparability may be limited. The use of Adjusted Property EBITDA and Adjusted EBITDA has material limitations as an analytical tool, as Adjusted Property EBITDA and Adjusted EBITDA do not include all items that impact our net income/loss. Investors are encouraged to review the reconciliation of the historical non-GAAP financial measure to its most directly comparable GAAP financial measure.

B. LIQUIDITY AND CAPITAL RESOURCES

We have relied and intend to rely on our cash generated from our operations and our debt and equity financings to meet our financing needs and repay our indebtedness, as the case may be.

As of December 31, 2022, we held cash and cash equivalents and restricted cash (mainly being cash collateral for concession-related guarantees issued to the Macau Government and security under credit facilities) of approximately US$1.81 billion and US$175.7 million, respectively. In January 2023, restricted cash of MOP410.0 million (equivalent to approximately US$51.0 million) was released. Major currencies in which our cash and bank balances (including restricted cash) were held as of December 31, 2022 were the U.S. dollar, H.K. dollar, Euro, Philippine peso and Pataca.

As of December 31, 2022, we had the following bank credit facilities available for future drawdown, subject to satisfaction of certain conditions precedent: (1) the HK$1.0 million (equivalent to approximately US$0.1 million) of the revolving credit facility under the 2015 Credit Facilities; (2) the HK$233.0 million (equivalent to approximately US$29.8 million) revolving credit facility under the 2028 Studio City Senior Secured Credit Facility; and (3) the PHP2.35 billion (equivalent to approximately US$41.9 million) bank credit facility of MRP. We have been able to meet our working capital needs, and we believe that our operating cash flow, existing cash balances, funds available under various credit facilities and any additional equity or debt financings will be adequate to satisfy our current and anticipated operating, debt and capital commitments, including our development project plans, as described in "– Other Financing and Liquidity Matters" below. For any additional financing requirements, we cannot provide assurance that future borrowings will be available. See "Item 3. Key Information – D. Risk Factors – Risks Relating to Our Financing and Indebtedness" for more information. We have significant indebtedness and will continue to evaluate our capital structure and opportunities to enhance it in the normal course of our activities. We may from time to time seek to retire or purchase our outstanding debt through cash purchases, in open market purchases, privately-negotiated transactions or otherwise. Such purchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Cash Flows

The following table sets forth a summary of our cash flows for the years presented.

	Year Ended December 31,		
	2022	2021	2020
	(in thousands of US$)		
Net cash used in operating activities	$ (619,434)	$ (268,774)	$ (860,963)
Net cash used in investing activities	(806,107)	(674,551)	(53,312)
Net cash provided by financing activities	1,783,285	821,745	1,263,607
Effect of exchange rate on cash, cash equivalents and restricted cash	(22,602)	19,359	(26,064)
Increase (decrease) in cash, cash equivalents and restricted cash, including those classified within assets held for sale	335,142	(102,221)	323,268
Cash, cash equivalents and restricted cash at beginning of year	1,653,315	1,755,770	1,432,502
Cash, cash equivalents and restricted cash at end of year, including those classified within assets held for sale	1,988,457	1,653,549	1,755,770
Less: cash and cash equivalents classified within assets held for sale	–	(234)	–
Cash, cash equivalents and restricted cash at end of year	$ 1,988,457	$ 1,653,315	$ 1,755,770

Operating Activities

Operating cash flows are generally affected by changes in operating income and accounts receivable with VIP table games play and hotel operations conducted on a cash and credit basis and the remainder of the business including mass market table games play, gaming machine play, food and beverage, and entertainment are conducted primarily on a cash basis.

Net cash used in operating activities was US$619.4 million for the year ended December 31, 2022, compared to net cash used in operating activities of US$268.8 million for the year ended December 31, 2021. The change was primarily due to softer performance of operations as described in the foregoing section and increased working capital for operations.

Net cash used in operating activities was US$268.8 million for the year ended December 31, 2021, compared to net cash used in operating activities of US$861.0 million for the year ended December 31, 2020. The change was primarily due to improved performance of operations and decreased working capital for operations.

Investing Activities

Net cash used in investing activities was US$806.1 million for the year ended December 31, 2022, compared to net cash used in investing activities of US$674.6 million for the year ended December 31, 2021. The change was primarily due to advances to an affiliated company during the year ended December 31, 2022. Net cash used in investing activities for the year ended December 31, 2022 mainly included payments for capitalized construction costs and acquisition of property and equipment of US$609.6 million, advances to an affiliated company of US$200.0 million and payments for intangible and other assets of US$12.5 million, partially offset by proceeds from sale of assets held for sale of US$15.6 million.

Net cash used in investing activities was US$674.6 million for the year ended December 31, 2021, compared to net cash used in investing activities of US$53.3 million for the year ended December 31, 2020. The change was primarily due to higher payments for capitalized construction costs during the year ended December 31, 2021 and no proceeds from the sale of investment securities received for the year ended December 31, 2021. Net cash used in investing activities for the year ended December 31, 2021 mainly included payments for capitalized construction costs and acquisition of property and equipment of US$671.8 million and payments for intangible and other assets of US$7.6 million.

Our total payments for capitalized construction costs and acquisition of property and equipment were US$609.6 million and US$671.8 million for the years ended December 31, 2022 and 2021, respectively. Such expenditures were mainly associated with our development projects, as well as enhancement to our integrated resort offerings.

We expect to incur significant capital expenditures for the ongoing enhancement and maintenance of our Macau properties and City of Dreams Manila and the construction of City of Dreams Mediterranean. We intend to finance these projects through our operating cash flow and existing cash balances as well as equity or debt financings. See "– Other Financing and Liquidity Matters" below for more information.

The following table sets forth our capital expenditures incurred by segment on an accrual basis for the years ended December 31, 2022, 2021 and 2020.

	Year Ended December 31,		
	2022	2021	2020
	(in thousands of US$)		
Macau:			
Mocha and Other	$ 1,704	$ 1,368	$ 3,490
Altira Macau	3,303	6,123	11,519
City of Dreams	21,684	52,520	119,014
Studio City	429,362	505,783	214,625
Sub-total	456,053	565,794	348,648
The Philippines:			
City of Dreams Manila	4,986	22,912	15,622
Cyprus:			
Cyprus operations	131,419	186,361	74,523
Corporate and Other	5,956	7,083	25,460
Total capital expenditures	$ 598,414	$ 782,150	$ 464,253

Our capital expenditures for the year ended December 31, 2022 decreased from that for the year ended December 31, 2021 was primarily due to the decrease in capital expenditures on construction projects in Studio City and Cyprus Operations. Our capital expenditures for the year ended December 31, 2021 increased from that for the year ended December 31, 2020 was primarily due to the construction projects in Studio City and Cyprus Operations.

Financing Activities

Net cash provided by financing activities of US$1.78 billion for the year ended December 31, 2022 was primarily due to (i) the proceeds from drawdown of the revolving credit facility under the 2020 Credit Facilities of US$1.50 billion and (ii) the proceeds from the issuance of the 2027 Studio City Notes of US$350.0 million, which priced at 100.0% of the principal amount, (iii) net proceeds from issuance of shares of subsidiaries of US$134.1 million, which were offset in part by (iv) repurchase of shares of US$189.2 million and (v) the payments of deferred financing costs of US$8.0 million.

Net cash provided by financing activities of US$821.7 million for the year ended December 31, 2021 was primarily due to (i) the proceeds from the issuance of the First 2029 Studio City Notes in aggregate principal amount of US$750.0 million, (ii) the proceeds from the issuance of the Additional 2029 Studio City Notes of US$355.3 million, which priced at 101.5% of the principal amount, (iii) the proceeds from the issuance of the Additional 2029 Senior Notes of US$258.1 million, which priced at 103.250% of the principal amount, and (iv) the drawdown of the revolving credit facility under the 2020 Credit Facilities of US$399.7 million in December 2021, which were offset in part by (v) the payment of 2024 Studio City Notes Tender Offer of US$347.1 million in aggregate principal amount, (vi) the redemption of the remaining 2024 Studio City Notes of US$252.9 million in aggregate principal amount outstanding, (vii) the repayment of outstanding revolving credit facility under the 2020 Credit Facilities of US$249.9 million, (viii) repurchase of shares of US$52.0 million and (ix) the payments of deferred financing costs of US$37.4 million.

Net cash provided by financing activities of US$1,263.6 million for the year ended December 31, 2020 was, primarily due to (i) the proceeds from the issuance of 2025 Studio City Notes in an aggregate principal amount of US$500.0 million, (ii) the proceeds from the issuance of 2028 Studio City Notes in an aggregate principal amount of US$500.0 million, (iii) the proceeds from the issuance of the First 2028 Senior Notes in aggregate principal amount of US$500.0 million in July 2020, (iv) the issuance of the Additional 2028 Senior Notes of US$353.5 million in August 2020, which priced at 101.0% of the principal amount, (v) the drawdown of the 2020 Credit Facilities of US$602.2 million, (vi) the drawdown of the revolving credit facility under the 2015 Credit Facilities of US$251.5 million and (vii) net proceeds from issuance of shares of subsidiaries of US$218.4 million, which were offset in part by (viii) the full redemption of the 2021 Studio City Company Notes of US$850.0 million, (ix) the repayment of the 2020 Credit Facilities of US$352.2 million, (x) the repayment of all loan amounts under the 2015 Credit Facilities of US$252.6 million, other than HK$1.0 million (equivalent to US$0.1 million) which remained outstanding under the term loan facility, (xi) the payments of deferred financing costs of US$84.1 million and (xii) dividend payments of US$79.1 million.

Indebtedness

We enter into loan facilities and issue notes through our subsidiaries. The following table presents a summary of our gross indebtedness as of December 31, 2022:

	As of December 31, 2022
	(in thousands of US$)
2029 Senior Notes	$ 1,150,000
2029 Studio City Notes	1,100,000
2025 Senior Notes	1,000,000
2028 Senior Notes	850,000
2027 Senior Notes	600,000
2026 Senior Notes	500,000
2025 Studio City Notes	500,000
2028 Studio City Notes	500,000
2027 Studio City Notes	350,000
2020 Credit Facilities	1,899,203
2015 Credit Facilities	128
2028 Studio City Senior Secured Credit Facility	128
	$ 8,449,459

Major changes in our indebtedness during the year ended and subsequent to December 31, 2022 are summarized below.

On February 16, 2022, Studio City Company issued US$350.0 million in aggregate principal amount of the 2027 Studio City Notes.

On February 23, 2022, MCO Nominee One drew down US$170.0 million under the 2020 Credit Facilities to fund the purchase of shares from SCI as part of its private placement announced in February 2022.

On April 6, 2022, MCO Nominee One further drew down US$250.0 million under the 2020 Credit Facilities, out of which US$170.0 million was advanced to our Company for working capital and general corporate purposes.

On May 4, 2022, the maturity date of the 2015 Credit Facilities was extended to December 31, 2022 pursuant to an extension request letter.

On August 16, 2022, MCO Nominee One received confirmation that the majority of lenders of 2020 Credit Facilities agreement dated April 29, 2020 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 December 31, 2022 test date, and the waiver extension granted extends that waiver for all relevant periods to and including the March 31, 2024 test date. MCO Nominee One 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.

On August 24, 2022, MCO Nominee One drew down US$400.0 million under the 2020 Credit Facilities, out of which US$160.0 million was advanced to our Company for corporate purposes.

On December 5, 2022, MCO Nominee One drew down HK$5.31 billion (equivalent to US$680.1 million) under the 2020 Credit Facilities and were advanced to Melco Resorts Macau, out of which approximately US$496.0 million was used to pay MOP3.99 billion (equivalent to US$496.0 million) in dividends from Melco Resorts Macau to MCO Investments.

On December 16, 2022, the maturity date of the 2015 Credit Facilities was extended to June 24, 2024 pursuant to an extension request letter.

On January 5, 2023, MCO Nominee One repaid the outstanding loan principal amount of HK$5.31 billion (equivalent to US$680.1 million) under the 2020 Credit Facilities, together with accrued interest.

On January 10, 2023, MCO Nominee One drew down US$300.0 million under the 2020 Credit Facilities for working capital purposes.

On January 30, 2023, MCO Nominee One prepaid the outstanding loan principal amount of US$170.0 million under the 2020 Credit Facilities, together with accrued interest.

For further details of the above indebtedness, see note 13 to the consolidated financial statements included elsewhere in this annual report, which includes information regarding the type of debt facilities used, the extent to which borrowings are at fixed rates, the maturity profile of debt, the currency and interest rate structure, the charge on our assets and the nature and extent of any restrictions on our ability, and the ability of our subsidiaries, to transfer funds as cash dividends, loans or advances. See also "– Other Financing and Liquidity Matters" below for details of the maturity profile of debt and "Item 11. Quantitative and Qualitative Disclosures about Market Risk" for further understanding of our hedging of interest rate risk and foreign exchange risk exposure.

Other Financing and Liquidity Matters

We may obtain financing in the form of, among other things, equity or debt, including additional bank loans or high yield, mezzanine or other debt, or rely on our operating cash flow to fund the development of our projects. We are a growing company with significant financial needs. We expect to have significant capital expenditures in the future as we continue to develop our properties, in particular, the remaining land of Studio City and City of Dreams Mediterranean.

We have relied, and intend in the future to rely, on our operating cash flow and different forms of financing to meet our funding needs and repay our indebtedness, as the case may be.

The timing of any future debt and equity financing activities will be dependent on our funding needs, our development and construction schedule, the availability of funds on terms acceptable to us and prevailing market conditions. We may carry out activities from time to time to strengthen our financial position and ability to better fund our business expansion plans. Such activities may include refinancing existing debt, monetizing assets, sale-and-leaseback transactions or other similar activities.

In August 2020, SCI completed a US$500 million private placement of shares. The net proceeds from this private placement were approximately US$499.2 million, of which US$219.2 million was from noncontrolling interests. In March 2022, SCI completed a US$300 million private placement of shares. The net proceeds from this private placement were approximately US$299.2 million, of which US$134.9 million was from noncontrolling interests.

Our material cash requirements arise from the development and continuous enhancement of our Macau properties, City of Dreams Manila and City of Dreams Mediterranean, as well as the payment of interest expenses and repayment of principal relating to our indebtedness. We are also required to comply with the investment plan which forms part of the gaming concession contract in Macau in the amount of MOP11,823,700,000 (equivalent to approximately US$1.5 billion) of which MOP10,008,000,000 (equivalent to approximately US$1.2 billion) are to be invested in non-gaming projects per the terms of the concession contract.

Cash from financings and operations is primarily retained by our operating subsidiaries for the purposes of funding our operating activities, capital expenditures and investing activities. Cash from financing and operations within our group is primarily transferred between our subsidiaries through intercompany loan arrangements or equity capital contributions. In 2022, excluding cash transferred for the purpose of the settlement of intragroup charges, cash transferred to our holding company, Melco Resorts & Entertainment Limited, from its subsidiaries amounted to US$521.9 million. See also "Item 4. Information on the Company – B. Business Overview – Tax" and "Item 8. Financial Information – A. Consolidated Statements and Other Financial Information – Dividend Policy." There are no regulatory or foreign exchange restrictions or limitations on our ability to transfer cash within our corporate group, or to declare dividends to holders of our ADSs, except that Melco Resorts Macau must notify the Macau Chief Executive five business days in advance of any decision related to internal funds transfer in an amount greater than MOP2.5 billion (equivalent to approximately US$310.8 million) seek Macau government consent to grant or receive any loan in the amount of MOP100 million (equivalent to approximately US$12.4 million) and our subsidiaries incorporated in Macau are required to set aside a specified amount of the entity's profit after tax as a legal reserve which is not distributable to the shareholders of such subsidiaries and authorization is required in the Philippines for inward and outward transfers of Philippine pesos above a certain amount. See "Item 4. Information on the Company – B. Business Overview – Regulations – Macau Regulations – Restrictions on Distribution of Profits Regulations" and "Item 10. Additional Information – D. Exchange Controls."

As of December 31, 2022, we had capital commitments contracted for but not incurred mainly for the construction and acquisition of property and equipment for Studio City, City of Dreams Mediterranean, City of Dreams and operations in Cyprus totaling US$78.5 million. In addition, we have contingent liabilities arising in the ordinary course of business. For further details for our commitments and contingencies, see note 23 to the consolidated financial statements included elsewhere in this annual report.

Our total long-term indebtedness and other contractual obligations as of December 31, 2022 are summarized below.

	Payments Due by Period				
	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
	(millions of in US$)				
***Long-term debt obligations*[(1)]:**					
2020 Credit Facilities	$ 322.5	$ 1,576.7	$ –	$ –	$ 1,899.2
2029 Senior Notes	–	–	–	1,150.0	1,150.0
2029 Studio City Notes	–	–	–	1,100.0	1,100.0
2025 Senior Notes	–	1,000.0	–	–	1,000.0
2028 Senior Notes	–	–	–	850.0	850.0
2027 Senior Notes	–	–	600.0	–	600.0
2026 Senior Notes	–	–	500.0	–	500.0
2025 Studio City Notes	–	500.0	–	–	500.0
2028 Studio City Notes	–	–	–	500.0	500.0
2027 Studio City Note	–	–	350.0	–	350.0
2015 Credit Facilities	–	0.1	–	–	0.1
2028 Studio City Senior Secured Credit Facility	–	–	–	0.1	0.1
Fixed interest payments	361.6	681.3	484.6	204.4	1,731.9
***Variable interest payments*[(2)]**	106.9	141.9	–	–	248.8
***Finance leases*[(3)]**	37.0	74.0	74.0	204.8	389.8
***Operating leases*[(3)]**	13.1	16.4	12.8	76.7	119.0
Construction costs and property and equipment retention payables	25.6	24.0	–	–	49.6
Other contractual commitments:					
Construction costs and property and equipment acquisition commitments	72.5	6.0	–	–	78.5
Gaming concession premium and license fee[(4)]	42.1	84.2	84.2	319.1	529.6
Reversion Assets payments[(5)]	7.2	14.4	48.0	119.9	189.5
Total contractual obligations	$ 988.5	$ 4,119.0	$ 2,153.6	$ 4,525.0	$ 11,786.1

(1) See note 13 to the consolidated financial statements included elsewhere in this annual report for further details on these debt facilities.

(2) Amounts for all periods represent our estimated interest payments on our debt facilities based upon amounts outstanding and HIBOR as at December 31, 2022 plus the applicable interest rate spread in accordance with the respective debt agreements. Actual rates will vary.

(3) See note 14 to the consolidated financial statements included elsewhere in this annual report for further details on these lease liabilities.

(4) Represents i) annual premium with a fixed portion and a variable portion based on the number and type of gaming tables and machines in operation as of December 31, 2022 for our gaming concession in Macau; and (ii) fixed portion of gaming license fee for the Cyprus License. The gaming tax for gaming concession in Macau and the variable portion of license fee for the Cyprus License and the Philippine License as disclosed in note 23(b) to the consolidated financial statements included elsewhere in this annual report are not included in this table as the amount is variable in nature.

(5) The gaming and gaming support areas of 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") are owned by the Macau government. Effective from January 1, 2023, the Macau government has transferred the Reversion Assets to us for usage in our operations during the duration of the Concession Contract for a fee of MOP750.00 (equivalent to approximately US$93) per square meter for years 1 to 3 of the Concession Contract, subject to consumer price index increase in years 2 and 3 of the concession. The fee will increase to MOP2,500.00 (equivalent to approximately US$311) per square meter for years 4 to 10 of the concession, subject to consumer price index increase in years 5 to 10 of the concession.

(6) In addition to amounts included in the table above, in connection with the Concession Contract, Melco Resorts Macau committed to an overall investment of MOP11,823,700,000 (equivalent to approximately US$1.5 billion) and incremental additional non-gaming investment in the amount of approximately 20% of its initial non-gaming investment, or MOP2,003,000,000 (equivalent to approximately US$249.0 million), in the event Macau's annual gross gaming revenue reaches MOP180,000,000,000 (equivalent to approximately US$22.4 billion), which incremental investment amount is reduced to 16%, 12%, 8%, 4% of the initial non-gaming investment amount or nil, if the Incremental Investment Trigger occurs in year 6, year 7, year 8, year 9 or year 10 of the Concession Contract, respectively.

We have not entered into any material financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements.

Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

Each of Melco Resorts Macau and Studio City Company has a corporate rating of "BB-" and "B+" by Standard & Poor's, respectively, and each of Melco Resorts Finance and Studio City Finance has a corporate rating of "Ba3" and "B1" by Moody's Investors Service, respectively. For future borrowings, any decrease in our corporate rating could result in an increase in borrowing costs.

Restrictions on Distributions

For discussion on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends, loans or advances and the impact such restrictions have on our ability to meet our cash obligations, see "Item 4. Information on the Company – B. Business Overview – Regulations – Macau Regulations – Restrictions on Distribution of Profits Regulations." See also "Item 8. Financial Information – A. Consolidated Statements and Other Financial Information – Dividend Policy" and note 20 to the consolidated financial statements included elsewhere in this annual report.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates and foreign currency exchange rates.

Foreign Exchange Risk

Our exposure to foreign exchange rate risk is associated with the currency of our operations and our indebtedness and as a result of the presentation of our financial statements in U.S. dollars. The majority of our revenues are denominated in H.K. dollars, given the H.K. dollar is the predominant currency used in Macau and is often used interchangeably with the Pataca in Macau, while our expenses are denominated predominantly in Patacas, H.K. dollars and the Philippine pesos. In addition, a significant portion of our indebtedness, including the Melco Resorts Finance Notes, the Studio City Notes, and certain expenses, have been and are denominated in U.S. dollars, and the costs associated with servicing and repaying such debt will be denominated in U.S. dollars. We also have a certain portion of our assets and liabilities denominated in the Philippine peso and the Euro.

The value of the H.K. dollar, Pataca, the Philippine peso and the Euro against the U.S. dollar may fluctuate and may be affected by, among other things, changes in political and economic conditions. While the H.K. dollar is pegged to the U.S. dollar within a narrow range and the Pataca is in turn pegged to the H.K. dollar, and the exchange rates between these currencies has remained relatively stable over the past several years, we cannot assure you that the current peg or linkages between the U.S. dollar, H.K. dollar and Pataca will not be de-pegged, de-linked or otherwise modified and subject to fluctuations. Any significant fluctuations in exchange rates between the H.K. dollar, Pataca, the Philippine peso or the Euro to the U.S. dollar may have a material adverse effect on our revenues and financial condition.

We accept foreign currencies from our customers and as of December 31, 2022, in addition to H.K. dollars, Patacas and Philippine pesos and Euros, we also hold other foreign currencies. However, any foreign exchange risk exposure associated with those currencies is minimal.

We have not engaged in hedging transactions with respect to foreign exchange exposure of our revenues and expenses in our day-to-day operations during the year ended December 31, 2022. Instead, we maintain a certain amount of our operating funds in the same currencies in which we have obligations, thereby reducing our exposure to currency fluctuations. However, we occasionally enter into foreign exchange transactions as part of financing transactions and capital expenditure programs.

See note 13 to the consolidated financial statements included elsewhere in this annual report for further details related to our indebtedness as of December 31, 2022.

Major currencies in which our cash and bank balances (including restricted cash) are held as of December 31, 2022 were the U.S. dollar, the H.K. dollar, the Philippine peso, the Euro and the Pataca. Based on the cash and bank balances as of December 31, 2022, an assumed 1% change in the exchange rates between currencies other than the U.S. dollar against the U.S. dollar would cause a maximum foreign transaction gain or loss of approximately US$13.9 million for the year ended December 31, 2022.

Based on the balances of indebtedness denominated in currencies other than U.S. dollars as of December 31, 2022, an assumed 1% change in the exchange rates between currencies other than the U.S. dollar against the U.S. dollar would cause a foreign transaction gain or loss of approximately US$19.0 million for the year ended December 31, 2022.

Interest Rate Risk

Our exposure to interest rate risk is associated with our indebtedness bearing interest based on floating rates. We attempt to manage interest rate risk by managing the mix of long-term fixed rate borrowings and variable rate borrowings and we may supplement by hedging activities in a manner we deem prudent. We cannot be sure that these risk management strategies have had the desired effect, and interest rate fluctuations could have a negative impact on our results of operations.

As of December 31, 2022, we are subject to fluctuations in HIBOR as a result of our 2015 Credit Facilities, 2020 Credit Facilities and 2028 Studio City Senior Secured Credit Facility. As of December 31, 2022, approximately 78% of our total indebtedness was based on fixed rates. Based on our December 31, 2022 indebtedness level, an assumed 100 basis point change in HIBOR would cause our annual interest cost to change by approximately US$19.0 million.

To the extent that we effect hedging in respect of our credit facilities, the counterparties to such hedging will also benefit from the security and guarantees we provide to the lenders under such credit facilities, which could increase our aggregate secured indebtedness. We do not intend to engage in transactions in derivatives or other financial instruments for trading or speculative purposes and we expect the provisions of our existing and any future credit facilities to restrict or prohibit the use of derivatives and financial instruments for purposes other than hedging.

(2) The following is an extract of the management discussion and analysis of the results of Melco Resorts for the year ended 31 December 2023 from the 2023 annual report of Melco Resorts, except for certain narratives have been supplemented or adjusted to reflect the retrospective adoption for the fiscal years beginning after December 15, 2023 of Accounting Standards Update ("**ASU**") 2023-07, "Improvements to Reportable Segment Disclosures":

Summary of Financial Results

For the year ended December 31, 2023, our total operating revenues were US$3.78 billion, an increase of 179.7% from US$1.35 billion for the year ended December 31, 2022. Net loss attributable to Melco Resorts & Entertainment Limited for the year ended December 31, 2023 was US$326.9 million, as compared to net loss of US$930.5 million for the year ended December 31, 2022. The change was primarily attributable to better performance in all gaming segments as well as non-gaming operations as a result of the earlier than expected relaxation of COVID-19 related restrictions in Macau in January 2023 and the openings of City of Dreams Mediterranean and Studio City Phase 2, as well as the launch of residency concerts at Studio City during the year, and no remaining amortization of gaming subconcession, partially offset by higher interest expense, net of amounts capitalized, depreciation and amortization expenses due to the openings of Studio City Phase 2 and City of Dreams Mediterranean and the amortization expenses on intangible assets arising from the Macau gaming concession and the Cyprus gaming license as well as asset impairments of US$207.6 million in Altira Macau under property charges and other in 2023.

	Year Ended December 31,		
	2023	**2022**	**2021**
	(in thousands of US$)		
Total operating revenues	$ 3,775,247	$ 1,349,977	$ 2,012,356
Total operating costs and expenses	(3,710,288)	(2,093,082)	(2,589,807)
Operating income (loss)	64,959	(743,105)	(577,451)
Net loss attributable to Melco Resorts & Entertainment Limited	$ (326,920)	$ (930,526)	$ (811,751)

Our results of operations and financial position for the years presented are not fully comparable for the following reasons:

- On January 14, 2021, Studio City Finance issued US$750.0 million in aggregate principal amount of the First 2029 Studio City Notes.
- On January 21, 2021, Melco Resorts Finance issued US$250.0 million in aggregate principal of the Additional 2029 Senior Notes.
- On May 20, 2021, Studio City Finance issued US$350.0 million in aggregate principal amount of the Additional 2029 Studio City Notes.
- During the year ended December 31, 2021, MCO Nominee One drew down HK$1.18 billion (equivalent to US$149.8 million) in aggregate on a net basis under the 2020 Credit Facilities.

- On February 16, 2022, Studio City Company issued US$350.0 million in aggregate principal amount of the 2027 Studio City Notes.

- On May 4, 2022, the maturity date of the 2015 Credit Facilities was extended to December 31, 2022 pursuant to an extension request letter.

- On August 16, 2022, MCO Nominee One received confirmation that the majority of lenders of 2020 Credit Facilities agreement dated April 29, 2020 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 December 31, 2022 test date, and the waiver extension granted extends that waiver for all relevant periods to and including the March 31, 2024 test date. MCO Nominee One 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.

- On December 16, 2022, the maturity date of the 2015 Credit Facilities was extended to June 24, 2024 pursuant to an extension request letter.

- During the year ended December 31, 2022, MCO Nominee One drew down US$820.0 million and HK$5.31 billion (equivalent to US$679.8 million) in aggregate on a net basis under the 2020 Credit Facilities.

- On January 1, 2023, we recognized an intangible asset and financial liability of US$239.6 million, representing the right to use and operate the gaming and gaming support areas comprising the Altira casino, City of Dreams Casino and Studio City Casino, and related gaming equipment and utensils, the right to conduct games of fortunes and chance in Macau and the unconditional obligation to make payments under the Concession Contract.

- In March 2023, we repurchased 40,373,076 ordinary shares from Melco Leisure for an aggregate purchase price of approximately US$169.8 million.

- On April 6, 2023, we opened an indoor water park and the Epic Tower, at Studio City Phase 2.

- On June 28, 2023, we recognized an intangible asset of US$73.9 million and financial liability of US$73.1 million representing the right under the Cyprus License and the unconditional obligation to pay a minimum annual license fee for City of Dreams Mediterranean and an aggregate annual license fee for three operating satellite casinos during the term of the Cyprus License from June 28, 2023.

- On July 10, 2023, City of Dreams Mediterranean officially opened to the public, after a soft opening in June.

- On September 8, 2023, we opened W Macau at Studio City Phase 2.

- On November 28, 2023, Studio City Finance settled the 2025 Studio City Notes Tender Offer for the aggregate principal amount of US$100.0 million of the 2025 Studio City Notes.

- During the year ended December 31, 2023, MCO Nominee One repaid US$820.0 million and HK$206.0 million (equivalent to US$29.6 million) in aggregate on a net basis along with accrued interest under the 2020 Credit Facilities.

Our operations in 2023 benefited from the relaxation of travel restrictions and quarantine requirements as well as the opening of Studio City Phase 2. According to the DSEC, visitor arrivals to Macau increased by 395% on a year-over-year basis in 2023 as compared to 2022 while, according to the DICJ, gross gaming revenues in Macau rose by 334% on a year-over-year basis in 2023. However, visitor arrivals in 2023 were still 28% lower than in 2019, and gross gaming revenues in 2023 were still 37% lower than in 2019. As we derive a significant majority of our revenues from our business and operations in Macau, our business has been materially and adversely affected by the COVID-19 pandemic.

While quarantine-free travel within Greater China has resumed and pandemic measures in Macau, the Philippines and Cyprus have been lifted, negative impacts on the PRC economy and nearby Asian regions, the Philippines and Cyprus are still being experienced. The pace of recovery from COVID-19 is highly uncertain and will depend on the impact of potentially higher unemployment rates, declines in income levels and loss of personal wealth resulting from COVID-19 outbreaks and there is no guarantee that travel and consumer sentiment will rebound quickly or at all.

The COVID-19 outbreak also caused severe disruptions to the businesses of our tenants and other business partners, which may increase the risk of them defaulting on their contractual obligations with us, which may adversely affect our business, financial condition and results of operations, including causing increases in our bad debts.

Given the uncertainty around the pace of recovery from COVID-19 and the extent of any future COVID-19 outbreaks and government responses to any such outbreaks, we cannot reasonably estimate the impact to our future results of operations, cash flows and financial condition. See "Item 3. Key Information – Risk Factors – Risks Relating to Our Business and Operations – We continue to recover from the impact of, and disruptions caused by, COVID-19 on our operations, and the pace of recovery may continue to materially affect our business, prospects, financial condition and results of operations."

Key Performance Indicators (KPIs)

We use the following KPIs to evaluate our casino operations, including table games and gaming machines:

- Rolling chip volume: the amount of non-negotiable chips wagered and lost by the rolling chip market segment.

- *Rolling chip win rate:* rolling chip table games win (calculated before discounts, commissions, non-discretionary incentives (including our point-loyalty programs) and allocating casino revenues related to goods and services provided to gaming patrons on a complimentary basis) as a percentage of rolling chip volume.

- *Mass market table games drop:* the amount of table games drop in the mass market table games segment.

- *Mass market table games hold percentage:* mass market table games win (calculated before discounts, commissions, non-discretionary incentives (including our point-loyalty programs) and allocating casino revenues related to goods and services provided to gaming patrons on a complimentary basis) as a percentage of mass market table games drop.

- *Table games win:* the amount of wagers won net of wagers lost on gaming tables that is retained and recorded as casino revenues. Table games win is calculated before discounts, commissions, non-discretionary incentives (including our point-loyalty programs) and allocating casino revenues related to goods and services provided to gaming patrons on a complimentary basis.

- *Gaming machine handle:* the total amount wagered in gaming machines.

- *Gaming machine win rate:* gaming machine win (calculated before non-discretionary incentives (including our point-loyalty programs) and allocating casino revenues related to goods and services provided to gaming patrons on a complimentary basis) expressed as a percentage of gaming machine handle.

In the rolling chip market segment, customers purchase identifiable chips known as non-negotiable chips, or rolling chips, from the casino cage, and there is no deposit into a gaming table's drop box for rolling chips purchased from the cage. Rolling chip volume and mass market table games drop are not equivalent. Rolling chip volume is a measure of amounts wagered and lost. Mass market table games drop measures buy in. Rolling chip volume is generally substantially higher than mass market table games drop. As these volumes are the denominator used in calculating win rate or hold percentage, with the same use of gaming win as the numerator, the win rate is generally lower in the rolling chip market segment than the hold percentage in the mass market table games segment.

Our combined expected rolling chip win rate across our properties is in the range of 2.85% to 3.15%.

We use the following KPIs to evaluate our hotel operations:

- *Average daily rate:* calculated by dividing total room revenues including complimentary rooms (less service charges, if any) by total rooms occupied, including complimentary rooms, i.e., average price of occupied rooms per day.

- *Occupancy rate:* the average percentage of available hotel rooms occupied, including complimentary rooms, during a period.

- *Revenue per available room, or REVPAR:* calculated by dividing total room revenues including complimentary rooms (less service charges, if any) by total rooms available, thereby representing a combination of hotel average daily room rates and occupancy.

Complimentary rooms are included in the calculation of the above room-related KPIs. The average daily rate of complimentary rooms is typically lower than the average daily rate for cash rooms. The occupancy rate and REVPAR would be lower if complimentary rooms were excluded from the calculation. As not all available rooms are occupied, average daily room rates are normally higher than revenue per available room.

Tables games and gaming machines that were not in operation due to government mandated closures or social distancing measures in relation to COVID-19 outbreaks have been excluded. Room statistics also exclude rooms that were temporarily closed or provided to the staff members due to COVID-19 outbreaks.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenues

Our total operating revenues for the year ended December 31, 2023 were US$3.78 billion, an increase of US$2.43 billion, or 179.7%, from US$1.35 billion for the year ended December 31, 2022. The increase in total operating revenues was primarily attributable to the improved performance in all gaming segments and non-gaming operations following the earlier than expected relaxation of COVID-19 related restrictions in Macau in January 2023 and the openings of City of Dreams Mediterranean and Studio City Phase 2, as well as the launch of residency concerts at Studio City during the year.

Our total operating revenues for the year ended December 31, 2023 consisted of US$3.08 billion of casino revenues, representing 81.5% of our total operating revenues, and US$697.9 million of non-casino revenues. Our total operating revenues for the year ended December 31, 2022 consisted of US$1.08 billion of casino revenues, representing 79.7% of our total operating revenues, and US$273.6 million of non-casino revenues.

Casino. Casino revenues for the year ended December 31, 2023 were US$3.08 billion, representing a US$2.00 billion, or 185.9%, increase from casino revenues of US$1.08 billion for the year ended December 31, 2022, primarily due to improved performance in all gaming segments.

Altira Macau. In the mass market table games segment, drop was US$488.2 million for the year ended December 31, 2023, representing an increase of 293.6% from US$124.0 million for the year ended December 31, 2022. The mass market table games hold percentage was 22.7% for the year ended December 31, 2023, increasing from 19.6% for the year ended December 31, 2022. Average net win per gaming machine per day was US$224 for the year ended December 31, 2023, an increase of US$108, or 92.6%, from US$116 for the year ended December 31, 2022.

City of Dreams. City of Dreams' rolling chip volume for the year ended December 31, 2023 of US$19.42 billion represented an increase of US$15.04 billion, or 343.5%, from US$4.38 billion for the year ended December 31, 2022. The rolling chip win rate was 2.61% for the year ended December 31, 2023, which decreased from 3.85% for the year ended December 31, 2022. Our expected range was 2.85% to 3.15%. In the mass market table games segment, drop was US$5.02 billion for the year ended December 31, 2023, which represented an increase of US$3.83 billion, or 322.6%, from US$1.19 billion for the year ended December 31, 2022. The mass market table games hold percentage was 30.9% for the year ended December 31, 2023, increasing from 30.5% for the year ended December 31, 2022. Average net win per gaming machine per day was US$464 for the year ended December 31, 2023, an increase of US$324, or 232.1%, from US$140 for the year ended December 31, 2022.

Mocha and Other. Effective from June 27, 2022, the Grand Dragon Casino, a casino on Taipa Island, Macau, which focuses on mass market table games and was previously reported under the Corporate and Other segment, has been included in the Mocha and Other segment as a result of the change of terms of the right-to-use agreement for the Grand Dragon Casino. In the mass market table games segment, drop was US$176.1 million for the year ended December 31, 2023, an increase from US$39.2 million for the year ended December 31, 2022. The mass market table games hold percentage was 17.0% for the year ended December 31, 2023, decreasing from 20.1% for the year ended December 31, 2022. Average net win per gaming machine per day for the year ended December 31, 2023 was US$291, an increase of US$82, or 38.9%, from US$209 for the year ended December 31, 2022.

Studio City. Studio City Casino's rolling chip volume was US$2.79 billion for the year ended December 31, 2023, an increase from US$0.84 billion for the year ended December 31, 2022. The rolling chip win rate was 1.65% for the year ended December 31, 2023, which decreased from 2.56% for the year ended December 31, 2022. Our expected range was 2.85% to 3.15%. In the mass market table games segment, drop was US$2.87 billion for the year ended December 31, 2023, an increase from US$0.46 billion for the year ended December 31, 2022. The mass market table games hold percentage was 27.3% for the year ended December 31, 2023, representing a decrease from 28.5% for the year ended December 31, 2022. Average net win per gaming machine per day was US$343 for the year ended December 31, 2023, an increase of US$268, or 357.0%, from US$75 for the year ended December 31, 2022.

City of Dreams Manila. City of Dreams Manila's rolling chip volume for the year ended December 31, 2023 was US$1.97 billion, representing a decrease of US$0.91 billion, or 31.5%, from US$2.87 billion for the year ended December 31, 2022. The rolling chip win rate was 4.70% for the year ended December 31, 2023, an increase from 2.17% for the year ended December 31, 2022. Our expected range was 2.85% to 3.15%. In the mass market table games segment, drop was US$784.0 million for the year ended December 31, 2023, representing an increase of US$176.8 million, or 29.1%, from US$607.1 million for the year ended December 31, 2022. The mass market table games hold percentage was 30.3% for the year ended December 31, 2023, representing a decrease from 30.9% for the year ended December 31, 2022. Average net win per gaming machine per day was US$248 for the year ended December 31, 2023, an increase of US$16, or 7.0%, from US$232 for the year ended December 31, 2022.

City of Dreams Mediterranean and Other. Effective from June 12, 2023, with the soft opening of City of Dreams Mediterranean, the Cyprus Operations segment which previously included the operation of the temporary casino before its closure on June 9, 2023 and the licensed satellite casinos in Cyprus, has been renamed to City of Dreams Mediterranean and Other segment which includes the operation of City of Dreams Mediterranean and the licensed satellite casinos in Cyprus. City of Dreams Mediterranean officially opened to the public on July 10, 2023, after the soft opening in June. The Company continues to operate three satellite casinos in Cyprus in conjunction with City of Dreams Mediterranean. Rolling chip volume for the year ended December 31, 2023 was US$10.9 million, which increased from US$5.2 million for the year ended December 31, 2022. The rolling chip win rate was negative 6.17% for the year ended December 31, 2023, a decrease from a rolling chip win rate of 7.09% for the year ended December 31, 2022. Our expected range was 2.85% to 3.15%. The significant fluctuation on the rolling chip win rate resulted from low gaming volumes in the rolling chip segment. In the mass market table games segment, drop was US$274.1 million for the year ended December 31, 2023, representing an increase of US$138.8 million, or 102.6%, from US$135.3 million for the year ended December 31, 2022. The mass market table games hold percentage was 21.5% for the year ended December 31, 2023, representing an increase from 20.5% for the year ended December 31, 2022. Average net win per gaming machine per day was US$350 for the year ended December 31, 2023, a decrease of US$44, or 11.2%, from US$394 for the year ended December 31, 2022.

Rooms. Room revenues (including complimentary rooms) for the year ended December 31, 2023 were US$338.2 million, representing an increase of US$221.7 million, or 190.2%, from room revenues (including complimentary rooms) of US$116.6 million for the year ended December 31, 2022. The increase was primarily due to openings of new hotels at our properties as well as increased occupancy as a result of a year-over-year increase in inbound tourism to Macau.

The average daily rate, occupancy rate and REVPAR of each property are as follows:

	Year Ended December 31,					
	2023	2022	2023	2022	2023	2022
	Average daily rate (US$)		Occupancy rate		REVPAR (US$)	
Altira Macau	136	97	87%	42%	118	41
City of Dreams	201	205	86%	27%	173	56
Studio City	153	111	90%	28%	137	31
City of Dreams Manila	177	177	97%	95%	171	167
City of Dreams Mediterranean and Other	359	N/A	58%	N/A	209	N/A

Food, beverage and others. Food, beverage and other revenues (including complimentary food and beverage and entertainment services) for the year ended December 31, 2023 included food and beverage revenues of US$208.9 million and entertainment, retail and other revenues of US$150.8 million. Food, beverage and other revenues (including complimentary food and beverage and entertainment services) for the year ended December 31, 2022 included food and beverage revenues of US$85.5 million and entertainment, retail and other revenues of US$71.5 million. The increase of US$202.7 million in food, beverage and other revenues from the year ended December 31, 2022 to the year ended December 31, 2023 was primarily due to new offerings, such as the opening of the indoor waterpark and the launch of residency concerts at Studio City, as well as the increase in business activities as a result of a year-over-year increase in inbound tourism to Macau.

Operating costs and expenses

Total operating costs and expenses were US$3.71 billion for the year ended December 31, 2023, representing an increase of US$1.62 billion, or 77.3%, from US$2.09 billion for the year ended December 31, 2022.

Casino. Casino expenses increased by US$1.12 billion, or 122.9%, to US$2.03 billion for the year ended December 31, 2023 from US$0.91 billion for the year ended December 31, 2022, primarily due to an increase in gaming taxes, which increased as a result of increased gaming volumes and associated higher group-wide revenues, higher complimentaries to gaming customers, higher marketing and promotional expenses as well as higher payroll expenses.

Rooms. Room expenses, which represent the costs of operating the hotel facilities were US$87.6 million and US$46.2 million for the years ended December 31, 2023 and 2022, respectively. The increase was primarily due to the openings of new hotels at our properties as well as the increased occupancy, which was in-line with higher room revenues for the year ended December 31, 2023.

Food, beverage and others. Food, beverage and other expenses were US$240.2 million and US$104.4 million for the years ended December 31, 2023 and 2022, respectively. The increase was in-line with higher food, beverage and other revenues for the year ended December 31, 2023.

General and administrative. General and administrative expenses increased by US$64.9 million, or 15.3%, to US$488.1 million for the year ended December 31, 2023 from US$423.2 million for the year ended December 31, 2022, primarily due to an increase in payroll expenses, utilities, maintenance costs, marketing expenses and other general and administrative expenses to support ramp up operations in 2023.

Payments to the Philippine Parties. Payments to the Philippine Parties increased to US$42.5 million for the year ended December 31, 2023 from US$28.9 million for the year ended December 31, 2022, due to the improved performance in gaming operations and resulting increase in revenues from gaming operations in City of Dreams Manila.

Pre-opening costs. Pre-opening costs were US$44.0 million and US$15.6 million for the years ended December 31, 2023 and 2022, respectively. Such costs relate primarily to personnel training, rental, marketing, advertising and administrative costs in connection with new or start-up operations. Pre-opening costs for both years ended December 31, 2023 and 2022 were mainly for Studio City Phase 2 and City of Dreams Mediterranean which were opened in 2023.

Development costs. Development costs were US$1.2 million for the year ended December 31, 2023, which predominantly related to marketing and promotion costs as well as professional and consultancy fees for corporate business development. There were no development costs for the year ended December 31, 2022.

Amortization of gaming subconcession. The gaming subconcession was fully amortized in 2022. Amortization expense for our gaming subconcession, which was recognized on a straight-line basis, was US$32.8 million for the year ended December 31, 2022.

Amortization of land use rights. Amortization expenses for the land use rights continued to be recognized on a straight-line basis and were US$22.7 million for both years ended December 31, 2023 and 2022.

Depreciation and amortization. Depreciation and amortization expenses increased by US$54.2 million, or 11.6%, to US$520.7 million for the year ended December 31, 2023 from US$466.5 million for the year ended December 31, 2022. The increase was primarily due to the openings of Studio City Phase 2 and City of Dreams Mediterranean during 2023, and the amortization expenses on the intangible assets arising from the Macau gaming concession and the Cyprus gaming license.

Property charges and other. Property charges and other for the year ended December 31, 2023 were US$228.4 million, which primarily included the asset impairments in Altira Macau, the litigation claims related to junket player deposits and the costs incurred as a result of departmental restructuring, partially offset with the gain on disposal from lands in Japan. In 2023, we recognized an impairment in long-lived assets of US$207.6 million to reflect the significant decrease in the market value of Altira Macau. The change in market value reflects a change in forecasted performance of Altira Macau given the latest market conditions and lingering disruptions to the business caused by COVID-19 and the earlier cessation of arrangements with gaming promoters in Macau. Property charges and other for the year ended December 31, 2022 were US$40.0 million, which primarily included the litigation claims related to junket player deposits and the costs incurred as a result of department restructuring and asset impairments.

Non-operating expenses, net

Net non-operating expenses consist of interest income, interest expense, net of amounts capitalized, other financing costs, foreign exchange gains, net, gain on extinguishment of debt and other non-operating income, net.

Interest income was US$23.3 million for the year ended December 31, 2023, as compared to US$26.5 million for the year ended December 31, 2022. The decrease in interest income was primarily due to lower interest from the US$200.0 million loan to Melco International as a result of the early repayment in January 2023, partially offset by higher bank interest income.

Interest expense was US$492.4 million (net of amounts capitalized of US$25.9 million) for the year ended December 31, 2023, compared to US$376.7 million (net of amounts capitalized of US$63.9 million) for the year ended December 31, 2022. The increase in interest expense (net of amounts capitalization) of US$115.7 million was primarily due to higher interest expense of US$51.3 million on 2020 Credit Facilities as a result of the drawdowns in the second half of 2022, and interest expense of US$23.4 million on financial liability related to the Macau gaming concession and the Cyprus gaming license intangible assets, as well as lower amounts capitalized.

Other financing costs for the year ended December 31, 2023 amounted to US$4.4 million, compared to US$6.4 million for the year ended December 31, 2022. The decrease in other financing costs was primarily due to the decrease in loan commitment fees as a result of the drawdowns from the 2020 Credit Facilities in the second half of 2022.

Other income, net for the year ended December 31, 2023 amounted to US$2.7 million, compared to US$3.9 million for the year ended December 31, 2022.

Gain on extinguishment of debt for the year ended December 31, 2023 was US$1.6 million, resulting from the tender offer and repurchases of 2025 Studio City Notes during the year ended December 31, 2023. There was no gain on extinguishment of debt for the year ended December 31, 2022.

Income tax expense

Income tax expense for the year ended December 31, 2023 was primarily attributable to the Hong Kong profits tax expense for the year of US$11.6 million and a lump sum tax payable of US$5.7 million in lieu of Macau Complementary Tax otherwise due by Melco Resorts Macau's shareholders on dividends distributable to them by Melco Resorts Macau, partially offset by a deferred tax benefit of US$4.1 million. The effective tax rate for the year ended December 31, 2023 was (3.34)%, as compared to (0.48)%, for the year ended December 31, 2022. Such rates differ from the statutory Macau Complementary Tax rate of 12%, where the Company's majority operations are located, primarily due to the effects of expired tax losses, expenses for which no income tax benefit is receivable, income for which no income tax expense is payable, changes in valuation allowances, profits generated by gaming operations being exempted from Philippine Corporate Income Tax and different tax rates of subsidiaries operating in other jurisdictions for the relevant years together with the effect of profits generated by gaming operations being exempted from Macau Complementary Tax for the year ended December 31, 2023; and the effect of tax losses that cannot be carried forward for the year ended December 31, 2022.

Our management currently does not expect to realize significant income tax benefits associated with net operating loss carryforwards and other deferred tax assets generated by our Macau, Philippine and Cyprus operations. However, to the extent that the financial results of our Macau, Philippine and Cyprus operations improve and it becomes more likely than not that the deferred tax assets are realizable, we will be able to reduce the valuation allowance related to the net operating losses and other deferred tax assets.

Net loss attributable to noncontrolling interests

Our net loss attributable to noncontrolling interests was US$88.4 million for the year ended December 31, 2023, compared to a net loss attributable to noncontrolling interests of US$166.6 million for the year ended December 31, 2022. For the year ended December 31, 2023, such net loss represented the share of Studio City's expenses of US$68.7 million, City of Dreams Mediterranean and Other's expenses of US$20.1 million, partially offset by City of Dreams Manila's income of US$0.4 million attributable to the respective minority shareholders.

Net loss attributable to Melco Resorts & Entertainment Limited

As a result of the foregoing, we had net loss attributable to Melco Resorts & Entertainment Limited of US$326.9 million for the year ended December 31, 2023, compared to net loss attributable to Melco Resorts & Entertainment Limited of US$930.5 million for the year ended December 31, 2022.

For a discussion of our results of operations for the year ended December 31, 2022 compared with the year ended December 31, 2021, see "Item 5. Operating and Financial Review and Prospects – A. Operating Results – Year Ended December 31, 2022 Compared to Year Ended December 31, 2021" of our annual report on Form 20-F for the fiscal year ended December 31, 2022, filed with the SEC on March 31, 2023.

Adjusted Property EBITDA and Adjusted EBITDA

Our Chief Executive Officer is the Chief Operating Decision Maker ("CODM") of the Company. The CODM uses Adjusted Property EBITDA for each segment as the measure of segment profit or loss to allocate resources to each segment and to compare the operating performance of the Company's properties with those of its competitors as a way to assess performance. Adjusted Property EBITDA is 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, integrated resort and casino rent, Corporate and Other expenses, and other non-operating income and expenses.

The following table sets forth a summary of our Adjusted Property EBITDA for the years presented.

	Year Ended December 31,		
	2023	**2022**	**2021**
	(in thousands of US$)		
Macau:			
Altira Macau	$ (1,277)	$ (43,020)	$ (53,974)
Mocha and Other	27,286	10,291	17,054
City of Dreams	576,313	(32,160)	201,954
Studio City	206,790	(105,164)	(20,490)
The Philippines:			
City of Dreams Manila	205,452	146,926	88,962
Cyprus:			
City of Dreams Mediterranean and Other	27,500	23,696	1,593
Total Adjusted Property EBITDA	$ 1,042,064	$ 569	$ 235,099

Altira Macau

Altira Macau generated negative Adjusted Property EBITDA of US$1.3 million in 2023, compared with US$43.0 million in 2022. The year-over-year decrease in negative Adjusted Property EBITDA was a result of better performance in mass market segments and non-gaming operations as a result of the earlier than expected relaxation of COVID-19 related restrictions in Macau in January 2023.

Mocha and Other

Mocha and Other generated Adjusted Property EBITDA of US$27.3 million in 2023, compared with US$10.3 million in 2022. The year-over-year increase in Adjusted Property EBITDA was a result of better performance in mass market segments as a result of the earlier than expected relaxation of COVID-19 related restrictions in Macau in January 2023.

City of Dreams

City of Dreams generated Adjusted Property EBITDA of US$576.3 million in 2023, compared with negative Adjusted Property EBITDA of US$32.2 million in 2022. The change in Adjusted Property EBITDA was a result of better performance in all gaming segments and non-gaming operations as a result of the earlier than expected relaxation of COVID-19 related restrictions in Macau in January 2023.

Studio City

Studio City generated Adjusted Property EBITDA of US$206.8 million in 2023, compared with negative Adjusted EITDA of US$105.2 million in 2022. The change in Adjusted Property EBITDA was a result of better performance in mass market segments and non-gaming operations as a result of the earlier than expected relaxation of COVID-19 related restrictions in Macau in January 2023 and the opening of Studio City Phase 2 starting in April 2023.

City of Dreams Manila

City of Dreams Manila generated Adjusted Property EBITDA of US$205.5 million in 2023, compared with US$146.9 million in 2022. The year-over-year increase in Adjusted Property EBITDA was primarily the result of better performance in all gaming segments and non-gaming operations

City of Dreams Mediterranean and Other

City of Dreams Mediterranean and Other generated Adjusted Property EBITDA of US$27.5 million in 2023, compared with US$23.7 million in 2022. The year-over-year increase in Adjusted Property EBITDA was primarily the result of better performance in mass market segments and non-gaming operations as a result of the opening of City of Dreams Mediterranean in mid-2023.

The following table sets forth a summary of reconciliation of net income/loss attributable to Melco Resorts & Entertainment Limited to Adjusted EBITDA and Adjusted Property EBITDA for the years presented.

	Year Ended December 31,		
	2023	2022	2021
	(in thousands of US$)		
Net loss attributable to Melco Resorts & Entertainment Limited	$ (326,920)	$ (930,526)	$ (811,751)
Net loss attributable to noncontrolling interests	(88,410)	(166,641)	(144,713)
Net loss	(415,330)	(1,097,167)	(956,464)
Income tax expense	13,422	5,236	2,885
Interest and other non-operating expenses, net	466,867	348,826	376,128
Depreciation and amortization	543,396	521,939	579,847
Property charges and other	228,437	39,982	30,575
Share-based compensation	35,473	71,809	67,957
Development costs	1,202	–	30,677
Pre-opening costs	43,994	15,585	4,157
Land rent to Belle Corporation	1,911	2,318	2,848
Payments to the Philippine Parties	42,451	28,894	26,371
Adjusted EBITDA	961,823	(62,578)	164,981
Corporate and Other expenses	80,241	63,147	70,118
Adjusted Property EBITDA	$ 1,042,064	$ 569	$ 235,099

Adjusted EBITDA is 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, integrated resort and casino rent and other non-operating income and expenses.

Adjusted EBITDA and Adjusted Property EBITDA, which are non-GAAP financial measures, are presented as supplemental disclosures because management believes they are widely used to measure the performance, and as a basis for valuation, of gaming companies. Management uses Adjusted EBITDA and Adjusted Property EBITDA to measure the operating performance of our segments and to compare the operating performance of our properties with those of our competitors.

The Company also presents Adjusted EBITDA and Adjusted Property EBITDA because they are used by some investors as ways to measure a company's ability to incur and service debt, make capital expenditures, and meet working capital requirements. Gaming companies have historically reported similar measures as supplements to financial measures in accordance with generally accepted accounting principles, in particular, U.S. GAAP or International Financial Reporting Standards. However, Adjusted EBITDA and Adjusted Property EBITDA should not be considered as alternatives to operating income/loss as indicators of the Company's performance, as alternatives to cash flows from operating activities as measures of liquidity, or as alternatives to any other measure determined in accordance with U.S. GAAP. Unlike net income/loss, Adjusted EBITDA and Adjusted Property EBITDA do not include depreciation and amortization or interest expense and, therefore, do not reflect current or future capital expenditures or the cost of capital. The Company recognizes these limitations and uses Adjusted EBITDA and Adjusted Property EBITDA as only two of several comparative tools, together with U.S. GAAP measurements, to assist in the evaluation of operating performance.

Such U.S. GAAP measurements include operating income/loss, net income/loss, cash flows from operations and cash flow data. The Company has significant uses of cash flows, including capital expenditures, interest payments, debt principal repayments, taxes and other recurring and nonrecurring charges, which are not reflected in Adjusted EBITDA or Adjusted Property EBITDA. Also, the Company's calculation of Adjusted EBITDA and Adjusted Property EBITDA may be different from the calculation methods used by other companies and, therefore, comparability may be limited. The use of Adjusted Property EBITDA and Adjusted EBITDA has material limitations as an analytical tool, as Adjusted Property EBITDA and Adjusted EBITDA do not include all items that impact our net income/loss. Investors are encouraged to review the reconciliation of the historical non-GAAP financial measure to its most directly comparable GAAP financial measure.

B. LIQUIDITY AND CAPITAL RESOURCES

We have relied and intend to rely on our cash generated from our operations and our debt and equity financings to meet our financing needs and repay our indebtedness, as the case may be.

As of December 31, 2023, we held cash and cash equivalents and restricted cash (mainly being cash collateral for concession-related guarantees issued to the Macau Government and security under credit facilities) of US$1.31 billion and US$125.1 million, respectively. Major currencies in which our cash and bank balances (including restricted cash) were held as of December 31, 2023 were the U.S. dollar, H.K. dollar, Euro, Philippine peso and Pataca.

As of December 31, 2023, we had the following bank credit facilities available for future drawdown, subject to satisfaction of certain conditions precedent: (1) HK$6.63 billion (equivalent to US$848.5 million) of the revolving credit facility under the 2020 Credit Facilities; (2) the HK$1.0 million (equivalent to US$0.1 million) of the revolving credit facility under the 2015 Credit Facilities; (3) the HK$233.0 million (equivalent to US$29.8 million) revolving credit facility under the 2028 Studio City Senior Secured Credit Facility; and (4) the PHP2.35 billion (equivalent to US$42.3 million) bank credit facility of MRP. We have been able to meet our working capital needs, and we believe that our operating cash flow, existing cash balances, funds available under various credit facilities and any additional equity or debt financings will be adequate to satisfy our current and anticipated operating, debt and capital commitments, including our development project plans, as described in "– Other Financing and Liquidity Matters" below. For any additional financing requirements, we cannot provide assurance that future borrowings will be available. See "Item 3. Key Information – D. Risk Factors – Risks Relating to Our Financing and Indebtedness" for more information. We have significant indebtedness and will continue to evaluate our capital structure and opportunities to enhance it in the normal course of our activities. We may from time to time seek to retire or purchase our outstanding debt through open market purchases, tender offers, privately-negotiated transactions or otherwise. Such purchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Cash Flows

The following table sets forth a summary of our cash flows for the years presented.

	Year Ended December 31,		
	2023	2022	2021
	(in thousands of US$)		
Net cash provided by (used in) operating activities	$ 622,690	$ (619,434)	$ (268,774)
Net cash used in investing activities	(48,513)	(806,107)	(674,551)
Net cash (used in) provided by financing activities	(1,129,124)	1,783,285	821,745
Effect of exchange rate on cash, cash equivalents and restricted cash	2,326	(22,602)	19,359
(Decrease) increase in cash, cash equivalents and restricted cash, including those classified within assets held for sale	(552,621)	335,142	(102,221)
Cash, cash equivalents and restricted cash at beginning of year	1,988,457	1,653,315	1,755,770
Cash, cash equivalents and restricted cash at end of year, including those classified within assets held for sale	1,435,836	1,988,457	1,653,549
Less: cash and cash equivalents classified within assets held for sale	–	–	(234)
Cash, cash equivalents and restricted cash at end of year	$ 1,435,836	$ 1,988,457	$ 1,653,315

Operating Activities

Operating cash flows are generally affected by changes in operating income and accounts receivable with VIP table games play and hotel operations conducted on a cash and credit basis and the remainder of the business including mass market table games play, gaming machine play, food and beverage, and entertainment are conducted primarily on a cash basis.

Net cash provided by operating activities was US$622.7 million for the year ended December 31, 2023, compared to net cash used in operating activities of US$619.4 million for the year ended December 31, 2022. The change was primarily due to better performance of operations as described in the foregoing section and decreased working capital for operations.

Net cash used in operating activities was US$619.4 million for the year ended December 31, 2022, compared to net cash used in operating activities of US$268.8 million for the year ended December 31, 2021. The change was primarily due to softer performance of operations and increased working capital for operations.

Investing Activities

Net cash used in investing activities was US$48.5 million for the year ended December 31, 2023, compared to net cash used in investing activities of US$806.1 million for the year ended December 31, 2022. The change was primarily due to the repayment of loan to an affiliated company and decreased payments for capitalized construction costs and acquisition of property and equipment during the year ended December 31, 2023. Net cash used in investing activities for the year ended December 31, 2023 mainly included payments for capitalized construction costs and acquisition of property and equipment of US$257.0 million and payments for intangible and other assets of US$6.9 million, partially offset by proceeds from loan repayment from an affiliated company of US$200.0 million and proceeds from sale of assets held for sale of US$14.8 million.

Net cash used in investing activities was US$806.1 million for the year ended December 31, 2022, compared to net cash used in investing activities of US$674.6 million for the year ended December 31, 2021. The change was primarily due to loan to an affiliated company during the year ended December 31, 2022. Net cash used in investing activities for the year ended December 31, 2022 mainly included payments for capitalized construction costs and acquisition of property and equipment of US$609.6 million, payment of loan to an affiliated company of US$200.0 million and payments for intangible and other assets of US$12.5 million, partially offset by proceeds from sale of assets held for sale of US$15.6 million.

Our total payments for capitalized construction costs and acquisition of property and equipment were US$257.0 million and US$609.6 million for the years ended December 31, 2023 and 2022, respectively. Such expenditures were mainly associated with our development projects, as well as enhancement to our integrated resort offerings.

We expect to incur significant capital expenditures for the ongoing enhancement and maintenance of our Macau properties, City of Dreams Manila and City of Dreams Mediterranean. We intend to finance these projects through our operating cash flow and existing cash balances as well as equity or debt financings. See "– Other Financing and Liquidity Matters" below for more information.

The following table sets forth our capital expenditures incurred by segment on an accrual basis for the years ended December 31, 2023, 2022 and 2021.

	Year Ended December 31,		
	2023	**2022**	**2021**
	(in thousands of US$)		
Macau:			
Mocha and Other	$ 4,590	$ 1,704	$ 1,368
Altira Macau	3,892	3,303	6,123
City of Dreams	22,259	21,684	52,520
Studio City	73,452	429,362	505,783
Sub-total	104,193	456,053	565,794
The Philippines:			
City of Dreams Manila	24,970	4,986	22,912
Cyprus:			
City of Dreams Mediterranean and Other	108,214	131,419	186,361
Corporate and Other	15,113	5,956	7,083
Total capital expenditures	$ 252,490	$ 598,414	$ 782,150

Our capital expenditures for the year ended December 31, 2023 decreased from that for the year ended December 31, 2022 was primarily due to the completion of construction of Studio City Phase 2 and City of Dreams Mediterranean. Our capital expenditures for the year ended December 31, 2022 decreased from that for the year ended December 31, 2021 was primarily due to the decrease in capital expenditures on construction projects in Studio City and City of Dreams Mediterranean.

Financing Activities

Net cash used in financing activities of US$1.13 billion for the year ended December 31, 2023 was primarily due to (i) the repayments of outstanding revolving credit facility under the 2020 Credit Facilities of US$2.10 billion, (ii) settlement of the 2025 Studio City Notes Tender Offer of US$97.5 million, (iii) repurchase of shares of US$169.8 million, where were offset in part by (iv) the proceeds from the drawdown of the revolving credit facility under the 2020 Credit Facilities of US$1.25 billion.

Net cash provided by financing activities of US$1.78 billion for the year ended December 31, 2022 was primarily due to (i) the proceeds from drawdown of the revolving credit facility under the 2020 Credit Facilities of US$1.50 billion and (ii) the proceeds from the issuance of the 2027 Studio City Notes of US$350.0 million, which priced at 100.0% of the principal amount, (iii) net proceeds from issuance of shares of subsidiaries of US$134.1 million, which were offset in part by (iv) repurchase of shares of US$189.2 million and (v) the payments of deferred financing costs of US$8.0 million.

Net cash provided by financing activities of US$821.7 million for the year ended December 31, 2021 was primarily due to (i) the proceeds from the issuance of the First 2029 Studio City Notes in an aggregate principal amount of US$750.0 million, (ii) the proceeds from the issuance of the Additional 2029 Studio City Notes of US$355.3 million, which priced at 101.5% of the principal amount, (iii) the proceeds from the issuance of the Additional 2029 Senior Notes of US$258.1 million, which priced at 103.250% of the principal amount, and (iv) the drawdown of the revolving credit facility under the 2020 Credit Facilities of US$399.7 million in December 2021, which were offset in part by (v) the payment of 2024 Studio City Notes Tender Offer of US$347.1 million in aggregate principal, (vi) the redemption of the remaining 2024 Studio City Notes of US$252.9 million in aggregate principal outstanding, (vii) the repayment of outstanding revolving credit facility under the 2020 Credit Facilities of US$249.9 million, (viii) repurchase of shares of US$52.0 million and (ix) the payments of deferred financing costs of US$37.4 million.

Indebtedness

We enter into loan facilities and issue notes through our subsidiaries. The following table presents a summary of our gross indebtedness as of December 31, 2023:

	As of December 31, 2023
	(in thousands of US$)
2029 Senior Notes	$ 1,150,000
2029 Studio City Notes	1,100,000
2025 Senior Notes	1,000,000
2028 Senior Notes	850,000
2027 Senior Notes	600,000
2026 Senior Notes	500,000
2025 Studio City Notes	397,000
2028 Studio City Notes	500,000
2027 Studio City Notes	350,000
2020 Credit Facilities	1,052,515
2015 Credit Facilities	128
2028 Studio City Senior Secured Credit Facility	128
	$ 7,499,771

Major changes in our indebtedness during the year ended and subsequent to December 31, 2023 are summarized below.

During the year ended December 31, 2023, MCO Nominee One repaid US$820.0 million and HK$206.0 million (equivalent to US$29.6 million) in aggregate on a net basis along with accrued interest under the 2020 Credit Facilities.

On June 29, 2023, the 2020 Credit Facilities were amended and restated to amend the facility agreement provisions such that borrowings under the 2020 Credit Facilities denominated in U.S. dollars should bear interest at the term Secured Overnight Financing Rate plus an applicable credit adjustment spread ranging from 0.06% to 0.20% per annum and a margin ranging from 1.00% to 2.00% per annum as adjusted in accordance with the leverage ratio in respect of MCO Nominee One and certain of its specified subsidiaries. The amendment became effective on June 29, 2023 (the "Effective Date"). Prior to the Effective Date of the 2023 Amendment and Restatement, borrowings under the 2020 Credit Facilities denominated in U.S. dollars bore interest at the London Interbank Offered Rate plus a margin ranging from 1.00% to 2.00% per annum as adjusted in accordance with the leverage ratio in respect of MCO Nominee One and certain of its specified subsidiaries.

On November 9, 2023, Studio City Finance initiated the 2025 Studio City Notes Tender Offer. The 2025 Studio City Notes Tender Offer expired on December 8, 2023. An aggregate principal amount of US$317.5 million of the 2025 Studio City Notes was tendered on November 22, 2023, the early tender date. On November 24, 2023, Studio City Finance announced that it would amend the 2025 Studio City Notes Tender Offer to increase the aggregate principal amount of the 2025 Studio City Notes from US$75.0 million to US$100.0 million. Studio City Finance accepted for purchase the 2025 Studio City Notes that were validly tendered (and not validly withdrawn) pursuant to the tender offer for a combined aggregate principal amount equal to US$100.0 million. Settlement of such purchase took place on November 28, 2023.

For further details of the above indebtedness, see note 11 to the consolidated financial statements included elsewhere in this annual report, which includes information regarding the type of debt facilities used, the extent to which borrowings are at fixed rates, the maturity profile of debt, the currency and interest rate structure, the charge on our assets and the nature and extent of any restrictions on our ability, and the ability of our subsidiaries, to transfer funds as cash dividends, loans or advances. See also "– Other Financing and Liquidity Matters" below for details of the maturity profile of debt and "Item 11. Quantitative and Qualitative Disclosures about Market Risk" for further understanding of our hedging of interest rate risk and foreign exchange risk exposure.

Other Financing and Liquidity Matters

We may obtain financing in the form of, among other things, equity or debt, including additional bank loans or high yield, mezzanine or other debt, or rely on our operating cash flow to fund the maintenance, enhancement and development of our projects. We expect to have significant capital expenditures in the future as we continue to maintain, enhance and develop our properties in Macau, the Philippines and Cyprus as well as pursue potential growth opportunities in existing and new jurisdictions.

We have relied, and intend in the future to rely, on our operating cash flow and different forms of financing to meet our funding needs and repay our indebtedness, as the case may be.

The timing of any future debt and equity financing activities will be dependent on our funding needs, our development and construction schedule, the availability of funds on terms acceptable to us and prevailing market conditions. We may carry out activities from time to time to strengthen our financial position and ability to better fund our business operations and expansion plans. Such activities may include refinancing existing debt, monetizing assets, sale-and-leaseback transactions or other similar activities.

In March 2022, SCI completed a US$300 million private placement of shares. The net proceeds from this private placement were approximately US$299.2 million, of which US$134.9 million was from noncontrolling interests.

Our material cash requirements arise from the development and continuous enhancement of our Macau properties, City of Dreams Manila and City of Dreams Mediterranean, as well as the payment of interest expenses and repayment of principal relating to our indebtedness. We are also required to comply with the investment plan which forms part of the gaming concession contract in Macau in the amount of MOP11,823.7 million (equivalent to approximately US$1.47 billion), of which MOP10,008.0 million (equivalent to approximately US$1.24 billion) is to be invested in non-gaming projects per the terms of the concession contract, and incremental additional non-gaming investment in the amount of approximately 20% of our initial non-gaming investment, or MOP2,003.0 million (equivalent to approximately US$248.9 million), in the event the Incremental Investment Trigger is triggered. As Macau's annual gross gaming revenue exceeded MOP180.0 billion (equivalent to approximately US$22.37 billion) in 2023, the Incremental Investment Trigger was triggered in 2023, thereby increasing our non-gaming investment by MOP2,003.0 million (equivalent to approximately US$248.9 million), with the overall investment amount increased to MOP13,826.7 million (equivalent to approximately US$1.72 billion) to be carried out by December 2032. As of December 31, 2023, the total investment in gaming and non-gaming related projects carried out was in the aggregate amount of MOP1,331.0 million (equivalent to approximately US$165.4 million).

Cash from financings and operations is primarily retained by our operating subsidiaries for the purposes of funding our operating activities, capital expenditures and investing activities. Cash from financing and operations within our group is primarily transferred between our subsidiaries through intercompany loan arrangements or equity capital contributions. In 2023, excluding cash transferred for the purpose of the settlement of intragroup charges for operating activities, cash transferred to our holding company, Melco Resorts & Entertainment Limited, from its subsidiaries for loan or advances amounted to US$158.0 million and repayment of advances of US$75.0 million, respectively, while cash transferred from our holding company to its subsidiaries in the form of advances amounted to US$528.8 million and repayments of loans or advances amounted to US$270.6 million, respectively. In addition, cash transferred to our holding company from its subsidiary for transfer of intangible assets amounted to US$519.0 million. No dividend payments were made in 2023 as no dividend was declared by our Macau operating subsidiary in 2023, and no dividend payments were made to our shareholders in 2023, including holders of our ordinary shares with an address of record known to us to be in the United States (which includes all holders of our ADRs, which are traded on Nasdaq in the United States). See also "Item 4. Information on the Company – B. Business Overview – Tax" and "Item 8. Financial Information – A. Consolidated Statements and Other Financial Information – Dividend Policy." There are no regulatory or foreign exchange restrictions or limitations on our ability to transfer cash within our corporate group, or to declare dividends to holders of our ADSs, except that Melco Resorts Macau must notify the Macau Chief Executive five business days in advance of any decision related to internal funds transfer in an amount greater than MOP2.5 billion (equivalent to approximately US$310.7 million), seek Macau government consent to grant or receive any loan in the amount of MOP100 million (equivalent to approximately US$12.4 million) and our subsidiaries incorporated in Macau are required to set aside a specified amount of the entity's profit after tax as a legal reserve which is not distributable to the shareholders of such subsidiaries and authorization is required in the Philippines for inward and outward transfers of Philippine pesos above a certain amount. See "Item 4. Information on the Company – B. Business Overview – Regulations – Macau Regulations – Restrictions on Distribution of Profits Regulations" and "Item 10. Additional Information – D. Exchange Controls."

As of December 31, 2023, we had capital commitments mainly for the construction and acquisition of property and equipment for Studio City and City of Dreams totaling US$51.9 million. In addition, we have contingent liabilities arising in the ordinary course of business. For further details for our commitments and contingencies, see note 21 to the consolidated financial statements included elsewhere in this annual report.

Our total long-term indebtedness and other contractual obligations as of December 31, 2023 are summarized below.

	Payments Due by Period				
	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
	(in millions of US$)				
Long-term debt obligations[(1)]:					
2029 Senior Notes	$ –	$ –	$ –	$ 1,150.0	$ 1,150.0
2029 Studio City Notes	–	–	–	1,100.0	1,100.0
2020 Credit Facilities	–	1,052.6	–	–	1,052.6
2025 Senior Notes	–	1,000.0	–	–	1,000.0
2028 Senior Notes	–	–	850.0	–	850.0
2027 Senior Notes	–	–	600.0	–	600.0
2026 Senior Notes	–	500.0	–	–	500.0
2028 Studio City Notes	–	–	500.0	–	500.0
2025 Studio City Notes	–	397.0	–	–	397.0
2027 Studio City Note	–	–	350.0	–	350.0
2015 Credit Facilities	0.1	–	–	–	0.1
2028 Studio City Senior Secured Credit Facility	–	–	0.1	–	0.1
Fixed interest payments	355.3	581.3	364.7	59.2	1,360.5
Variable interest payments[(2)]	78.3	25.7	–	–	104.0
Finance leases[(3)]	37.4	74.8	74.8	169.3	356.3
Operating leases[(3)]	20.5	24.2	11.0	65.7	121.4
Construction costs and property and equipment retention payables	26.4	5.7	–	–	32.1
Other contractual commitments:					
Construction costs and property and equipment acquisition commitments	51.5	0.4	–	–	51.9
Gaming concession premium and license fee[(4)]	25.7	51.5	51.5	216.4	345.1
Reversion Assets payments[(5)]	7.2	31.2	47.9	95.9	182.2
Total contractual obligations	$ 602.4	$ 3,744.4	$ 2,850.0	$ 2,856.5	$ 10,053.3

(1) See note 11 to the consolidated financial statements included elsewhere in this annual report for further details on these debt facilities.

(2) Amounts for all periods represent our estimated interest payments on our debt facilities based upon amounts outstanding and HIBOR as at December 31, 2023 plus the applicable interest rate spread in accordance with the respective debt agreements. Actual rates will vary.

(3) See note 12 to the consolidated financial statements included elsewhere in this annual report for further details on these lease liabilities.

(4) Represents i) annual premium with a fixed portion and a variable portion based on the number and type of gaming tables and machines that Melco Resorts Macau is currently approved to operate by the Macau government for our gaming concession in Macau; and (ii) fixed license fee for the Cyprus License. The gaming tax for our gaming concession in Macau and the Cyprus License and the license fee for the Philippine License as disclosed in note 21(b) to the consolidated financial statements included elsewhere in this annual report are not included in this table as the amount is variable in nature.

(5) The gaming and gaming support areas of 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 referred to as the "Reversion Assets") are currently owned by the Macau government. Effective January 1, 2023, the Macau government has transferred the Reversion Assets to us for usage in our operations during the duration of the Concession Contract for a fee of MOP750.00 (equivalent to approximately US$93) per square meter for years 1 to 3 of the Concession Contract, subject to consumer price index increase in years 2 and 3 of the concession. The fee will increase to MOP2,500.00 (equivalent to approximately US$311) per square meter for years 4 to 10 of the concession, subject to consumer price index increase in years 5 to 10 of the concession.

(6) In addition to amounts included in the table above, in connection with the Concession Contract, Melco Resorts Macau committed to an overall investment of MOP11,823.7 million (equivalent to approximately US$1.47 billion) and incremental additional non-gaming investment in the amount of approximately 20% of its initial non-gaming investment, or MOP2,003.0 million (equivalent to approximately US$248.9 million), in the event Macau's annual gross gaming revenue reaches MOP180.0 billion (equivalent to approximately US$22.37 billion) (the "Incremental Investment Trigger"). As Macau's annual gross gaming revenue exceeded MOP180.0 billion (equivalent to approximately US$22.37 billion) in 2023, the Incremental Investment Trigger was reached and, the non-gaming investment to be carried out was increased by MOP2,003.0 million (equivalent to approximately US$248.9 million) to MOP12,011.0 million (equivalent to approximately US$1.49 billion), with the overall investment amount increased to MOP13,826.7 million (equivalent to approximately US$1.72 billion) to be carried out by December 2032. As of December 31, 2023, the total investment in gaming and non-gaming related projects carried out was in the aggregate amount of MOP1,331.0 million (equivalent to approximately US$165.4 million).

We have not entered into any material financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements.

Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

Each of Melco Resorts Macau and Studio City Company has a corporate rating of "BB-" and "B+" with a positive outlook by Standard & Poor's, respectively, and each of Melco Resorts Finance and Studio City Finance has a corporate rating of "Ba3" and "B1" with a stable outlook by Moody's Investors Service, respectively. For future borrowings, any decrease in our corporate rating could result in an increase in borrowing costs.

Restrictions on Distributions

For discussion on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends, loans or advances and the impact such restrictions have on our ability to meet our cash obligations, see "Item 4. Information on the Company – B. Business Overview – Regulations – Macau Regulations – Restrictions on Distribution of Profits Regulations." See also "Item 8. Financial Information – A. Consolidated Statements and Other Financial Information – Dividend Policy" and note 18 to the consolidated financial statements included elsewhere in this annual report.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates and foreign currency exchange rates.

Foreign Exchange Risk

Our exposure to foreign exchange rate risk is associated with the currency of our operations and our indebtedness and as a result of the presentation of our financial statements in U.S. dollars. The majority of our revenues are denominated in H.K. dollars, given the H.K. dollar is the predominant currency used in Macau and is often used interchangeably with the Pataca in Macau, while our expenses are denominated predominantly in Patacas, H.K. dollars, the Philippine pesos and the Euro. In addition, a significant portion of our indebtedness, including the Melco Resorts Finance Notes, the Studio City Notes, and certain expenses, have been and are denominated in U.S. dollars, and the costs associated with servicing and repaying such debt will be denominated in U.S. dollars. We also have a certain portion of our assets and liabilities denominated in the Philippine peso and the Euro.

The value of the H.K. dollar, Pataca, the Philippine peso and the Euro against the U.S. dollar may fluctuate and may be affected by, among other things, changes in political and economic conditions. While the H.K. dollar is pegged to the U.S. dollar within a narrow range and the Pataca is in turn pegged to the H.K. dollar, and the exchange rates between these currencies has remained relatively stable over the past several years, we cannot assure you that the current peg or linkages between the U.S. dollar, H.K. dollar and Pataca will not be de-pegged, de-linked or otherwise modified and subject to fluctuations. Any significant fluctuations in exchange rates between the H.K. dollar, Pataca, the Philippine peso or the Euro to the U.S. dollar may have a material adverse effect on our revenues and financial condition.

We accept foreign currencies from our customers and as of December 31, 2023, in addition to H.K. dollars, Patacas and Philippine pesos and Euros, we also hold other foreign currencies. However, any foreign exchange risk exposure associated with those currencies is minimal.

We have not engaged in hedging transactions with respect to foreign exchange exposure of our revenues and expenses in our day-to-day operations during the year ended December 31, 2023. Instead, we maintain a certain amount of our operating funds in the same currencies in which we have obligations, thereby reducing our exposure to currency fluctuations. However, we occasionally enter into foreign exchange transactions as part of financing transactions and capital expenditure programs.

See note 11 to the consolidated financial statements included elsewhere in this annual report for further details related to our indebtedness as of December 31, 2023.

Major currencies in which our cash and bank balances (including restricted cash) are held as of December 31, 2023 were the U.S. dollar, the H.K. dollar, the Philippine peso, the Euro and the Pataca. Based on the cash and bank balances as of December 31, 2023, an assumed 1% change in the exchange rates between currencies other than the U.S. dollar against the U.S. dollar would cause a maximum foreign transaction gain or loss of approximately US$11.5 million for the year ended December 31, 2023.

Based on the balances of indebtedness denominated in currencies other than U.S. dollars as of December 31, 2023, an assumed 1% change in the exchange rates between currencies other than the U.S. dollar against the U.S. dollar would cause a foreign transaction gain or loss of approximately US$10.5 million for the year ended December 31, 2023.

Interest Rate Risk

Our exposure to interest rate risk is associated with our indebtedness bearing interest based on floating rates. We attempt to manage interest rate risk by managing the mix of long-term fixed rate borrowings and variable rate borrowings and we may supplement by hedging activities in a manner we deem prudent. We cannot be sure that these risk management strategies have had the desired effect, and interest rate fluctuations could have a negative impact on our results of operations.

As of December 31, 2023, we are subject to fluctuations in HIBOR as a result of our 2015 Credit Facilities, 2020 Credit Facilities and 2028 Studio City Senior Secured Credit Facility. As of December 31, 2023, approximately 86% of our total indebtedness was based on fixed rates. Based on our December 31, 2023 indebtedness level, an assumed 100 basis point change in HIBOR would cause our annual interest cost to change by approximately US$10.5 million.

To the extent that we effect hedging in respect of our credit facilities, the counterparties to such hedging will also benefit from the security and guarantees we provide to the lenders under such credit facilities, which could increase our aggregate secured indebtedness. We do not intend to engage in transactions in derivatives or other financial instruments for trading or speculative purposes and we expect the provisions of our existing and any future credit facilities to restrict or prohibit the use of derivatives and financial instruments for purposes other than hedging.

(3) The following is an extract of the management discussion and analysis of the results of Melco Resorts for the year ended 31 December 2024 from the 2024 annual report of Melco Resorts:

Summary of Financial Results

For the year ended December 31, 2024, our total operating revenues were US$4.64 billion, an increase of 22.9% from US$3.78 billion for the year ended December 31, 2023. Net income attributable to Melco Resorts & Entertainment Limited for the year ended December 31, 2024 was US$43.5 million, as compared to net loss of US$326.9 million for the year ended December 31, 2023. The change was primarily attributable to better performance in all gaming segments as well as non-gaming operations, led by the continued recovery in inbound tourism to Macau in 2024 and the ramp up of operations following the opening of Studio City Phase 2 starting in April 2023 and City of Dreams Mediterranean in mid-2023, partially offset by higher operating costs for the increase in business activities.

	Year Ended December 31,		
	2024	**2023**	**2022**
	(in thousands of US$)		
Total operating revenues	$ 4,638,213	$ 3,775,247	$ 1,349,977
Total operating costs and expenses	(4,153,586)	(3,710,288)	(2,093,082)
Operating income (loss)	484,627	64,959	(743,105)
Net income (loss) attributable to Melco Resorts & Entertainment Limited	$ 43,543	$ (326,920)	$ (930,526)

Key events happened during the years ended December 31, 2024, 2023 and 2022 are summarized below. Therefore, our results of operations and financial position for the years presented may not fully comparable.

- On February 16, 2022, Studio City Company issued US$350.0 million in aggregate principal amount of the 2027 Studio City Notes.

- On May 4, 2022, the maturity date of the 2015 Credit Facilities was extended to December 31, 2022 pursuant to an extension request letter.

- On August 16, 2022, MCO Nominee One received confirmation that the majority of lenders of 2020 Credit Facilities agreement dated April 29, 2020 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 December 31, 2022 test date, and the waiver extension granted extends that waiver for all relevant periods to and including the March 31, 2024 test date. MCO Nominee One 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.

- On December 16, 2022, the maturity date of the 2015 Credit Facilities was extended to June 24, 2024 pursuant to an extension request letter.

- During the year ended December 31, 2022, MCO Nominee One drew down US$820.0 million and HK$5.31 billion (equivalent to US$679.8 million) in aggregate on a net basis under the 2020 Credit Facilities.

- On January 1, 2023, we recognized an intangible asset and financial liability of US$239.6 million, representing the right to use and operate the gaming and gaming support areas comprising the Altira casino, City of Dreams Casino and Studio City Casino, and related gaming equipment and utensils, the right to conduct games of fortunes and chance in Macau and the unconditional obligation to make payments under the Concession Contract.

- In March 2023, we repurchased 40,373,076 ordinary shares from Melco Leisure for an aggregate purchase price of approximately US$169.8 million.

- On April 6, 2023, we opened an indoor water park and the Epic Tower, at Studio City Phase 2.

- On June 28, 2023, we recognized an intangible asset of US$73.9 million and financial liability of US$73.1 million representing the right under the Cyprus License and the unconditional obligation to pay a minimum annual license fee for City of Dreams Mediterranean and an aggregate annual license fee for three operating satellite casinos during the term of the Cyprus License from June 28, 2023.

- On July 10, 2023, City of Dreams Mediterranean officially opened to the public, after a soft opening in June.

- On September 8, 2023, we opened W Macau at Studio City Phase 2.

- On November 28, 2023, Studio City Finance settled the 2025 Studio City Notes Tender Offer (2023) for the aggregate principal amount of US$100.0 million of the 2025 Studio City Notes.

- During the year ended December 31, 2023, MCO Nominee One repaid US$820.0 million and HK$206.0 million (equivalent to US$29.6 million) in aggregate on a net basis along with accrued interest under the 2020 Credit Facilities.

- On March 27, 2024, the Sri Lanka Ministry of Finance, Economic Stabilization & National Policies granted the Sri Lanka License to our subsidiary, Bluehaven Services to operate a casino business ("**Sri Lanka Casino**") for a term of 20 years effective from April 1, 2024 in an integrated resort under development at that time by Waterfront Properties, a subsidiary of John Keells, an independent third party, in Colombo, Sri Lanka which will be rebranded as City of Dreams Sri Lanka. On July 10, 2024, Bluehaven Services and Waterfront Properties entered into a casino lease agreement under which Waterfront Properties agreed to lease to Bluehaven Services an area within the integrated resort under development at that time by Waterfront Properties together with the common area rights as defined in the casino lease agreement, for the purpose of establishing, developing and operating the Sri Lanka Casino. Upon the signing of the casino lease agreement, the Company recognized an intangible asset of LKR5 billion (equivalent to US$17.1 million), representing the casino license fee.

- On April 8, 2024, the maturity date of the 2020 Credit Facilities was extended by two years to April 29, 2027.

- On April 17, 2024, Melco Resorts Finance issued US$750.0 million in aggregate principal amount of the 2032 Senior Notes.

- On April 24, 2024, Studio City Finance settled the 2025 Studio City Notes Tender Offer (2024) for the aggregate principal amount of US$100.0 million of the 2025 Studio City Notes.

- On June 6, 2024, the maturity date of the 2015 Credit Facilities was extended by two years to June 24, 2026.

- On June 26, 2024, we opened a cinema in Studio City.

- On November 29, 2024, Studio City Company entered into the 2024 Studio City Senior Secured Credit Facility.

- On November 29, 2024, Studio City Company entered into an amendment and restatement agreement to amend the terms of the 2021 Studio City Senior Secured Credit Facility including the extension of the maturity date from January 15, 2028 to August 29, 2029 and change of interest rates.

- During the year ended December 31, 2024, MCO Nominee One repaid HK$6.99 billion (equivalent to US$893.9 million) in aggregate on a net basis along with accrued interest under the 2020 Credit Facilities.

- During the year ended December 31, 2024, Studio City Finance repurchased an aggregate principal amount of US$75.3 million of the 2025 Studio City Notes.

- During the year ended December 31, 2024, we repurchased 20,712,895 ADSs (equivalent to 62,138,685 ordinary shares) for the aggregate purchase price of US$112.3 million, and 53,138,685 repurchased ordinary shares were subsequently cancelled by us.

Key Performance Indicators (KPIs)

We use the following KPIs to evaluate our casino operations, including table games and gaming machines:

- *Rolling chip volume:* the amount of non-negotiable chips wagered and lost by the rolling chip market segment.

- *Rolling chip win rate:* rolling chip table games win (calculated before discounts, commissions, non-discretionary incentives (including our point-loyalty programs) and allocating casino revenues related to goods and services provided to gaming patrons on a complimentary basis) as a percentage of rolling chip volume.

- *Mass market table games drop:* the amount of table games drop in the mass market table games segment.

- *Mass market table games hold percentage:* mass market table games win (calculated before discounts, commissions, non-discretionary incentives (including our point-loyalty programs) and allocating casino revenues related to goods and services provided to gaming patrons on a complimentary basis) as a percentage of mass market table games drop.

- *Table games win:* the amount of wagers won net of wagers lost on gaming tables that is retained and recorded as casino revenues. Table games win is calculated before discounts, commissions, non-discretionary incentives (including our point-loyalty programs) and allocating casino revenues related to goods and services provided to gaming patrons on a complimentary basis.

- *Gaming machine handle:* the total amount wagered in gaming machines.

- *Gaming machine win rate:* gaming machine win (calculated before non-discretionary incentives (including our point-loyalty programs) and allocating casino revenues related to goods and services provided to gaming patrons on a complimentary basis) expressed as a percentage of gaming machine handle.

In the rolling chip market segment, customers purchase identifiable chips known as non-negotiable chips, or rolling chips, from the casino cage, and there is no deposit into a gaming table's drop box for rolling chips purchased from the cage. Rolling chip volume and mass market table games drop are not equivalent. Rolling chip volume is a measure of amounts wagered and lost. Mass market table games drop measures buy in. Rolling chip volume is generally substantially higher than mass market table games drop. As these volumes are the denominator used in calculating win rate or hold percentage, with the same use of gaming win as the numerator, the win rate is generally lower in the rolling chip market segment than the hold percentage in the mass market table games segment.

Our combined expected rolling chip win rate across our properties is in the range of 2.85% to 3.15%.

We use the following KPIs to evaluate our hotel operations:

- *Average daily rate:* calculated by dividing total room revenues including complimentary rooms (less service charges, if any) by total rooms occupied, including complimentary rooms, i.e., average price of occupied rooms per day.

- *Occupancy rate:* the average percentage of available hotel rooms occupied, including complimentary rooms, during a period.

- *Revenue per available room, or REVPAR:* calculated by dividing total room revenues including complimentary rooms (less service charges, if any) by total rooms available, thereby representing a combination of hotel average daily room rates and occupancy.

Complimentary rooms are included in the calculation of the above room-related KPIs. The average daily rate of complimentary rooms is typically lower than the average daily rate for cash rooms. The occupancy rate and REVPAR would be lower if complimentary rooms were excluded from the calculation. As not all available rooms are occupied, average daily room rates are normally higher than revenue per available room.

In 2022, table games and gaming machines that were not in operation due to government mandated closures or social distancing measures in relation to COVID-19 outbreaks have been excluded, while room statistics also exclude rooms that were temporarily closed or provided to the staff members due to COVID-19 outbreaks.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenues

Our total operating revenues for the year ended December 31, 2024 were US$4.64 billion, an increase of US$863.0 million, or 22.9%, from US$3.78 billion for the year ended December 31, 2023. The increase in total operating revenues was primarily attributable to the improved performance in all gaming segments and non-gaming operations, led by the continued recovery in inbound tourism to Macau in 2024 and the ramp up of operations following the opening of Studio City Phase 2 starting in April 2023 and City of Dreams Mediterranean in mid-2023.

Our total operating revenues for the year ended December 31, 2024 consisted of US$3.77 billion of casino revenues, representing 81.3% of our total operating revenues, and US$865.6 million of non-casino revenues. Our total operating revenues for the year ended December 31, 2023 consisted of US$3.08 billion of casino revenues, representing 81.5% of our total operating revenues, and US$697.9 million of non-casino revenues.

Casino. Casino revenues for the year ended December 31, 2024 were US$3.77 billion, representing a US$695.3 million, or 22.6%, increase from casino revenues of US$3.08 billion for the year ended December 31, 2023, primarily due to improved performance in all gaming segments.

Altira Macau. In the mass market table games segment, drop was US$535.8 million for the year ended December 31, 2024, representing an increase of 9.7% from US$488.2 million for the year ended December 31, 2023. The mass market table games hold percentage was 22.4% for the year ended December 31, 2024, decreasing from 22.7% for the year ended December 31, 2023. Average net win per gaming machine per day was US$255 for the year ended December 31, 2024, an increase of US$30, or 13.6%, from US$224 for the year ended December 31, 2023.

City of Dreams. City of Dreams' rolling chip volume for the year ended December 31, 2024 of US$20.06 billion represented an increase of US$634.8 million, or 3.3%, from US$19.42 billion for the year ended December 31, 2023. The rolling chip win rate was 2.74% for the year ended December 31, 2024, which increased from 2.61% for the year ended December 31, 2023. Our expected range was 2.85% to 3.15%. In the mass market table games segment, drop was US$5.87 billion for the year ended December 31, 2024, which represented an increase of US$851.0 million, or 17.0%, from US$5.02 billion for the year ended December 31, 2023. The mass market table games hold percentage was 32.1% for the year ended December 31, 2024, increasing from 30.9% for the year ended December 31, 2023. Average net win per gaming machine per day was US$524 for the year ended December 31, 2024, an increase of US$60, or 12.9%, from US$464 for the year ended December 31, 2023.

Mocha and Other. In the mass market table games segment, drop was US$231.6 million for the year ended December 31, 2024, an increase from US$176.1 million for the year ended December 31, 2023. The mass market table games hold percentage was 16.8% for the year ended December 31, 2024, decreasing from 17.0% for the year ended December 31, 2023. Average net win per gaming machine per day for the year ended December 31, 2024 was US$274, a decrease of US$16, or 5.6%, from US$291 for the year ended December 31, 2023.

Studio City. Studio City has strategically repositioned itself to focus on the premium mass and mass segments, and VIP rolling chip operations at Studio City were transferred to City of Dreams in late October 2024. Studio City Casino's rolling chip volume was US$2.00 billion for the year ended December 31, 2024, a decrease from US$2.79 billion for the year ended December 31, 2023. The rolling chip win rate was 3.85% for the year ended December 31, 2024, which increased from 1.65% for the year ended December 31, 2023. Our expected range was 2.85% to 3.15%. In the mass market table games segment, drop was US$3.68 billion for the year ended December 31, 2024, an increase from US$2.87 billion for the year ended December 31, 2023. The mass market table games hold percentage was 30.6% for the year ended December 31, 2024, representing an increase from 27.3% for the year ended December 31, 2023. Average net win per gaming machine per day was US$431 for the year ended December 31, 2024, an increase of US$88, or 25.5%, from US$343 for the year ended December 31, 2023.

City of Dreams Manila. City of Dreams Manila's rolling chip volume for the year ended December 31, 2024 was US$2.49 billion, representing an increase of US$518.8 million, or 26.4%, from US$1.97 billion for the year ended December 31, 2023. The rolling chip win rate was 3.57% for the year ended December 31, 2024, a decrease from 4.70% for the year ended December 31, 2023. Our expected range was 2.85% to 3.15%. In the mass market table games segment, drop was US$695.8 million for the year ended December 31, 2024, representing a decrease of US$88.1 million, or 11.2%, from US$784.0 million for the year ended December 31, 2023. The mass market table games hold percentage was 32.8% for the year ended December 31, 2024, representing an increase from 30.3% for the year ended December 31, 2023. Average net win per gaming machine per day was US$263 for the year ended December 31, 2024, an increase of US$14, or 5.8%, from US$248 for the year ended December 31, 2023.

City of Dreams Mediterranean and Other. City of Dreams Mediterranean officially opened to the public on July 10, 2023, after the soft opening in June. The Company continues to operate three satellite casinos in Cyprus in conjunction with City of Dreams Mediterranean. Rolling chip volume for the year ended December 31, 2024 was US$32.0 million, which increased from US$10.9 million for the year ended December 31, 2023. The rolling chip win rate was 0.24% for the year ended December 31, 2024, an increase from a rolling chip win rate of negative 6.17% for the year ended December 31, 2023. Our expected range was 2.85% to 3.15%. The significant fluctuation on the rolling chip win rate resulted from low gaming volumes in the rolling chip segment. In the mass market table games segment, drop was US$487.4 million for the year ended December 31, 2024, representing an increase of US$213.3 million, or 77.8%, from US$274.1 million for the year ended December 31, 2023.

The mass market table games hold percentage was 22.9% for the year ended December 31, 2024, representing an increase from 21.5% for the year ended December 31, 2023. Average net win per gaming machine per day was US$340 for the year ended December 31, 2024, a decrease of US$10, or 2.8%, from US$350 for the year ended December 31, 2023.

Rooms. Room revenues (including complimentary rooms) for the year ended December 31, 2024 were US$422.6 million, representing an increase of US$84.3 million, or 24.9%, from room revenues (including complimentary rooms) of US$338.2 million for the year ended December 31, 2023. The increase was primarily due to the full year operations of the three hotels that opened at our properties in 2023, as well as the increased occupancy as a result of a year-over-year increase in inbound tourism to Macau.

The average daily rate, occupancy rate and REVPAR of each property are as follows:

	Year Ended December 31,					
	2024	2023	2024	2023	2024	2023
	Average daily rate (US$)		Occupancy rate		REVPAR (US$)	
Altira Macau	133	136	95%	87%	127	118
City of Dreams	211	201	93%	86%	197	173
Studio City	165	153	96%	90%	159	137
City of Dreams Manila	164	177	97%	97%	158	171
City of Dreams Mediterranean and Other	425	359	61%	58%	261	209

Food, beverage and others. Food, beverage and other revenues (including complimentary food and beverage and entertainment services) for the year ended December 31, 2024 included food and beverage revenues of US$285.9 million and entertainment, retail and other revenues of US$157.1 million. Food, beverage and other revenues (including complimentary food and beverage and entertainment services) for the year ended December 31, 2023 included food and beverage revenues of US$208.9 million and entertainment, retail and other revenues of US$150.8 million. The increase of US$83.3 million in food, beverage and other revenues from the year ended December 31, 2023 to the year ended December 31, 2024 was primarily due to the increase in business activities at our properties in Macau and Manila as well as the ramp up of operations at City of Dreams Mediterranean and Other. In addition, we opened a cinema in Studio City in June 2024.

Operating costs and expenses

Total operating costs and expenses were US$4.15 billion for the year ended December 31, 2024, representing an increase of US$443.3 million, or 11.9%, from US$3.71 billion for the year ended December 31, 2023.

Casino. Casino expenses increased by US$489.7 million, or 24.1%, to US$2.52 billion for the year ended December 31, 2024 from US$2.03 billion for the year ended December 31, 2023, primarily due to an increase in gaming taxes, which increased as a result of increased gaming volumes and associated higher group-wide revenues, higher payroll expenses, higher marketing and promotional expenses as well as higher complimentaries to gaming customers.

Rooms. Room expenses, which represent the costs of operating the hotel facilities were US$127.9 million and US$87.6 million for the years ended December 31, 2024 and 2023, respectively. The increase was primarily due to the full year operations of the three hotels that opened at our properties in 2023, as well as increased occupancy, which was in-line with higher room revenues for the year ended December 31, 2024.

Food, beverage and others. Food, beverage and other expenses were US$309.5 million and US$240.2 million for the years ended December 31, 2024 and 2023, respectively. The increase was in-line with higher food, beverage and other revenues for the year ended December 31, 2024.

General and administrative. General and administrative expenses increased by US$80.6 million, or 16.5%, to US$568.7 million for the year ended December 31, 2024 from US$488.1 million for the year ended December 31, 2023, primarily due to an increase in payroll expenses, utilities, maintenance costs, marketing expenses and other general and administrative expenses for the full year operations of Studio City Phase 2 and City of Dream Mediterranean which opened in 2023 as well as to support the continuous ramp up of operations at our properties in Macau and Manila in 2024.

Payments to the Philippine Parties. Payments to the Philippine Parties were US$41.9 million and US$42.5 million for the years ended December 31, 2024 and 2023, respectively.

Pre-opening costs. Pre-opening costs were US$20.9 million and US$44.0 million for the years ended December 31, 2024 and 2023, respectively. Such costs relate primarily to personnel training, rental, marketing, advertising and administrative costs in connection with new or start-up operations. Higher pre-opening costs for the year ended December 31, 2023 were due to the costs incurred for Studio City Phase 2 and City of Dreams Mediterranean which opened in 2023. Pre-opening costs for the year ended December 31, 2024 were mainly for House of Dancing Water and City of Dreams Sri Lanka.

Development costs. Development costs were US$5.4 million and US$1.2 million for the years ended December 31, 2024 and 2023, respectively, which predominantly related to marketing and promotion costs as well as professional and consultancy fees for corporate business development.

Amortization of land use rights. Amortization expenses for the land use rights continued to be recognized on a straight-line basis and were US$20.0 million and US$22.7 million for the years ended December 31, 2024 and 2023, respectively. The lower amount during the year ended December 31, 2024 was primarily due to the impairment on the land use right of Altira Macau made in 2023 which resulted a lower amortization thereafter.

Depreciation and amortization. Depreciation and amortization expenses slightly increased by US$0.9 million, or 0.2%, to US$521.6 million for the year ended December 31, 2024 from US$520.7 million for the year ended December 31, 2023. The slight increase was primarily due to the full year operations of Studio City Phase 2 and City of Dreams Mediterranean that opened in 2023 and the opening of the cinema in Studio City during the year ended December 31, 2024, partially offset by lower depreciation and amortization expenses as a result of the fully depreciated assets in our properties during the year and the asset impairments in Altira Macau in 2023.

Property charges and other. Property charges and other for the year ended December 31, 2024 were US$13.2 million, which primarily included the litigation claims related to junket player deposits, repairs and maintenance costs incurred as a result of a typhoons and remodeling, and asset impairments in Altira Macau. Property charges and other for the year ended December 31, 2023 were US$228.4 million, which primarily included the asset impairments in Altira Macau, the litigation claims related to junket player deposits and the costs incurred as a result of departmental restructuring, partially offset with the gain on disposal from lands in Japan.

Non-operating expenses, net

Net non-operating expenses consist of interest income, interest expense, net of amounts capitalized, other financing costs, foreign exchange (losses) gains, net, (loss) gain on extinguishment of debt and other non-operating income, net.

Interest income was US$15.8 million for the year ended December 31, 2024, as compared to US$23.3 million for the year ended December 31, 2023. The decrease in interest income was primarily due to lower bank interest income as a result of lower average bank balances during the year ended December 31, 2024.

Interest expense was US$486.7 million (net of amounts capitalized of US$0.3 million) for the year ended December 31, 2024, compared to US$492.4 million (net of amounts capitalized of US$25.9 million) for the year ended December 31, 2023. The decrease in interest expense (net of amounts capitalization) of US$5.7 million was primarily due to lower interest expense of US$61.5 million on the 2020 Credit Facilities as a result of the net repayments during the year ended December 31, 2024 and lower interest expense of US$11.1 million on the 2025 Studio City Notes as a result of tender offers and repurchases made during the years ended December 31, 2024 and 2023, partially offset by interest expense of US$40.3 million on the 2032 Senior Notes issued in April 2024 and lower amounts capitalized.

Other financing costs for the year ended December 31, 2024 amounted to US$7.4 million, compared to US$4.4 million for the year ended December 31, 2023. The increase in other financing costs was primarily due to an increase in loan commitment fees as result of the net repayments of the 2020 Credit Facilities during the year ended December 31, 2024 and entering the 2024 Studio City Senior Secured Credit Facility in November 2024.

Other income, net for the year ended December 31, 2024 amounted to US$3.8 million, compared to US$2.7 million for the year ended December 31, 2023.

Loss on extinguishment of debt for the year ended December 31, 2024 was US$1.0 million and was primarily associated with the 2025 Studio City Notes Tender Offer (2024). Gain on extinguishment of debt for the year ended December 31, 2023 was US$1.6 million and was primarily associated with the 2025 Studio City Notes Tender Offer (2023).

Income tax expense

Income tax expense for the year ended December 31, 2024 was primarily attributable to the Macau Complementary Tax for the year of US$7.8 million which mainly represented the expense provided in connection with the rejection of the application for 10 years Macau Complementary Tax exemption at Studio City for 2023 to 2032 received during the year ended December 31, 2024, payments in lieu of Macau Complementary Tax otherwise due by Melco Resorts Macau's shareholders on dividends distributable to them by Melco Resorts Macau of US$7.0 million and Philippine withholding tax on dividends of US$5.5 million. The effective tax rate for the year ended December 31, 2024 was (340.37)%, as compared to (3.34)%, for the year ended December 31, 2023. Such rates differ from the statutory Macau Complementary Tax rate of 12%, where the Company's majority operations are located, primarily due to the effects of expired tax losses, expenses for which no income tax benefit is receivable, income for which no income tax expense is payable, changes in valuation allowances, profits generated by gaming operations being exempted from Philippine Corporate Income Tax, different tax rates of subsidiaries operating in other jurisdictions and certain profits generated by gaming operations being exempted from Macau Complementary Tax for the years ended December 31, 2024 and 2023.

Our management currently does not expect to realize significant income tax benefits associated with net operating loss carryforwards and other deferred tax assets generated by our Macau, Philippine and Cyprus operations. However, to the extent that the financial results of our Macau, Philippine and Cyprus operations improve and it becomes more likely than not that the deferred tax assets are realizable, we will be able to reduce the valuation allowance related to the net operating losses and other deferred tax assets.

Net loss attributable to noncontrolling interests

Our net loss attributable to noncontrolling interests was US$71.5 million for the year ended December 31, 2024, compared to US$88.4 million for the year ended December 31, 2023. For the year ended December 31, 2024, such net loss represented the share of Studio City's expenses of US$51.2 million, City of Dreams Mediterranean and Other's expenses of US$20.6 million, partially offset by City of Dreams Manila's income of US$0.3 million attributable to the respective minority shareholders.

Net income/loss attributable to Melco Resorts & Entertainment Limited

As a result of the foregoing, we had net income attributable to Melco Resorts & Entertainment Limited of US$43.5 million for the year ended December 31, 2024, compared to net loss attributable to Melco Resorts & Entertainment Limited of US$326.9 million for the year ended December 31, 2023.

For a discussion of our results of operations for the year ended December 31, 2023 compared with the year ended December 31, 2022, see "Item 5. Operating and Financial Review and Prospects – A. Operating Results – Year Ended December 31, 2023 Compared to Year Ended December 31, 2022" of our annual report on Form 20-F for the fiscal year ended December 31, 2023, filed with the SEC on March 22, 2024.

Adjusted Property EBITDA and Adjusted EBITDA

Our Chief Executive Officer is the Chief Operating Decision Maker ("**CODM**") of the Company. The CODM uses Adjusted Property EBITDA for each segment as the measure of segment profit or loss to allocate resources to each segment and to compare the operating performance of the Company's properties with those of its competitors as a way to assess performance. Adjusted Property EBITDA is 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, integrated resort and casino rent, Corporate and Other expenses, and other non-operating income and expenses.

The following table sets forth a summary of our Adjusted Property EBITDA for the years presented.

	Year Ended December 31,		
	2024	**2023**	**2022**
	(in thousands of US$)		
Macau:			
Altira Macau	$ (1,922)	$ (1,277)	$ (43,020)
Mocha and Other	26,974	27,286	10,291
City of Dreams	621,642	576,313	(32,160)
Studio City	341,239	206,790	(105,164)
The Philippines:			
City of Dreams Manila	181,058	205,452	146,926
Cyprus:			
City of Dreams Mediterranean and Other	50,546	27,500	23,696
Total Adjusted Property EBITDA	$ 1,219,537	$ 1,042,064	$ 569

Altira Macau

Altira Macau generated negative Adjusted Property EBITDA of US$1.9 million and US$1.3 million in 2024 and 2023, respectively.

Mocha and Other

Mocha and Other generated stable Adjusted Property EBITDA of US$27.0 million and US$27.3 million in 2024 and 2023, respectively.

City of Dreams

City of Dreams generated Adjusted Property EBITDA of US$621.6 million in 2024, compared with US$576.3 million in 2023. The year-over– year increase in Adjusted Property EBITDA was a result of improved performance in all gaming segments and non-gaming operations, led by the continued recovery in inbound tourism to Macau in 2024. The increase was partially offset by higher operating costs for the increase in business activities and an increase in staffing levels to enhance service quality and improve performance.

Studio City

Studio City generated Adjusted Property EBITDA of US$341.2 million in 2024, compared with US$206.8 million in 2023. The year-over-year increase in Adjusted Property EBITDA was a result of improved performance in all gaming segments and non-gaming operations, led by the continued recovery in inbound tourism to Macau in 2024 and the ramp up of operations following the opening of Studio City Phase 2 starting in April 2023. The increase was partially offset by higher operating costs for the increase in business activities and an increase in staffing levels to enhance service quality and improve performance.

City of Dreams Manila

City of Dreams Manila generated Adjusted Property EBITDA of US$181.1 million in 2024, compared with US$205.5 million in 2023. The year-over-year decrease in Adjusted Property EBITDA was primarily a result of softer performance in the rolling chip segment and unfavorable gaming mix.

City of Dreams Mediterranean and Other

City of Dreams Mediterranean and Other generated Adjusted Property EBITDA of US$50.5 million in 2024, compared with US$27.5 million in 2023. The year-over-year increase in Adjusted Property EBITDA was primarily a result of improved performance in mass market segments and non-gaming operations, led by the ramp up of operations following the opening of City of Dreams Mediterranean in mid-2023.

The following table sets forth a summary of reconciliation of net income/loss attributable to Melco Resorts & Entertainment Limited to Adjusted EBITDA and Adjusted Property EBITDA for the years presented.

	Year Ended December 31,		
	2024	2023	2022
	(in thousands of US$)		
Net income (loss) attributable to Melco Resorts & Entertainment Limited	$ 43,543	$ (326,920)	$ (930,526)
Net loss attributable to noncontrolling interests	(71,502)	(88,410)	(166,641)
Net loss	(27,959)	(415,330)	(1,097,167)
Income tax expense	21,610	13,422	5,236
Interest and other non-operating expenses, net	490,976	466,867	348,826
Depreciation and amortization	541,538	543,396	521,939
Property charges and other	13,221	228,437	39,982
Share-based compensation	27,368	35,473	71,809
Development costs	5,433	1,202	–
Pre-opening costs[1]	17,833	43,994	15,585
Integrated resort and casino rent[2]	8,436	1,911	2,318
Payments to the Philippine Parties	41,939	42,451	28,894
Adjusted EBITDA	1,140,395	961,823	(62,578)
Corporate and Other expenses	79,142	80,241	63,147
Adjusted Property EBITDA	$ 1,219,537	$ 1,042,064	$ 569

(1) Certain amount of pre-opening costs were grouped and reported under the line item Integrated resort and casino rent

(2) Integrated resort and casino rent represents land rent and variable lease costs to Belle Corporation and casino rent to John Keells Group

Adjusted EBITDA is 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, integrated resort and casino rent and other non-operating income and expenses.

Adjusted EBITDA and Adjusted Property EBITDA, which are non-GAAP financial measures, are presented as supplemental disclosures because management believes they are widely used to measure the performance, and as a basis for valuation, of gaming companies. Management uses Adjusted EBITDA and Adjusted Property EBITDA to measure the operating performance of our segments and to compare the operating performance of our properties with those of our competitors.

The Company also presents Adjusted EBITDA and Adjusted Property EBITDA because they are used by some investors as ways to measure a company's ability to incur and service debt, make capital expenditures, and meet working capital requirements. Gaming companies have historically reported similar measures as supplements to financial measures in accordance with generally accepted accounting principles, in particular, U.S. GAAP or International Financial Reporting Standards. However, Adjusted EBITDA and Adjusted Property EBITDA should not be considered as alternatives to operating income/loss as indicators of the Company's performance, as alternatives to cash flows from operating activities as measures of liquidity, or as alternatives to any other measure determined in accordance with U.S. GAAP. Unlike net income/loss, Adjusted EBITDA and Adjusted Property EBITDA do not include depreciation and amortization or interest expense and, therefore, do not reflect current or future capital expenditures or the cost of capital. The Company recognizes these limitations and uses Adjusted EBITDA and Adjusted Property EBITDA as only two of several comparative tools, together with U.S. GAAP measurements, to assist in the evaluation of operating performance.

Such U.S. GAAP measurements include operating income/loss, net income/loss, cash flows from operations and cash flow data. The Company has significant uses of cash flows, including capital expenditures, interest payments, debt principal repayments, taxes and other recurring and nonrecurring charges, which are not reflected in Adjusted EBITDA or Adjusted Property EBITDA. Also, the Company's calculation of Adjusted EBITDA and Adjusted Property EBITDA may be different from the calculation methods used by other companies and, therefore, comparability may be limited. The use of Adjusted Property EBITDA and Adjusted EBITDA has material limitations as an analytical tool, as Adjusted Property EBITDA and Adjusted EBITDA do not include all items that impact our net income/loss. Investors are encouraged to review the reconciliation of the historical non-GAAP financial measure to its most directly comparable GAAP financial measure.

B. LIQUIDITY AND CAPITAL RESOURCES

We have relied and intend to rely on our cash generated from our operations and our debt and equity financings to meet our financing needs and repay our indebtedness, as the case may be.

As of December 31, 2024, we held cash and cash equivalents and restricted cash (mainly being cash collateral for concession-related guarantees issued to the Macau Government and security under credit facilities) of US$1.15 billion and US$125.9 million, respectively. Major currencies in which our cash and bank balances (including restricted cash) were held as of December 31, 2024 were the U.S. dollar, H.K. dollar, Euro, Philippine peso and Pataca.

As of December 31, 2024, we had the following bank credit facilities available for future drawdown, subject to satisfaction of certain conditions precedent: (1) HK$13.62 billion (equivalent to US$1.75 billion) of the revolving credit facility under the 2020 Credit Facilities; (2) the HK$1.0 million (equivalent to US$0.1 million) of the revolving credit facility under the 2015 Credit Facilities; (3) the HK$233.0 million (equivalent to US$30.0 million) revolving credit facility under the 2021 Studio City Senior Secured Credit Facility; (4) the HK$1.945 billion (equivalent to US$250.5 million) revolving credit facility under the 2024 Studio City Senior Secured Credit Facility; and (5) the PHP2.35 billion (equivalent to US$40.5 million) bank credit facility of MRP. Available liquidity, including cash and undrawn revolving credit facilities as of December 31, 2024 was approximately US$3.35 billion. We have been able to meet our working capital needs, and we believe that our operating cash flow, existing cash balances, funds available under various credit facilities and any additional equity or debt financings will be adequate to satisfy our current and anticipated operating, debt and capital commitments, including our development project plans, as described in "– Other Financing and Liquidity Matters" below. For any additional financing requirements, we cannot provide assurance that future borrowings will be available. See "Item 3. Key Information – D. Risk Factors – Risks Relating to Our Financing and Indebtedness" for more information. We have significant indebtedness and will continue to evaluate our capital structure and opportunities to enhance it in the normal course of our activities. We may from time to time seek to retire or purchase our outstanding debt through open market purchases, tender offers, privately-negotiated transactions or otherwise. Such purchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Cash Flows

The following table sets forth a summary of our cash flows for the years presented.

	Year Ended December 31,		
	2024	2023	2022
	(in thousands of US$)		
Net cash provided by (used in) operating activities	$ 626,656	$ 622,690	$ (619,434)
Net cash used in investing activities	(300,807)	(48,513)	(806,107)
Net cash (used in) provided by financing activities	(478,349)	(1,129,124)	1,783,285
Effect of exchange rate on cash, cash equivalents and restricted cash	(10,264)	2,326	(22,602)
(Decrease) increase in cash, cash equivalents and restricted cash	(162,764)	(552,621)	335,142
Cash, cash equivalents and restricted cash at beginning of year	1,435,836	1,988,457	1,653,315
Cash, cash equivalents and restricted cash at end of year	$ 1,273,072	$ 1,435,836	$ 1,988,457

Operating Activities

Operating cash flows are generally affected by changes in operating income and accounts receivable with VIP table games play and hotel operations conducted on a cash and credit basis and the remainder of the business including mass market table games play, gaming machine play, food and beverage, and entertainment are conducted primarily on a cash basis.

Net cash provided by operating activities was US$626.7 million for the year ended December 31, 2024, compared to US$622.7 million for the year ended December 31, 2023. The change was primarily due to better performance of operations which resulted in a decrease in net loss in 2024 as described in the foregoing section, partially offset by increased working capital for operations, primarily consisted of the payment of gaming taxes as well as the operating accruals as a result of the increased business volumes.

Net cash provided by operating activities was US$622.7 million for the year ended December 31, 2023, compared to net cash used in operating activities of US$619.4 million for the year ended December 31, 2022. The change was primarily due to better performance of operations as described in the foregoing section and decreased working capital for operations.

Investing Activities

Net cash used in investing activities was US$300.8 million for the year ended December 31, 2024, compared to US$48.5 million for the year ended December 31, 2023. The change was primarily due to the repayment of loan to an affiliated company during the year ended December 31, 2023 which was not recurring in 2024. Net cash used in investing activities for the year ended December 31, 2024 mainly included acquisition of property and equipment and payments for capitalized construction costs of US$261.9 million and payments for intangible and other assets of US$39.2 million.

Net cash used in investing activities was US$48.5 million for the year ended December 31, 2023, compared to US$806.1 million for the year ended December 31, 2022. The change was primarily due to the repayment of loan to an affiliated company and decreased payments for capitalized construction costs and acquisition of property and equipment during the year ended December 31, 2023. Net cash used in investing activities for the year ended December 31, 2023 mainly included payments for capitalized construction costs and acquisition of property and equipment of US$257.0 million and payments for intangible and other assets of US$6.9 million, partially offset by proceeds from loan repayment from an affiliated company of US$200.0 million and proceeds from sale of assets held for sale of US$14.8 million.

Our total payments for capitalized construction costs and acquisition of property and equipment were US$261.9 million and US$257.0 million for the years ended December 31, 2024 and 2023, respectively. Such expenditures were mainly associated with our development projects, as well as enhancement of our integrated resort offerings.

We expect to incur significant capital expenditures for the ongoing enhancement and maintenance of our Macau properties, City of Dreams Manila and City of Dreams Mediterranean and development of City of Dreams Sri Lanka. We intend to finance these projects through our operating cash flow and existing cash balances as well as equity or debt financings. See "– Other Financing and Liquidity Matters" below for more information.

The following table sets forth our capital expenditures incurred by segment on an accrual basis for the years ended December 31, 2024, 2023 and 2022.

	Year Ended December 31,		
	2024	2023	2022
	(in thousands of US$)		
Macau:			
Altira Macau	$ 5,614	$ 3,892	$ 3,303
Mocha and Other	6,549	4,590	1,704
City of Dreams	83,988	22,259	21,684
Studio City	86,071	73,452	429,362
The Philippines:			
City of Dreams Manila	17,940	24,970	4,986
Cyprus:			
City of Dreams Mediterranean and Other	11,815	108,214	131,419
Corporate and Other	31,504	15,113	5,956
Total capital expenditures	$ 243,481	$ 252,490	$ 598,414

Our capital expenditures for the year ended December 31, 2024 slightly decreased from that for the year ended December 31, 2023 was primarily due to the completion of City of Dreams Mediterranean in 2023, partially offset by increased capital expenditures for enhancements to our Macau properties and development of City of Dreams Sri Lanka. Our capital expenditures for the year ended December 31, 2023 significantly decreased from that for the year ended December 31, 2022 primarily due to the completion of construction of Studio City Phase 2 and City of Dreams Mediterranean.

Financing Activities

Net cash used in financing activities of US$478.3 million for the year ended December 31, 2024 was primarily due to (i) the repayments of outstanding revolving credit facility under the 2020 Credit Facilities of US$994.2 million, (ii) repurchase of shares of US$112.3 million, (iii) settlement of the 2025 Studio City Notes Tender Offer (2024) of US$100.0 million, (iv) repurchase of 2025 Studio City Notes of US$75.3 million and (v) payments of financing costs of US$37.0 million, which were offset in part by (vi) the proceeds from the issuance of 2032 Senior Notes of US$750.0 million and (vii) the proceeds from the drawdown of the revolving credit facility under the 2020 Credit Facilities of US$100.3 million.

Net cash used in financing activities of US$1.13 billion for the year ended December 31, 2023 was primarily due to (i) the repayments of outstanding revolving credit facility under the 2020 Credit Facilities of US$2.10 billion, (ii) settlement of the 2025 Studio City Notes Tender Offer (2023) of US$97.5 million and (iii) repurchase of shares of US$169.8 million, which were offset in part by (iv) the proceeds from the drawdown of the revolving credit facility under the 2020 Credit Facilities of US$1.25 billion.

Net cash provided by financing activities of US$1.78 billion for the year ended December 31, 2022 was primarily due to (i) the proceeds from drawdown of the revolving credit facility under the 2020 Credit Facilities of US$1.50 billion, (ii) the proceeds from the issuance of the 2027 Studio City Notes of US$350.0 million, which priced at 100.0% of the principal amount, and (iii) net proceeds from issuance of shares of subsidiaries of US$134.1 million, which were offset in part by (iv) repurchase of shares of US$189.2 million and (v) the payments of deferred financing costs of US$8.0 million.

Indebtedness

We enter into loan facilities and issue notes through our subsidiaries. The following table presents a summary of our gross indebtedness as of December 31, 2024:

	As of December 31, 2024
	(in thousands of US$)
2029 Senior Notes	$ 1,150,000
2029 Studio City Notes	1,100,000
2025 Senior Notes	1,000,000
2028 Senior Notes	850,000
2032 Senior Notes	750,000
2027 Senior Notes	600,000
2026 Senior Notes	500,000
2028 Studio City Notes	500,000
2027 Studio City Notes	350,000
2025 Studio City Notes	221,622
2020 Credit Facilities	158,305
2015 Credit Facilities	129
2021 Studio City Senior Secured Credit Facility	129
	$ 7,180,185

Major changes in our indebtedness during the year ended and subsequent to December 31, 2024 are summarized below.

During the year ended December 31, 2024, MCO Nominee One repaid HK$6.99 billion (equivalent to US$893.9 million) in aggregate on a net basis along with accrued interest under the 2020 Credit Facilities.

On April 8, 2024, the maturity date of the 2020 Credit Facilities was extended by two years to April 29, 2027.

On April 8, 2024, Studio City Finance initiated the 2025 Studio City Notes Tender Offer (2024) to purchase up to an aggregate principal amount of US$100,000,000 of the 2025 Studio City Notes. An aggregate principal amount of US$307,150,000 of the 2025 Studio City Notes were tendered on the early tender date on April 19, 2024. On April 22, 2024, Studio City Finance increased the aggregate principal amount of the 2025 Notes Tender Offer (2024) to US$100,029,000. Studio City Finance accepted for purchase an aggregate principal amount of US$100,029,000 of the 2025 Studio City Notes that were validly tendered (and not validly withdrawn) pursuant to the 2025 Notes Tender Offer (2024) and settled the purchase on April 24, 2024. In addition, Studio City Finance repurchased US$75.3 million of the 2025 Studio City Notes during the year ended December 31, 2024.

On April 17, 2024, Melco Resorts Finance issued US$750.0 million in aggregate principal amount of the 2032 Senior Notes.

On June 6, 2024, the maturity date of the 2015 Credit Facilities was extended by two years to June 24, 2026.

On November 29, 2024, Studio City Company entered into the 2024 Studio City Senior Secured Credit Facility. Under the terms of the 2024 Studio City Senior Secured Credit Facility, lenders have made available to Studio City Company in an amount of HK$1.945 billion (equivalent to US$250.3 million) in revolving credit facilities for a term of five years and maturity date of November 29, 2029, with an option to increase the commitments in an amount not exceeding US$100.0 million, subject to the satisfaction of conditions precedent. The 2024 Studio City Senior Secured Credit Facility is secured and is supported by a guarantee from Studio City International, Studio City Investments and each subsidiary of Studio City Company. The Company intends to use the proceeds from the 2024 Studio City Senior Secured Credit Facility to refinance outstanding indebtedness and for general corporate and working capital purposes. No drawdowns have been made under this facility, as of December 31, 2024.

Studio City Company has also entered into an amendment and restatement agreement, dated November 29, 2024, with, among others, Bank of China Limited, Macau Branch, in relation to the 2021 Studio City Senior Secured Credit Facility to, among other things, align certain terms of the 2021 Studio City Senior Secured Credit Facility with the terms of the 2024 Studio City Senior Secured Credit Facility. The other amendments include the extension of the maturity date from January 15, 2028 to August 29, 2029 and change of interest rates.

On February 25, 2025, pursuant to the 2024 Amendment and Restatement under the 2020 Credit Facilities, an incremental facility of HK$387.5 million (equivalent to US$49.8 million) was established to increase the available commitments under the 2020 Credit Facilities from HK$14.85 billion (equivalent to US$1.91 billion) to HK$15.24 billion (equivalent to US$1.96 billion).

For further details of the above indebtedness, see note 11 to the consolidated financial statements included elsewhere in this annual report, which includes information regarding the type of debt facilities used, the extent to which borrowings are at fixed rates, the maturity profile of debt, the currency and interest rate structure, the charge on our assets and the nature and extent of any restrictions on our ability, and the ability of our subsidiaries, to transfer funds as cash dividends, loans or advances. See also "– Other Financing and Liquidity Matters" below for details of the maturity profile of debt and "Item 11. Quantitative and Qualitative Disclosures about Market Risk" for further understanding of our hedging of interest rate risk and foreign exchange risk exposure.

Other Financing and Liquidity Matters

We may obtain financing in the form of, among other things, equity or debt, including additional bank loans or high yield, mezzanine or other debt, or rely on our operating cash flow to fund the maintenance, enhancement and development of our projects. We expect to have significant capital expenditures in the future as we continue to maintain, enhance and develop our properties in Macau, the Philippines, Cyprus and Sri Lanka as well as pursue potential growth opportunities in existing and new jurisdictions.

We have relied, and intend in the future to rely, on our operating cash flow and different forms of financing to meet our funding needs and repay our indebtedness, as the case may be.

The timing of any future debt and equity financing activities will be dependent on our funding needs, our development and construction schedule, the availability of funds on terms acceptable to us and prevailing market conditions. We may carry out activities from time to time to strengthen our financial position and ability to better fund our business operations and expansion plans. Such activities may include refinancing existing debt, monetizing assets, sale-and-leaseback transactions or other similar activities.

In March 2022, SCI completed a US$300 million private placement of shares. The net proceeds from this private placement were approximately US$299.2 million, of which US$134.9 million was from noncontrolling interests.

Our material cash requirements arise from the development and continuous enhancement of our Macau properties, City of Dreams Manila and City of Dreams Mediterranean, as well as the payment of interest expenses and repayment of principal relating to our indebtedness. We are also required to comply with the investment plan which forms part of the gaming concession contract in Macau in the amount of MOP11,823.7 million (equivalent to approximately US$1.48 billion), of which MOP10,008.0 million (equivalent to approximately US$1.25 billion) is to be invested in non-gaming projects per the terms of the concession contract, and incremental additional non-gaming investment in the amount of approximately 20% of our initial non-gaming investment, or MOP2,003.0 million (equivalent to approximately US$250.5 million), in the event the Incremental Investment Trigger is triggered. As Macau's annual gross gaming revenue exceeded MOP180.0 billion (equivalent to approximately US$22.51 billion) in 2023, the Incremental Investment Trigger was triggered in 2023, thereby increasing our non-gaming investment by MOP2,003.0 million (equivalent to approximately US$250.5 million), with the overall investment amount increased to MOP13,826.7 million (equivalent to approximately US$1.73 billion) to be carried out by December 2032. As of December 31, 2024, the total investment in gaming and non-gaming related projects carried out was in the aggregate amount of MOP3,341.5 million (equivalent to approximately US$417.9 million).

Cash from financings and operations is primarily retained by our operating subsidiaries for the purposes of funding our operating activities, capital expenditures and investing activities. Cash from financing and operations within our group is primarily transferred between our subsidiaries through intercompany loan arrangements or equity capital contributions. In 2024, excluding cash transferred for the purpose of the settlement of intragroup charges for operating activities, cash transferred to our holding company, Melco Resorts & Entertainment Limited, from its subsidiaries for repayment of advances amounted to US$7.8 million, while cash transferred from our holding company to its subsidiaries in the form of advances amounted to US$20.3 million and repayments of loans or advances amounted to US$20.0 million, respectively. Dividend payments of US$121.0 million were received from our Macau operating subsidiary in 2024, and no dividend payments were made to our shareholders in 2024, including holders of our ordinary shares with an address of record known to us to be in the United States (which includes all holders of our ADRs, which are traded on Nasdaq in the United States). See also "Item 4. Information on the Company – B. Business Overview – Tax" and "Item 8. Financial Information – A. Consolidated Statements and Other Financial Information – Dividend Policy." There are no regulatory or foreign exchange restrictions or limitations on our ability to transfer cash within our corporate group, or to declare dividends to holders of our ADSs, except that Melco Resorts Macau must notify the Chief Executive of Macau five business days in advance of any decision related to dividend distribution in an amount greater than MOP500 million (equivalent to approximately US$62.5 million), seek Macau government consent to grant or receive any loan in the amount of MOP100 million (equivalent to approximately US$12.5 million) and our subsidiaries incorporated in Macau are required to set aside a specified amount of the entity's profit after tax as a legal reserve which is not distributable to the shareholders of such subsidiaries and authorization is required in the Philippines for inward and outward transfers of Philippine pesos above a certain amount. See "Item 4. Information on the Company – B. Business Overview – Regulations – Macau Regulations – Restrictions on Distribution of Profits Regulations" and "Item 10. Additional Information – D. Exchange Controls."

As of December 31, 2024, we had capital commitments mainly for the construction and acquisition of property and equipment for Studio City, City of Dreams and Sri Lanka Casino totaling US$101.9 million. In addition, we have contingent liabilities arising in the ordinary course of business. For further details for our commitments and contingencies, see note 21 to the consolidated financial statements included elsewhere in this annual report.

Our total long-term indebtedness and other contractual obligations as of December 31, 2024 are summarized below.

	Payments Due by Period				
	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
	(in millions of US$)				
Long-term debt obligations[(1)]:					
2029 Senior Notes	$ –	$ –	$ 1,150.0	$ –	$ 1,150.0
2029 Studio City Notes	–	–	1,100.0	–	1,100.0
2025 Senior Notes	1,000.0	–	–	–	1,000.0
2028 Senior Notes	–	–	850.0	–	850.0
2032 Senior Notes	–	–	–	750.0	750.0
2027 Senior Notes	–	600.0	–	–	600.0
2026 Senior Notes	–	500.0	–	–	500.0
2028 Studio City Notes	–	–	500.0	–	500.0
2027 Studio City Notes	–	350.0	–	–	350.0
2025 Studio City Notes	221.6	–	–	–	221.6
2020 Credit Facilities	–	158.4	–	–	158.4
2015 Credit Facilities	–	0.1	–	–	0.1
2021 Studio City Senior Secured Credit Facility	–	–	0.1	–	0.1
Fixed interest payments	368.2	599.0	319.2	131.4	1,417.8
Variable interest payments[(2)]	8.6	11.4	–	–	20.0
Finance leases[(3)]	35.8	71.6	71.6	126.4	305.4
Operating leases[(3)]	19.5	32.6	30.5	170.4	253.0
Construction costs and property and equipment retention payables	8.2	6.1	–	–	14.3
Other contractual commitments:					
Construction costs and property and equipment acquisition commitments	101.5	0.4	–	–	101.9
Gaming concession premium and license fee[(4)]	25.5	50.7	50.7	182.9	309.8
Reversion Assets payments[(5)]	7.7	48.2	48.2	72.4	176.5
Total contractual obligations	$ 1,796.6	$ 2,428.5	$ 4,120.3	$ 1,433.5	$ 9,778.9

(1) See note 11 to the consolidated financial statements included elsewhere in this annual report for further details on these debt facilities.

(2) Amounts for all periods represent our estimated interest payments on our debt facilities based upon amounts outstanding and HIBOR as at December 31, 2024 plus the applicable interest rate spread in accordance with the respective debt agreements. Actual rates will vary.

(3) See note 12 to the consolidated financial statements included elsewhere in this annual report for further details on these lease liabilities.

(4) Represents i) annual premium with a fixed portion and a variable portion based on the number and type of gaming tables and machines that Melco Resorts Macau is currently approved to operate by the Macau government for our gaming concession in Macau; and (ii) fixed license fee for the Cyprus License. The gaming tax for our gaming concession in Macau, the Cyprus License and the license fee for the Philippine License as disclosed in note 21(b) to the consolidated financial statements included elsewhere in this annual report are not included in this table as the amount is variable in nature.

(5) The gaming and gaming support areas of 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 referred to as the "Reversion Assets") are currently owned by the Macau government. Effective January 1, 2023, the Macau government has transferred the Reversion Assets to us for usage in our operations during the duration of the Concession Contract for a fee of MOP750.00 (equivalent to approximately US$94) per square meter for years 1 to 3 of the Concession Contract, subject to consumer price index increase in years 2 and 3 of the concession. The fee will increase to MOP2,500.00 (equivalent to approximately US$313) per square meter for years 4 to 10 of the concession, subject to consumer price index increase in years 5 to 10 of the concession.

(6) In addition to amounts included in the table above, in connection with the Concession Contract, Melco Resorts Macau committed to an overall investment of MOP11,823.7 million (equivalent to approximately US$1.48 billion) and incremental additional non-gaming investment in the amount of approximately 20% of its initial non-gaming investment, or MOP2,003.0 million (equivalent to approximately US$250.5 million), in the event Macau's annual gross gaming revenue reaches MOP180.0 billion (equivalent to approximately US$22.51 billion). As Macau's annual gross gaming revenue exceeded MOP180.0 billion (equivalent to approximately US$22.51 billion) in 2023, the Incremental Investment Trigger was reached and, the non-gaming investment to be carried out was increased by MOP2,003.0 million (equivalent to approximately US$250.5 million) to MOP12.01 billion (equivalent to approximately US$1.50 billion), with the overall investment amount increased to MOP13,826.7 million (equivalent to approximately US$1.73 billion) to be carried out by December 2032. As of December 31, 2024, the total investment in gaming and non-gaming related projects carried out was in the aggregate amount of MOP3,341.5 million (equivalent to US$417.9 million).

We have not entered into any material financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements.

Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

Each of Melco Resorts Macau and Studio City Company has a corporate rating of"BB-" and "B+" with a stable outlook by Standard & Poor's, respectively, and each of Melco Resorts Finance and Studio City Finance has a corporate rating of "Ba3" and "B1" with a stable outlook by Moody's Investors Service, respectively. For future borrowings, any decrease in our corporate rating could result in an increase in borrowing costs.

Restrictions on Distributions

For discussion on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends, loans or advances and the impact such restrictions have on our ability to meet our cash obligations, see "Item 4. Information on the Company – B. Business Overview – Regulations – Macau Regulations – Restrictions on Distribution of Profits Regulations." See also "Item 8. Financial Information – A. Consolidated Statements and Other Financial Information – Dividend Policy" and note 18 to the consolidated financial statements included elsewhere in this annual report.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates and foreign currency exchange rates.

Foreign Exchange Risk

Our exposure to foreign exchange rate risk is associated with the currency of our operations and our indebtedness and as a result of the presentation of our financial statements in U.S. dollars. The majority of our revenues are denominated in H.K. dollars, given the H.K. dollar is the predominant currency used in Macau and is often used interchangeably with the Pataca in Macau, while our expenses are denominated predominantly in Patacas, H.K. dollars, the Philippine pesos, the Euro and Sri Lankan rupees. In addition, a significant portion of our indebtedness, including the Melco Resorts Finance Notes, the Studio City Notes, and certain expenses, have been and are denominated in U.S. dollars, and the costs associated with servicing and repaying such debt will be denominated in U.S. dollars. We also have a certain portion of our assets and liabilities denominated in the Philippine peso, the Euro and Sri Lankan rupees.

The value of the H.K. dollar, Pataca, the Philippine peso, the Euro and Sri Lankan rupee against the U.S. dollar may fluctuate and may be affected by, among other things, changes in political and economic conditions. While the H.K. dollar is pegged to the U.S. dollar within a narrow range and the Pataca is in turn pegged to the H.K. dollar, and the exchange rates between these currencies has remained relatively stable over the past several years, we cannot assure you that the current peg or linkages between the U.S. dollar, H.K. dollar and Pataca will not be de-pegged, de-linked or otherwise modified and subject to fluctuations. Any significant fluctuations in exchange rates between the H.K. dollar, Pataca, the Philippine peso or the Euro to the U.S. dollar may have a material adverse effect on our revenues and financial condition.

We accept foreign currencies from our customers and as of December 31, 2024, in addition to H.K. dollars, Patacas and Philippine pesos, Euros and Sri Lankan rupees, we also hold other foreign currencies. However, any foreign exchange risk exposure associated with those currencies is minimal.

We have not engaged in hedging transactions with respect to foreign exchange exposure of our revenues and expenses in our day-to-day operations during the year ended December 31, 2024. Instead, we maintain a certain amount of our operating funds in the same currencies in which we have obligations, thereby reducing our exposure to currency fluctuations. However, we occasionally enter into foreign exchange transactions as part of financing transactions and capital expenditure programs.

See note 11 to the consolidated financial statements included elsewhere in this annual report for further details related to our indebtedness as of December 31, 2024.

Major currencies in which our cash and bank balances (including restricted cash) are held as of December 31, 2024 were the U.S. dollar, the H.K. dollar, the Philippine peso, the Euro and the Pataca. Based on the cash and bank balances as of December 31, 2024, an assumed 1% change in the exchange rates between currencies other than the U.S. dollar against the U.S. dollar would cause a maximum foreign transaction gain or loss of approximately US$11.0 million for the year ended December 31, 2024.

Based on the balances of indebtedness denominated in currencies other than U.S. dollars as of December 31, 2024, an assumed 1% change in the exchange rates between currencies other than the U.S. dollar against the U.S. dollar would cause a foreign transaction gain or loss of approximately US$1.6 million for the year ended December 31, 2024.

Interest Rate Risk

Our exposure to interest rate risk is associated with our indebtedness bearing interest based on floating rates. We attempt to manage interest rate risk by managing the mix of long-term fixed rate borrowings and variable rate borrowings and we may supplement by hedging activities in a manner we deem prudent. We cannot be sure that these risk management strategies have had the desired effect, and interest rate fluctuations could have a negative impact on our results of operations.

As of December 31, 2024, we are subject to fluctuations in HIBOR as a result of our 2015 Credit Facilities, 2020 Credit Facilities and 2021 Studio City Senior Secured Credit Facility. As of December 31, 2024, approximately 98% of our total indebtedness was based on fixed rates. Based on our December 31, 2024 indebtedness level, an assumed 100 basis point change in HIBOR would cause our annual interest cost to change by approximately US$1.6 million.

To the extent that we effect hedging in respect of our credit facilities, the counterparties to such hedging will also benefit from the security and guarantees we provide to the lenders under such credit facilities, which could increase our aggregate secured indebtedness. We do not intend to engage in transactions in derivatives or other financial instruments for trading or speculative purposes and we expect the provisions of our existing and any future credit facilities to restrict or prohibit the use of derivatives and financial instruments for purposes other than hedging.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The unaudited pro forma consolidated statement of financial position of the Group as at 31 December 2024 (the "**Unaudited Pro Forma Financial Information**") has been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules to illustrate the effect of the full implementation of the Share Repurchase Program on the consolidated statement of financial position of the Group as if the transaction had been completed on 31 December 2024.

The Unaudited Pro Forma Financial Information is prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2024, as extracted from the 2024 Annual Report, after incorporating the unaudited pro forma adjustments described in the accompanying notes.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only, based on the judgements and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the consolidated statement of financial position of the Group had the full implementation of the Share Repurchase Program been completed on 31 December 2024 or at any future date.

The Statement should be read in conjunction with the financial information of the Group and Melco Resorts as set out in Appendix I and II to this circular, respectively, and other financial information included elsewhere in this circular.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited consolidated statement of financial position of the Group as at 31 December 2024	Pro forma adjustments	Unaudited pro forma consolidated statement of financial position of the Group as at 31 December 2024
	HK$'000	*HK$'000*	*HK$'000*
	Note (a)	*Note (b)*	
NON-CURRENT ASSETS			
Property, plant and equipment	41,978,077	–	41,978,077
Right-of-use assets	5,073,287	–	5,073,287
Intangible assets	19,053,015	–	19,053,015
Goodwill	5,299,451	–	5,299,451
Investment in a joint venture	53,046	–	53,046
Prepayments, deposits and other receivables	1,035,366	–	1,035,366
Restricted cash	974,404	–	974,404
Total non-current assets	73,466,646	–	73,466,646
CURRENT ASSETS			
Inventories	251,940	–	251,940
Trade receivables	1,119,583	–	1,119,583
Prepayments, deposits and other receivables	811,957	–	811,957
Tax recoverable	1,252	–	1,252
Restricted cash	68,972	–	68,972
Cash and bank balances	9,029,153	(3,030,414)	5,998,739
Total current assets	11,282,857	(3,030,414)	8,252,443

	Audited consolidated statement of financial position of the Group as at 31 December 2024	Pro forma adjustments	Unaudited pro forma consolidated statement of financial position of the Group as at 31 December 2024
	HK$'000	*HK$'000*	*HK$'000*
	Note (a)	*Note (b)*	
CURRENT LIABILITIES			
Trade payables	192,485	–	192,485
Other payables, accruals and deposits received	8,250,163	–	8,250,163
Tax payable	295,829	–	295,829
Interest-bearing borrowings	9,483,349	–	9,483,349
Lease liabilities	424,737	–	424,737
Total current liabilities	18,646,563	–	18,646,563
NET CURRENT LIABILITIES	(7,363,706)	(3,030,414)	(10,394,120)
TOTAL ASSETS LESS CURRENT LIABILITIES	66,102,940	(3,030,414)	63,072,526
NON-CURRENT LIABILITIES			
Other payables, accruals and deposits received	2,458,289	–	2,458,289
Interest-bearing borrowings	51,204,349	–	51,204,349
Lease liabilities	1,999,531	–	1,999,531
Deferred tax liabilities	2,234,250	–	2,234,250
Total non-current liabilities	57,896,419	–	57,896,419
Net assets	8,206,521	(3,030,414)	5,176,107

	Audited consolidated statement of financial position of the Group as at 31 December 2024	Pro forma adjustments	Unaudited pro forma consolidated statement of financial position of the Group as at 31 December 2024
	HK$'000	*HK$'000*	*HK$'000*
	Note (a)	*Note (b)*	
EQUITY			
Share capital	5,701,853	–	5,701,853
Deficit	(5,655,923)	(945,358)	(6,601,281)
Equity/(deficit) attributable to owners of the Company	45,930	(945,358)	(899,428)
Non-controlling interests	8,160,591	(2,085,056)	6,075,535
Total equity	8,206,521	(3,030,414)	5,176,107

Note a:

The amounts are extracted from the audited consolidated statement of financial position of the Group as at 31 December 2024 as set out in the 2024 Annual Report.

Note b:

The approved amount of the Share Repurchase Program, excluding transaction expenses, but not yet implemented by Melco Resorts as at 31 December 2024 is US$388,329,000 (equivalent to approximately HK$3,014,793,000) (the "**Outstanding Repurchase Amount**").

The adjustments reflect the financial impact to the audited consolidated statement of financial position of the Group as at 31 December 2024 as if Melco Resorts had repurchased Melco Resorts Shares and/or ADSs by fully utilising the Outstanding Repurchase Amount on 31 December 2024 with estimated expenses of approximately HK$15,621,000 incurred. The key assumptions of the adjustments are as follows:

(i) for avoidance of doubt, repurchases of all Outstanding Repurchase Amount are assumed to be funded by cash and bank balances of Melco Resorts, without financing by other available financial resources of Melco Resorts, and made at the closing price per ADS quoted on the Nasdaq Global Select Market on 31 December 2024 (being US$5.79, equivalent to approximately HK$44.95);

(ii) repurchases of Melco Resorts Shares and/or ADSs made by Melco Resorts within the previous 12-month period and full implementation of the Share Repurchase Program, or which are otherwise related, and where Melco Resorts Shares (including those underlying repurchased ADSs) have been cancelled or held as treasury shares. For avoidance of doubt, the cancellation fee of the ADSs, if subsequently cancelled, is not included;

(iii) no other changes to Melco Resorts' outstanding share capital; and

(iv) no other adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2024.

As a result of the above transaction, the Group's beneficial ownership interest in Melco Resorts would be increased from 54.59% to 64.97% as at 31 December 2024.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this circular.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Board of Directors of Melco International Development Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Melco International Development Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2024 and related notes as set out on pages 285 to 288 of Appendix III to the circular issued by the Company dated 26 May 2025 (the "**Circular**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages 285 to 288 of Appendix III to the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed share repurchase by a listed subsidiary – Melco Resorts & Entertainment Limited on the Group's financial position as at 31 December 2024 as if the proposed share repurchase had taken place at 31 December 2024. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's consolidated financial statements for the year ended 31 December 2024, on which an auditor's report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2024 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26 May 2025

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests and short positions in the Shares, underlying shares or debentures of the Company or its associated corporations

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company and their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Director and chief executive of the Company were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) Long positions in the Shares and underlying Shares

- Ordinary Shares of the Company

	Number of ordinary Shares held					
Name of Director	**Personal interests[2]**	**Family interests[3]**	**Corporate interests[4]**	**Other interests[5]**	**Total**	**Approximate % of total issued Shares[1]**
Mr. Ho, Lawrence Yau Lung	24,054,574	4,212,102	590,213,107[6]	313,383,187[7]	931,862,970	61.44%
Mr. Evan Andrew Winkler	7,272,138	–	–	–	7,272,138	0.48%
Mr. Chung Yuk Man, Clarence	5,739,440	–	–	–	5,739,440	0.38%
Mr. Tsui Che Yin, Frank	6,453,660	–	–	–	6,453,660	0.43%
Ms. Karuna Evelyne Shinsho	127,934	–	–	–	127,934	0.01%

- Underlying Shares of the Company in respect of the Irrevocable Undertaking

Name of Director	Number of underlying Shares held Personal interests(2)	Approximate % of total issued Shares
Mr. Ho, Lawrence Yau Lung	413,000,000(8)	27.23%

- Awarded shares granted by the Company

Name of Director	Number of awarded shares held(2)	Approximate % of total issued Shares(1)
Mr. Ho, Lawrence Yau Lung	30,073,000	1.98%
Mr. Chung Yuk Man, Clarence	730,000	0.05%
Mr. Tsui Che Yin, Frank	75,000	0.00%
Ms. Karuna Evelyne Shinsho	137,000	0.01%

Notes:

1. Each percentage has been calculated based on 1,516,683,755 Shares in issue as at the Latest Practicable Date.

2. This represents the interests held by the relevant Director as beneficial owner.

3. This represents the interests held by the spouse of the relevant Director.

4. This represents the interests held by the relevant Director through his controlled corporations.

5. This represents the interests held by the relevant Director through discretionary trusts of which the relevant Director is one of the beneficiaries.

6. The 590,213,107 Shares relate to the 301,368,606 Shares, 122,243,024 Shares, 73,590,345 Shares, 91,445,132 Shares and 1,566,000 Shares held by Better Joy Overseas Ltd., Lasting Legend Ltd., Mighty Dragon Developments Limited, Black Spade Capital Limited and Maple Peak Investments Inc., respectively, representing approximately 19.87%, 8.06%, 4.85%, 6.03% and 0.10% of the total issued Shares. All of such companies are owned or controlled by persons and/or trusts associated with Mr. Ho, Lawrence Yau Lung. By virtue of the SFO, Mr. Ho, Lawrence Yau Lung was deemed to be interested in the Shares held by the aforesaid companies.

7. In addition to the deemed interests as stated in note 6 above, Mr. Ho, Lawrence Yau Lung was also deemed to be interested in the 717,000 Shares held by Lucky Life Limited and 312,666,187 Shares held by L3G Holdings Inc., representing an aggregate of approximately 20.66% of the total issued Shares, by virtue of him being one of the beneficiaries of discretionary family trusts for the purpose of the SFO. Each of Lucky Life Limited and L3G Holdings Inc. is a company controlled by a discretionary family trust with beneficiaries including Mr. Ho, Lawrence Yau Lung and his family members.

8. Pursuant to the irrevocable undertaking dated 25 April 2025 (the "**Irrevocable Undertaking**") in relation to the rights issue as further detailed in the announcement of the Company dated 25 April 2025 (the "**Rights Issue**"), Mr. Ho, Lawrence Yau Lung has irrevocably undertaken and warranted to the Company, among other things: (i) to take up or procure his spouse and/or certain related entities to take up no less than 413,000,000 rights shares to be provisionally allotted to Mr. Ho, Lawrence Yau Lung, his spouse and/ or certain related entities at the subscription price; and (ii) not to, and to the best of his ability, procure his spouse and his related entities not to, sell, dispose of, transfer, or agree to sell, dispose of or transfer any of the issued Shares held by Mr. Ho, Lawrence Yau Lung, his spouse and his related entities from the date of the Irrevocable Undertaking to the date of completion of the Rights Issue. As such, a maximum of 413,000,000 rights shares may be issued to Mr. Ho, Lawrence Yau Lung pursuant to the Irrevocable Undertaking upon completion of the Rights Issue.

(ii) Long positions in the shares and underlying shares of associated corporations of the Company

(A) Melco Resorts & Entertainment Limited ("Melco Resorts") (a listed subsidiary of the Company)

• Ordinary shares of Melco Resorts

	Number of ordinary shares held			
Name of Director	Personal interests(2)	Corporate interests(3)	Total	Approximate % of total issued shares(1)
Mr. Ho, Lawrence Yau Lung	13,395,717	697,295,328(4)	710,691,045	55.67%
Mr. Evan Andrew Winkler	1,171,635	–	1,171,635	0.09%
Mr. Chung Yuk Man, Clarence	535,981	–	535,981	0.04%

• Restricted shares and share options granted by Melco Resorts

Name of Director	Number of restricted shares held(2)	Number of share options held(2)	Total	Approximate % of total issued shares(1)
Mr. Ho, Lawrence Yau Lung	7,214,295	–	7,214,295	0.57%
Mr. Evan Andrew Winkler	1,593,933	1,122,264	2,716,197	0.21%
Mr. Chung Yuk Man, Clarence	510,861	–	510,861	0.04%

Notes:

1. As at the Latest Practicable Date, the total number of issued shares of Melco Resorts was 1,276,540,382.

2. This represents the interests held by the relevant Director as beneficial owner.

3. This represents the interests held by the relevant Director through his controlled corporations.

4. In respect of the 697,295,328 shares of Melco Resorts, by virtue of the SFO, Mr. Ho, Lawrence Yau Lung was taken to be interested in (1) 687,360,906 shares held by Melco Leisure and Entertainment Group Limited, a wholly-owned subsidiary of the Company, as a result of his interest in approximately 61.44% of the total issued Shares; and (2) 9,934,422 shares held by Black Spade Capital Limited, which in turn is held by companies owned by a trust associated with Mr. Ho, Lawrence Yau Lung.

(B) Studio City International Holdings Limited ("SCIHL") (a listed subsidiary of the Company)

• Ordinary shares of SCIHL

Name of Director	Number of Class A ordinary shares held[(2)]	Approximate % of total issued shares[(1)]
Mr. Chung Yuk Man, Clarence	3,360	0.00%

Notes:

1. As at the Latest Practicable Date, the total number of issued shares of SCIHL was 842,864,460 (including 770,352,700 Class A ordinary shares and 72,511,760 Class B ordinary shares).

2. This represents the interest held by Mr. Chung Yuk Man, Clarence as beneficial owner.

(C) Studio City Finance Limited ("Studio City Finance") (a subsidiary of the Company)

• Debentures issued by Studio City Finance

		Amount of debentures held		
Name of Director	Debentures	Personal interests	Corporate interests[(1)]	Approximate % to the total amount of debentures in issue
Mr. Ho, Lawrence Yau Lung	2029 US$ Senior Notes[(2)]	–	US$30,000,000[(1)]	2.73%

Notes:

1. This represents the interest held by Mr. Ho, Lawrence Yau Lung through his controlled corporations. These debentures were held by Black Spade Capital Limited, which in turn is held by companies owned by a trust associated with Mr. Ho, Lawrence Yau Lung. By virtue of the SFO, Mr. Ho, Lawrence Yau Lung was deemed to be interested in the debentures held by these companies.

2. These debentures (US$1.1 billion 5.00% senior notes due 2029) issued by Studio City Finance (the "**2029 US$ Senior Notes**") are freely transferable but not convertible into shares of Studio City Finance.

Save as disclosed above, so far as was known to any Director, as at the Latest Practicable Date, none of the Directors or the chief executives of the Company had, pursuant to Divisions 7 and 8 of Part XV of the SFO, nor were they taken or deemed to have under such provisions of the SFO, any interest or short position in any shares or underlying shares or interests in debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange, or any interest which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or any interests which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders who have an interest and/or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO

As at the Latest Practicable Date, the following persons/corporations had interests in five per cent or more of the issued shares of the Company as recorded in the register required to be kept under Section 336 of the SFO. Details of the interests in the Shares and underlying Shares as notified to the Company were as follows:

Name	Capacity	No. of Shares held	No. of underlying Shares held	Approximate % of total issued Shares[(1)]	Note(s)
Better Joy Overseas Ltd.	Beneficial owner	301,368,606	–	19.87%	2
Lasting Legend Ltd.	Beneficial owner	122,243,024	–	8.06%	2
	Interest of controlled corporation	301,368,606	–	19.87%	2
Trident Trust Company (Cayman) Limited	Trustee	423,611,630	–	27.93%	3
Black Spade Capital Limited	Beneficial owner	91,445,132	–	6.03%	4
	Interest of controlled corporation	73,590,345	–	4.85%	4
King Dragon Ventures Limited	Interest of controlled corporation	165,035,477	–	10.88%	4
LHT I Limited	Interest of controlled corporation	165,035,477	–	10.88%	4
Zedra Asia Limited	Trustee	165,752,477	–	10.93%	5
L3G Holdings Inc.	Beneficial owner	312,666,187	–	20.62%	6
Zedra Trust Company (Cayman) Limited	Trustee	312,666,187	–	20.62%	6
Mr. Ho, Lawrence Yau Lung	Beneficial owner	24,054,574	443,073,000	30.80%	9, 11
	Interest of controlled corporation	590,213,107	–	38.91%	8
	Interest of spouse	4,212,102	–	0.28%	10
	Others	313,383,187	–	20.66%	7
Ms. Lo Sau Yan, Sharen	Beneficial owner	4,212,102	–	0.28%	–
	Interest of spouse	927,650,868	443,073,000	90.38%	9, 10, 11

Notes:

1. Each percentage has been calculated based on 1,516,683,755 Shares in issue as at the Latest Practicable Date.

2. Better Joy Overseas Ltd. is a company controlled by Lasting Legend Ltd. and, therefore, Lasting Legend Ltd. was deemed to be interested in the 301,368,606 Shares held by Better Joy Overseas Ltd. The Shares held by Better Joy Overseas Ltd. and Lasting Legend Ltd. also represent the corporate interests of Mr. Ho, Lawrence Yau Lung in the Company as such companies are owned by the person, company and/or trusts associated with Mr. Ho, Lawrence Yau Lung.

3. The 423,611,630 Shares relate to the same block of shares held by Better Joy Overseas Ltd. and Lasting Legend Ltd. referred to in note 2 above.

4. Black Spade Capital Limited is wholly owned by King Dragon Ventures Limited which in turn is wholly owned by LHT I Limited and, therefore, King Dragon Ventures Limited and LHT I Limited were deemed to be interested in the 165,035,477 Shares held by Black Spade Capital Limited and its wholly-owned subsidiary, Mighty Dragon Developments Limited. The Shares held by the aforesaid companies also represent the corporate interests of Mr. Ho, Lawrence Yau Lung in the Company as such companies are owned by a trust associated with him.

5. Among the 165,752,477 Shares, 165,035,477 Shares relate to the same block of shares held by Black Spade Capital Limited and Mighty Dragon Developments Limited referred to in note 4 above, and 717,000 Shares held by Lucky Life Limited.

   Lucky Life Limited is a company controlled by a discretionary family trust with beneficiaries including Mr. Ho, Lawrence Yau Lung and his family members. Zedra Asia Limited is the trustee of the aforesaid discretionary family trust. Mr. Ho, Lawrence Yau Lung was deemed be interested in the shares held by Lucky Life Limited by virtue of him being one of the beneficiaries of the discretionary family trust for the purpose of the SFO.

6. L3G Holdings Inc. is a company controlled by a discretionary family trust with beneficiaries including Mr. Ho, Lawrence Yau Lung and his family members. Zedra Trust Company (Cayman) Limited is the trustee of the aforesaid discretionary family trust. Mr. Ho, Lawrence Yau Lung was deemed to be interested in the Shares held by L3G Holdings Inc. by virtue of him being one of the beneficiaries of the discretionary family trust for the purpose of the SFO.

7. The 313,383,187 Shares relate to the 717,000 Shares held by Lucky Life Limited (controlled by a discretionary family trust with beneficiaries including Mr. Ho, Lawrence Yau Lung and his family members as referred to in note 5) and 312,666,187 Shares held by L3G Holdings Inc. (controlled by a discretionary family trust with beneficiaries including Mr. Ho, Lawrence Yau Lung and his family members as referred to in note 6).

8. The 590,213,107 Shares relate to the 301,368,606 Shares, 122,243,024 Shares, 73,590,345 Shares, 91,445,132 Shares and 1,566,000 Shares held by Better Joy Overseas Ltd., Lasting Legend Ltd., Mighty Dragon Developments Limited, Black Spade Capital Limited and Maple Peak Investments Inc., respectively, representing approximately 19.87%, 8.06%, 4.85%, 6.03% and 0.10% of the total issued Shares. All of such companies are owned or controlled by persons and/or trusts associated with Mr. Ho, Lawrence Yau Lung. By virtue of the SFO, Mr. Ho, Lawrence Yau Lung was deemed to be interested in the Shares held by the aforesaid companies.

9. Among the 443,073,000 underlying Shares, 30,073,000 underlying Shares relate to the unvested awarded shares held by Mr. Ho, Lawrence Yau Lung and 413,000,000 underlying Shares relate to the Irrevocable Undertaking. Pursuant to the Irrevocable Undertaking, Mr. Ho, Lawrence Yau Lung has irrevocably undertaken and warranted to the Company, among other things: (i) to take up or procure his spouse and/or certain related entities to take up no less than 413,000,000 rights shares to be provisionally allotted to Mr. Ho, Lawrence Yau Lung, his spouse and/or certain related entities at the subscription price; and (ii) not to, and to the best of his ability, procure his spouse and his related entities not to, sell, dispose of, transfer, or agree to sell, dispose of or transfer any of the issued Shares held by Mr. Ho, Lawrence Yau Lung, his spouse and his related entities from the date of the Irrevocable Undertaking to the date of completion of the Rights Issue. As such, a maximum of 413,000,000 rights shares may be issued to Mr. Ho, Lawrence Yau Lung pursuant to the Irrevocable Undertaking upon completion of the Rights Issue.

10. Mr. Ho, Lawrence Yau Lung is the spouse of Ms. Lo Sau Yan, Sharen and was deemed to be interested in the Shares through the interest of his spouse under the SFO.

11. Ms. Lo Sau Yan, Sharen is the spouse of Mr. Ho, Lawrence Yau Lung and was deemed to be interested in the Shares through the interest of her spouse under the SFO.

Save as disclosed above, as at Latest Practicable Date, the Company has not been notified of any other interests or short positions in the Shares and underlying Shares which had been recorded in the register required to be kept under Section 336 of the SFO.

3. DIRECTORS' INTERESTS

(a) Interests in contract or arrangement

Save as disclosed below, no contract of significance to which the Company, its holding company or any of their subsidiaries was a party, and in which a Director was materially interested, whether directly or indirectly, subsisted as at the Latest Practicable Date.

In April 2024, Mr. Ho, Lawrence Yau Lung ("**Mr. Ho**"), the Chairman and Chief Executive Officer of the Company, participated in a cash tender offer which expired on 6 May 2024, and a principal amount of US$10,118,000 (equivalent to approximately HK$78,920,400) of the 2025 Senior Notes was purchased by Studio City Finance (a subsidiary of the Company) from Mr. Ho for a consideration of US$10,118,000 (equivalent to approximately HK$78,920,400). Subsequently, on 5 September 2024, Studio City Finance repurchased from Mr. Ho a principal amount of US$19,882,000 (equivalent to approximately HK$155,079,600) of the 2025 Senior Notes.

As at the Latest Practicable Date, a controlled entity of Mr. Ho held an aggregate principal amount of US$30,000,000 (equivalent to approximately HK$234,000,000) senior notes issued by Studio City Finance, which are unsecured and not convertible or exchangeable. The controlled entity of Mr. Ho purchased the senior notes at their face values.

On 9 January 2025, the Company, as borrower, entered into two shareholder loan facility agreements (collectively referred to as the "**Shareholder Loan Facility Agreements**"), separately with Mr. Ho and his controlled company (each as lender and collectively referred to as the "**Lenders**"). Pursuant to the Shareholder Loan Facility Agreements, uncommitted revolving loan facilities, in an amount of US$2,200,000 (equivalent to approximately HK$17,160,000) and US$22,800,000 (equivalent to approximately HK$177,840,000), were granted by Mr. Ho and his controlled company, respectively, to the Company for a period from 9 January 2025 to 2 July 2026 (the "**Maturity Date**"), subject to certain conditions precedent. Principal amounts outstanding under the Shareholder Loan Facility Agreements bear interest at 11% per annum, payable every two months, with outstanding principal amounts payable by the Company on the Maturity Date. Notwithstanding the aforesaid, the Lenders may demand immediate repayment of all or part of the principal amounts outstanding together with interest accrued by notice to the Company. As at the Latest Practicable Date, a principal amount of US$15,000,000 (equivalent to approximately HK$117,000,000) was outstanding under the Shareholder Loan Facility Agreements.

On 24 April 2025, the Company entered into certain shareholder loan agreements with the associates of Mr. Ho, pursuant to which the associates of Mr. Ho will provide the shareholders' credit facilities of up to an aggregate principal amount of HK$451,830,000 to the Company for a period from 24 April 2025 to 24 October 2026 (the "**Shareholder Loans**"), which would be primarily utilised to repay a portion of the principal amounts outstanding under the 2021 Credit Facilities, if drawn down. On 9 May 2025, the Company drew down HK$390,000,000 from the Shareholder Loans. On 13 May 2025, the Group partially prepaid US$50,000,000 (equivalent to approximately HK$387,937,000 based on the Group's exchange rate) of the outstanding loan principal amount under the 2021 Credit Facilities. As at the Latest Practicable Date, the outstanding principal amount of the Shareholder Loans was HK$390,000,000. The terms of the Shareholder Loans are on normal commercial terms or better, and the Shareholder Loans are not secured by the assets of the Company, and therefore the Shareholder Loans constitute a fully exempted connected transaction under the Listing Rules. The Shareholder Loans include a set-off arrangement allowing all or part of the subscription monies payable by the associates of Mr. Ho under the Rights Issue to be partially set off on a dollar-to-dollar basis against an equivalent amount of any outstanding obligation under the Shareholder Loans (including any accrued interests). To the extent that the Shareholder Loans are drawn prior to the closing of the Rights Issue, the net proceeds will decrease by the amount of the Shareholder Loans that are set off against all or part of the subscription monies payable by the associates of Mr. Ho.

(b) Interests in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which had been, since 31 December 2024, the date of which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

(c) Interests in competing business

As at the Latest Practicable Date, none of the Directors is interested in any businesses apart from the businesses of the Company or its subsidiaries, which competes or is likely to compete, either directly or indirectly, with the principal businesses of the Company or its subsidiaries during the year which is required to be disclosed pursuant to the Listing Rules.

4. LITIGATION

As at the Latest Practicable Date, no member of the Group was or is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was or is known to the Directors to be pending or threatened by or against any members of the Group save for the following litigation.

Aberdeen Restaurant Enterprises Limited ("AREL")

AREL was a plaintiff in a defence and counterclaim filed with the High Court of Hong Kong. For further details, please refer to note 40 to the Group's audited consolidated financial statements for the year ended 31 December 2024 set out in the 2024 Annual Report.

The judgment in favour of AREL was issued on 29 November 2024. The judge held that AREL had validly and effectively terminated the sale and purchase agreement and entitled to the forfeited deposit of HK$50,000,000 received from the defendant, and are awarded with damages. AREL recovered the HK$50,000,000 forfeited deposit previously withheld by the court. The defendant did not lodge any appeal within the appeal period as per court rules.

City of Dreams Mediterranean arbitration

On 24 July 2024, Avax S.A. & Terna S.A. (the "**Claimants**", main contractor for the construction of City of Dreams Mediterranean) filed a notice of arbitration against a subsidiary of the Company (the "**Respondent**") initiating an arbitration under the London Court of International Arbitration Rules, principally seeking additional payment for the construction of City of Dreams Mediterranean (the "**Arbitration**"). The Respondent intends to vigorously defend against the claims and believes that the claims are without merit. The Respondent has significant counter claims against the Claimants which the Respondent intends to vigorously pursue. The Arbitration is at an early stage and the Group has determined that based on the Arbitration progress to date, it is currently unable to determine the outcome of the Arbitration or reasonably estimate the range of possible loss, if any.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which will not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. EXPERT AND CONSENT

The following are the qualifications of the experts who have given opinion or advice contained in this circular:

Deloitte Touche Tohmatsu	Certified Public Accountants
Deloitte & Touche LLP	Public Accountants and Chartered Accountants
Ernst & Young LLP	Public Accountants and Chartered Accountants
Ernst & Young	Certified Public Accountants

As at the Latest Practicable Date, each of Deloitte Touche Tohmatsu, Deloitte & Touche LLP, Ernst & Young LLP and Ernst & Young did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of Deloitte Touche Tohmatsu, Deloitte & Touche LLP, Ernst & Young LLP and Ernst & Young did not have any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2024, being the date on which the latest published audited financial statements of the Group were made up.

Each of Deloitte Touche Tohmatsu, Deloitte & Touche LLP, Ernst & Young LLP and Ernst & Young has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of its reports, opinions, letters and references to its name in the form and context in which they respectively appear.

7. MATERIAL CONTRACTS

No material contract(s) (not being contracts in the ordinary course of business) has been entered into by members of the Group within the two years preceding the Latest Practicable Date and up to the Latest Practicable Date and is or may be material.

8. MISCELLANEOUS

(a) The registered office of the Company is at 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong.

(b) The company secretary of the Company is Mr. Leung Hoi Wai, Vincent. Mr. Leung is a qualified solicitor in Hong Kong and England and Wales with almost 20 years of experience in the legal profession specializing in corporate finance, infrastructure projects, listing and compliance matters, as well as cross-border mergers and acquisitions. He holds a postgraduate certificate in laws and a bachelor of laws degree, both from The University of Hong Kong.

(c) The share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

(d) In the event of inconsistency, the English version of this circular shall prevail over the Chinese version.

9. DOCUMENTS ON DISPLAY

The following documents are available on the website of the Stock Exchange (http://www.hkex.com.hk) and the website of the Company (http://www.melco-group.com) for a period of 14 days from the date of this circular:

(a) the audited consolidated financial statements of Melco Resorts for each of the financial years ended 31 December 2022, 2023 and 2024 prepared in accordance with US GAAP, as set out in Appendix II to this circular;

(b) the report from Ernst & Young in respect of the audited consolidated financial statements of Melco Resorts for the year ended 31 December 2021, as set out in Appendix II to this circular;

(c) the report from Ernst & Young LLP in respect of the audited consolidated financial statements of Melco Resorts as of 31 December 2022 and 2023 and for each of the two years in the period ended 31 December 2023, as set out in Appendix II to this circular;

(d) the report from Ernst & Young LLP in respect of the audited consolidated financial statements of Melco Resorts as of 31 December 2023 and for each of the two years in the period ended 31 December 2023, as set out in Appendix II to this circular;

(e) the report from Deloitte & Touche LLP in respect of the audited consolidated financial statements of Melco Resorts as of 31 December 2024 and for the year ended 31 December 2024, as set out in Appendix II to this circular;

(f) the unaudited adjusted consolidated income statements and the unaudited adjusted consolidated statements of financial position of Melco Resorts under the Company's accounting policies, as set out in Appendix II to this circular;

(g) the report from Deloitte Touche Tohmatsu in relation to the unaudited pro forma financial information of the Group, as set out in Appendix III to this circular;

(h) the written consents referred to in the paragraph headed "6. Expert and Consent" in this Appendix; and

(i) this circular.