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.