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**FORM 6-K**

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**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**REPORT OF FOREIGN ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16  
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the month of November 2023

Commission File Number: 001-38699

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**STUDIO CITY INTERNATIONAL HOLDINGS LIMITED**

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71 Robinson Road  
#04-03  
Singapore 068895  
and  
38<sup>th</sup> Floor, The Centrium  
60 Wyndham Street  
Central  
Hong Kong  
(Address of principal executive offices)

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Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F

Form 40-F

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**STUDIO CITY INTERNATIONAL HOLDINGS LIMITED**  
**Form 6-K**  
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[Exhibit 99.1](#)

[Exhibit 99.2](#)

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**STUDIO CITY INTERNATIONAL HOLDINGS  
LIMITED**

By: /s/ Geoffrey Davis

Name: Geoffrey Davis, CFA

Title: Chief Financial Officer

Date: November 30, 2023

**EXHIBIT INDEX**

<b><u>Exhibit No.</u></b>	<b><u>Description</u></b>
Exhibit 99.1	Unaudited Condensed Consolidated Financial Statements of Studio City International Holdings Limited for the Nine Months Ended September 30, 2023 and 2022
Exhibit 99.2	Management's discussion and analysis and financial data for prior periods
101.INS	Inline XBRL Instance Document-this instance document does not appear in the Interactive Data file because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

**STUDIO CITY INTERNATIONAL HOLDINGS LIMITED**  
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**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**

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## STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

## CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

	September 30, 2023 (Unaudited)	December 31, 2022
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 292,951	\$ 509,523
Accounts receivable, net of allowances for credit losses \$6 and nil	1,100	263
Receivables from affiliated companies	40,479	221
Inventories	5,735	5,121
Prepaid expenses and other current assets	39,780	38,721
Total current assets	<u>380,045</u>	<u>553,849</u>
Property and equipment, net	2,802,281	2,868,064
Intangible assets, net	346	1,373
Long-term prepayments, deposits and other assets	22,214	48,325
Restricted cash	129	130
Operating lease right-of-use assets	11,601	13,136
Land use right, net	105,875	108,645
Total assets	<u>\$ 3,322,491</u>	<u>\$ 3,593,522</u>
<b>LIABILITIES, SHAREHOLDERS' EQUITY AND PARTICIPATION INTEREST</b>		
Current liabilities:		
Accounts payable	\$ 1,992	\$ 501
Accrued expenses and other current liabilities	107,227	165,688
Income tax payable	4	22
Payables to affiliated companies	22,712	81,178
Total current liabilities	<u>131,935</u>	<u>247,389</u>
Long-term debt, net	2,434,981	2,434,476
Other long-term liabilities	3,024	21,631
Deferred tax liabilities, net	318	382
Operating lease liabilities, non-current	11,985	13,499
Total liabilities	<u>\$ 2,582,243</u>	<u>\$ 2,717,377</u>
Commitments and contingencies (Note 14)		
Shareholders' equity and participation interest:		
Class A ordinary shares, par value \$0.0001; 1,927,488,240 shares authorized; 770,352,700 shares issued and outstanding	\$ 77	\$ 77
Class B ordinary shares, par value \$0.0001; 72,511,760 shares authorized; 72,511,760 shares issued and outstanding	7	7
Additional paid-in capital	2,477,359	2,477,359
Accumulated other comprehensive losses	(20,985)	(11,671)
Accumulated losses	(1,780,059)	(1,665,166)
Total shareholders' equity	<u>676,399</u>	<u>800,606</u>
Participation interest	63,849	75,539
Total shareholders' equity and participation interest	<u>740,248</u>	<u>876,145</u>
Total liabilities, shareholders' equity and participation interest	<u>\$ 3,322,491</u>	<u>\$ 3,593,522</u>

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

## STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(In thousands, except share and per share data)

	Nine Months Ended September 30,	
	2023	2022
Operating revenues:		
Revenue from casino contract with a related party	\$ 98,546	\$ (44,171)
Rooms (including revenues from related parties of \$48,339 and \$10,183 for the nine months ended September 30, 2023 and 2022, respectively)	72,091	13,566
Food and beverage (including revenues from related parties of \$26,879 and \$9,196 for the nine months ended September 30, 2023 and 2022, respectively)	42,611	12,855
Entertainment (including revenues from related parties of \$39,492 and \$473 for the nine months ended September 30, 2023 and 2022, respectively)	58,785	1,175
Services fee from related parties	22,569	16,215
Mall	7,583	5,800
Retail and other	2,102	1,871
Total operating revenues	<u>304,287</u>	<u>7,311</u>
Operating costs and expenses:		
Costs related to casino contract (including costs to related parties of \$19,973 and \$21,090 for the nine months ended September 30, 2023 and 2022, respectively)	(21,265)	(21,864)
Rooms (including costs to related parties of \$10,977 and \$5,455 for the nine months ended September 30, 2023 and 2022, respectively)	(17,920)	(8,476)
Food and beverage (including costs to related parties of \$17,525 and \$11,575 for the nine months ended September 30, 2023 and 2022, respectively)	(37,089)	(18,241)
Entertainment (including costs to related parties of \$9,685 and \$1,492 for the nine months ended September 30, 2023 and 2022, respectively)	(49,352)	(1,704)
Mall (including costs to related parties of \$1,343 and \$1,188 for the nine months ended September 30, 2023 and 2022, respectively)	(2,770)	(3,041)
Retail and other (including costs to related parties of \$1,203 and \$777 for the nine months ended September 30, 2023 and 2022, respectively)	(1,543)	(904)
General and administrative (including expenses to related parties of \$38,480 and \$34,019 for the nine months ended September 30, 2023 and 2022, respectively)	(79,904)	(59,457)
Pre-opening costs (including expenses to related parties of \$7,426 and \$1,147 for the nine months ended September 30, 2023 and 2022, respectively)	(17,620)	(1,731)
Amortization of land use right	(2,474)	(2,474)
Depreciation and amortization	(116,189)	(92,854)
Property charges and other (including expenses to related parties of \$623 and \$3,853 for the nine months ended September 30, 2023 and 2022, respectively)	(540)	(3,790)
Total operating costs and expenses	<u>(346,666)</u>	<u>(214,536)</u>
Operating loss	<u>(42,379)</u>	<u>(207,225)</u>
Non-operating income (expenses):		
Interest income	8,173	4,187
Interest expenses, net of amounts capitalized	(93,806)	(70,430)
Other financing costs	(311)	(311)
Foreign exchange gains, net	2,521	6,402
Other expenses, net	(61)	—
Gain on extinguishment of debt	80	—
Total non-operating expenses, net	<u>(83,404)</u>	<u>(60,152)</u>
Loss before income tax	(125,783)	(267,377)
Income tax benefit (expense)	77	(485)
Net loss	(125,706)	(267,862)
Net loss attributable to participation interest	10,813	26,817
Net loss attributable to Studio City International Holdings Limited	<u>\$ (114,893)</u>	<u>\$ (241,045)</u>

**STUDIO CITY INTERNATIONAL HOLDINGS LIMITED****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED) - continued**  
**(In thousands, except share and per share data)**

	Nine Months Ended September 30,	
	2023	2022
Net loss attributable to Studio City International Holdings Limited per Class A ordinary share:		
Basic	\$ (0.149)	\$ (0.349)
Diluted	\$ (0.149)	\$ (0.351)
Weighted average Class A ordinary shares outstanding used in net loss attributable to Studio City International Holdings Limited per Class A ordinary share calculation:		
Basic	<u>770,352,700</u>	<u>690,440,759</u>
Diluted	<u>770,352,700</u>	<u>762,952,519</u>

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



**STUDIO CITY INTERNATIONAL HOLDINGS LIMITED**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)**  
**(In thousands)**

	Nine Months Ended September 30,	
	2023	2022
Net loss	\$ (125,706)	\$ (267,862)
Other comprehensive loss:		
Foreign currency translation adjustments	(10,191)	(25,062)
Other comprehensive loss	(10,191)	(25,062)
Total comprehensive loss	(135,897)	(292,924)
Comprehensive loss attributable to participation interest	11,690	28,821
Comprehensive loss attributable to Studio City International Holdings Limited	<u>\$ (124,207)</u>	<u>\$ (264,103)</u>

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

**STUDIO CITY INTERNATIONAL HOLDINGS LIMITED**  
**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (UNAUDITED)**  
(In thousands, except share and per share data)

	Studio City International Holdings Limited Shareholders' Equity								
	Class A Ordinary Shares		Class B Ordinary Shares		Additional Paid-in Capital	Accumulated Other Comprehensive Losses	Accumulated Losses	Participation Interest	Total Equity
	Shares	Amount	Shares	Amount					
Balance at January 1, 2022	370,352,700	\$ 37	72,511,760	\$ 7	\$2,134,227	\$ (6,136)	\$(1,338,715)	\$ 154,763	\$ 944,183
Net loss	—	—	—	—	—	—	(241,045)	(26,817)	(267,862)
Foreign currency translation adjustments	—	—	—	—	—	(23,058)	—	(2,004)	(25,062)
Shares issued, net of offering expenses	400,000,000	40	—	—	299,119	—	—	—	299,159
Change in Participation Interest resulting from 2022 Private Placements (as described in Note 11)	—	—	—	—	44,013	—	—	(44,013)	—
Balance at September 30, 2022	<u>770,352,700</u>	<u>\$ 77</u>	<u>72,511,760</u>	<u>\$ 7</u>	<u>\$2,477,359</u>	<u>\$ (29,194)</u>	<u>\$(1,579,760)</u>	<u>\$ 81,929</u>	<u>\$ 950,418</u>
Balance at January 1, 2023	770,352,700	\$ 77	72,511,760	\$ 7	\$2,477,359	\$ (11,671)	\$(1,665,166)	\$ 75,539	\$ 876,145
Net loss	—	—	—	—	—	—	(114,893)	(10,813)	(125,706)
Foreign currency translation adjustments	—	—	—	—	—	(9,314)	—	(877)	(10,191)
Balance at September 30, 2023	<u>770,352,700</u>	<u>\$ 77</u>	<u>72,511,760</u>	<u>\$ 7</u>	<u>\$2,477,359</u>	<u>\$ (20,985)</u>	<u>\$(1,780,059)</u>	<u>\$ 63,849</u>	<u>\$ 740,248</u>

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

**STUDIO CITY INTERNATIONAL HOLDINGS LIMITED**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**  
**(In thousands)**

	Nine Months Ended September 30,	
	2023	2022
Cash flows from operating activities:		
Net cash used in operating activities	\$ (84,452)	\$ (158,659)
Cash flows from investing activities:		
Acquisition of property and equipment	(127,683)	(359,036)
Funds to an affiliated company	(1,838)	(948)
Proceeds from sale of property and equipment	693	9
Net cash used in investing activities	(128,828)	(359,975)
Cash flows from financing activities:		
Repayments of long-term debt	(1,912)	—
Payments of deferred financing costs	—	(6,050)
Net proceeds from issuance of shares	—	299,228
Proceeds from long-term debt	—	350,000
Net cash (used in) provided by financing activities	(1,912)	643,178
Effect of exchange rate on cash, cash equivalents and restricted cash	(1,381)	(3,276)
(Decrease) increase in cash, cash equivalents and restricted cash	(216,573)	121,268
Cash, cash equivalents and restricted cash at beginning of period	509,653	499,419
Cash, cash equivalents and restricted cash at end of period	<u>\$ 293,080</u>	<u>\$ 620,687</u>
Supplemental cash flow disclosures:		
Cash paid for interest, net of amounts capitalized	\$ (113,416)	\$ (87,890)
Cash paid for amounts included in the measurement of lease liabilities – operating cash flows from operating leases	\$ (673)	\$ (726)
Change in operating lease right-of-use assets and lease liabilities arising from lease modification	\$ (1,456)	\$ (1,343)
Change in accrued expenses and other current liabilities and other long-term liabilities related to acquisition of property and equipment	\$ 9,504	\$ 125,378
Change in receivables from/payables to affiliated companies related to acquisition of property and equipment and other long-term assets	\$ 1,990	\$ 1,918

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

**STUDIO CITY INTERNATIONAL HOLDINGS LIMITED**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**(In thousands, except share and per share data)**

**1. ORGANIZATION AND BUSINESS**

**(a) Company Information**

Studio City International Holdings Limited (“Studio City International”) is an exempted company with limited liability registered by way of continuation in the Cayman Islands, with its American depository shares (“ADSs”) listed on the New York Stock Exchange under the symbol “MSC” in the United States of America (the “U.S.”).

Studio City International together with its subsidiaries (collectively referred to as the “Company”) currently operates the non-gaming operations of Studio City, a cinematically-themed integrated resort in Cotai, the Macau Special Administrative Region of the People’s Republic of China (“Macau”), and provides services pursuant to a casino contract to Melco Resorts (Macau) Limited (“Melco Resorts Macau”), a subsidiary of Melco Resorts & Entertainment Limited (“Melco”), which holds the gaming concession in Macau, for the operations of the gaming area at Studio City (“Studio City Casino”). Melco’s ADSs are listed on the Nasdaq Global Select Market in the U.S.

Studio City International authorized two classes of ordinary shares, the Class A ordinary shares and the Class B ordinary shares, in each case with a par value of \$0.0001 each. The Class A ordinary share and Class B ordinary share have the same rights, except that holders of the Class B ordinary shares do not have any right to receive dividends or distributions upon the liquidation or winding up of Studio City International or to otherwise share in profits and surplus assets. MCO Cotai Investments Limited, a subsidiary of Melco, through its ownership of the Class A ordinary shares, is the controlling shareholder of Studio City International. New Cotai, LLC (“New Cotai”), a private company organized in the U.S., is the holder of all outstanding Class B ordinary shares which have only voting and no economic rights. New Cotai has a non-voting, non-shareholding economic participation interest (“Participation Interest”) in MSC Cotai Limited (“MSC Cotai”), a subsidiary of Studio City International, which entitles New Cotai to receive from MSC Cotai an amount equal to a certain percentage of the amount of any distribution, dividend or other consideration paid by MSC Cotai to Studio City International, subject to adjustments, exceptions and conditions as set out in the participation agreement (the “Participation Agreement”) entered into by MSC Cotai, New Cotai and Studio City International in 2018 (the “MSC Cotai’s Distribution”). The Participation Agreement also provides that New Cotai is entitled to exchange all or a portion of its Participation Interest for a number of Class A ordinary shares subject to adjustments, exceptions and conditions as set out in the Participation Agreement and a proportionate number of Class B ordinary shares will be deemed surrendered and automatically cancelled for no consideration as set out in the Participation Agreement when New Cotai exchanges all or a portion of the Participation Interest for Class A ordinary shares. As of September 30, 2023 and December 31, 2022, the Participation Interest entitled New Cotai to receive from MSC Cotai an amount equal to approximately 9.4% of the MSC Cotai’s Distribution in each of those periods.

As of September 30, 2023 and December 31, 2022, 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 construction of Studio City Phase 2 was completed before the extended deadline of June 30, 2023 for the development period under the Studio City land concession. The Studio City Phase 2 first stage was opened in April 2023 with the opening of the Epic Tower and the indoor waterpark, while the second stage was opened in September 2023 with the opening of the W Macau Hotel.

While the disruptions to the Company’s business caused by the COVID-19 outbreak were eased significantly following the relaxation of COVID-19 related restrictions and quarantine-free travel in Macau, the People’s Republic of China and Hong Kong since January 2023, the pace of recovery after COVID-19 related disruptions remains highly uncertain. The Company is currently unable to reasonably estimate the financial impact to its future results of operations, cash flows and financial condition from these disruptions.

**STUDIO CITY INTERNATIONAL HOLDINGS LIMITED**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - continued**  
**(In thousands, except share and per share data)**

**1. ORGANIZATION AND BUSINESS - continued**

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

As of September 30, 2023, the Company has sufficient liquidity including cash and cash equivalents of \$292,951 and available unused borrowing capacity under the 2016 SC Revolving Credit Facility of HK\$233,000 (equivalent to \$29,755), subject to the satisfaction of certain conditions precedent.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Presentation and Principles of Consolidation**

On December 16, 2022, the Macau government awarded a ten-year concession to operate games of fortune and chance in casinos in Macau (the “Concession”) to Melco Resorts Macau. The term of the Concession commenced on January 1, 2023 and ends on December 31, 2032. Under the Concession, Melco Resorts Macau is authorized to operate the Studio City Casino.

Under the Studio City Casino Agreement as amended on June 23, 2022, Melco Resorts Macau agreed to operate the Studio City Casino since the Company does not hold a gaming concession in Macau, Melco Resorts Macau deducts gaming taxes and the costs incurred in connection with its operations from Studio City Casino’s gross gaming revenues. The residual gross gaming revenues which the Company receives as revenue is captioned as revenue from casino contract.

In December 2015, Studio City International and certain of its subsidiaries entered into a master services agreement; and certain of its subsidiaries entered into the related work agreements (collectively, the “Management and Shared Services Arrangements”) with certain of Melco’s subsidiaries with respect to services provided to and from Studio City, which expired in June 2022 and were extended to December 31, 2032 in March 2023.

Under the Management and Shared Services Arrangements, certain of the corporate and administrative functions as well as operational activities of the Company are administered by staff employed by certain Melco’s subsidiaries, including senior management services, centralized corporate functions and operational and venue support services. Payment arrangements for the services are provided for in the individual work agreements and may vary depending on the services provided. Corporate services are charged at pre-negotiated rates, subject to a base fee and cap. Senior management service fees and staff costs on operational services are allocated to the Company based on percentages of efforts on the services provided to the Company. Other costs in relation to shared office equipment are allocated based on a percentage of usage.

The Company believes the costs incurred under the Studio City Casino Agreement, captioned as costs related to casino contract, and the allocation methods under the Management and Shared Services Arrangements are reasonable and the accompanying condensed consolidated financial statements reflect the Company’s cost of doing business. However, such allocations may not be indicative of the actual expenses the Company would have incurred had it operated as an independent company for the periods presented. Details of the services and related charges are disclosed in Note 15.

The accompanying condensed consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles for interim financial reporting. The results of operations for the nine months ended September 30, 2023 and 2022 are not necessarily indicative of expected results for the full year. The financial information as of December 31, 2022 presented in these condensed consolidated financial statements is derived from the Company’s consolidated financial statements as of December 31, 2022.

The accompanying condensed consolidated financial statements should be read in conjunction with the Company’s consolidated financial statements for the year ended December 31, 2022. In the opinion of management, the accompanying condensed consolidated financial statements reflect all adjustments, which are of a normal recurring nature, necessary for a fair presentation of financial results of such periods.

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - continued  
(In thousands, except share and per share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(a) **Basis of Presentation and Principles of Consolidation** - continued

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

The accompanying condensed consolidated financial statements have been prepared using the same accounting policies as used in the preparation of the Company's consolidated financial statements for the year ended December 31, 2022.

(b) **Accounts Receivable and Credit Risk**

Accounts receivable, including 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 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 and management's expectations of current and future economic conditions.

Management believes that as of September 30, 2023 and December 31, 2022, no significant concentrations of credit risk existed for which an allowance had not already been recorded.

(c) **Impairment of Long-lived Assets**

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 and gross margins. 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.

No impairment losses were recognized during the nine months ended September 30, 2023 and 2022.

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - continued  
(In thousands, except share and per share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(d) **Revenue Recognition**

The Company follows the accounting standards for reporting revenue gross as a principal versus net as an agent, when accounting for operations of one of its hotels and concluded that it is the controlling entity and is the principal to this arrangement. For the operations of one of its hotels, the Company is the owner of the hotel property, and the hotel manager operates the hotel under a management agreement providing management services to the Company, and the Company receives all rewards and takes substantial risks associated with the hotel's business, it is principal and the transactions are, therefore, recognized on a gross 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's primary types of liabilities related to contracts with customers are advance deposits on rooms and advance ticket sales which represent cash received in advance for goods or services yet to be provided. These amounts are included in accrued expenses and other current liabilities in the accompanying condensed consolidated balance sheets and will be recognized as revenues when the goods or services are provided or the events are held. Decreases in this balance generally represent the recognition of revenues and increases in the balance represent additional deposits made by customers. The deposits are expected to primarily be recognized as revenues within one year. Advance customer deposits and ticket sales of \$4,521 as of September 30, 2023 increased by \$2,728 from the balance of \$1,793 as of December 31, 2022. Advance customer deposits and ticket sales of \$2,162 as of September 30, 2022 decreased by \$97 from the balance of \$2,259 as of December 31, 2021.

(e) **Comprehensive Loss and Accumulated Other Comprehensive Losses**

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

As of September 30, 2023 and December 31, 2022, the Company's accumulated other comprehensive losses consisted solely of foreign currency translation adjustments, net of tax and participation interest.

## STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - continued  
(In thousands, except share and per share data)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

## (f) Net Loss Attributable to Studio City International Holdings Limited Per Class A Ordinary Share

Basic net loss attributable to Studio City International Holdings Limited per Class A ordinary share is calculated by dividing the net loss attributable to Studio City International Holdings Limited by the weighted average number of Class A ordinary shares outstanding during the period.

Diluted net loss attributable to Studio City International Holdings Limited per Class A ordinary share is calculated by dividing the net loss attributable to Studio City International Holdings Limited adjusted for participation interest by the weighted average number of Class A ordinary shares outstanding during the period adjusted to include the number of additional Class A ordinary shares that would have been outstanding if potential dilutive securities had been issued and the if-converted method is applied for the potential dilutive effect of the exchange of Class B ordinary shares for the proportionate number of Class A ordinary shares. During the nine months ended September 30, 2023, there were no potentially dilutive securities issued or outstanding.

Basic and diluted net loss attributable to Studio City International Holdings Limited per Class A ordinary share does not include Class B ordinary shares as such shares do not participate in the loss of Studio City International. As a result, Class B ordinary shares are not considered participating securities and are not included in the weighted average number of shares outstanding for purposes of computing net loss attributable to Studio City International Holdings Limited per share.

The weighted average number of Class A ordinary shares used in the calculation of basic and diluted net loss attributable to Studio City International Holdings Limited per Class A ordinary share consisted of the following:

	Nine Months Ended September 30,	
	2023	2022
Weighted average number of Class A ordinary shares outstanding used in the calculation of basic net loss attributable to Studio City International Holdings Limited per Class A ordinary share	770,352,700	690,440,759
Incremental weighted average number of Class A ordinary shares from assumed exchange of Class B ordinary shares to Class A ordinary shares under the if-converted method	—	72,511,760
Weighted average number of Class A ordinary shares outstanding used in the calculation of diluted net loss attributable to Studio City International Holdings Limited per Class A ordinary share	<u>770,352,700</u>	<u>762,952,519</u>
Anti-dilutive Class A ordinary shares under the if-converted method excluded from the calculation of diluted net loss attributable to Studio City International Holdings Limited per Class A ordinary share	<u>72,511,760</u>	<u>—</u>



## STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - continued  
(In thousands, except share and per share data)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

## (g) Recent Changes in Accounting Standards

*Recent Accounting Pronouncement Not Yet Adopted*

The Company has evaluated the recently issued, but not yet effective, accounting pronouncements that have been issued or proposed by the Financial Accounting Standards Board or other standards-setting bodies through the filing date of these financial statements, and anticipated the future adoption of these pronouncements will not have a material effect on the Company's financial position, results of operations and cash flows.

## 3. CASH, CASH EQUIVALENTS AND RESTRICTED CASH

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

	September 30, 2023	December 31, 2022
Cash	\$ 43,056	\$ 54,340
Cash equivalents	249,895	455,183
Total cash and cash equivalents	292,951	509,523
Non-current portion of restricted cash	129	130
Total cash, cash equivalents and restricted cash	\$ 293,080	\$ 509,653

## 4. ACCOUNTS RECEIVABLE, NET

Components of accounts receivable, net are as follows:

	September 30, 2023	December 31, 2022
Hotel	\$ 885	\$ 250
Other	221	13
Sub-total	1,106	263
Less: allowances for credit losses	(6)	—
	\$ 1,100	\$ 263

The Company's allowances for credit losses as of September 30, 2023 were from its hotel receivables.

Movement in the allowances for credit losses are as follows:

	Nine Months Ended September 30,	
	2023	2022
Balance at beginning of year	\$ —	\$ —
Provision for credit losses	6	—
Balance at end of period	\$ 6	\$ —

**STUDIO CITY INTERNATIONAL HOLDINGS LIMITED****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - continued**  
**(In thousands, except share and per share data)****5. PROPERTY AND EQUIPMENT, NET**

	September 30, 2023	December 31, 2022
Cost	\$ 3,807,797	\$3,780,769
Less: accumulated depreciation and amortization	(1,005,516)	(912,705)
Property and equipment, net	<u>\$ 2,802,281</u>	<u>\$2,868,064</u>

As of September 30, 2023 and December 31, 2022, the amount of property and equipment, net included balances of construction in progress, included interest capitalized in accordance with applicable accounting standards and other direct incidental costs capitalized mainly for the Studio City Phase 2 project of \$4,966 and \$1,079,112, respectively. Upon the opening of Studio City Phase 2 first stage in April 2023 and second stage in September 2023, its associated construction in progress balances were placed into service in the respective period.

The depreciation and amortization expenses of property and equipment recognized for the nine months ended September 30, 2023 and 2022 were \$110,728 and \$84,520, respectively.

Under the terms of the Macau gaming law and the Concession, the gaming and gaming support areas comprising the Studio City Casino with an area of 28,784.3 square meters with its land lease right held by Studio City Developments, and related gaming equipment and utensils (collectively as referred to the "Reversion Assets"), which were reverted to the Macau government without compensation and free and clear from any charges or encumbrances on December 31, 2022 at the expiration of the previous subconcession, effective as of January 1, 2023, have been 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. The Reversion Assets are owned by the Macau government and Melco Resorts Macau pays an annual fee of MOP0.75 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. The fee will increase to MOP2.5 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.

As Studio City Casino continues to be operated at and with the Reversion Assets in the same manner as under the previous 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 Melco Resorts Macau will be successful in the awarding of a new concession upon expiry of the Concession, Melco Resorts Macau and Studio City Developments continues to recognize these Reversion Assets as property and equipment over their remaining estimated useful lives.

**6. LONG-TERM PREPAYMENTS, DEPOSITS AND OTHER ASSETS**

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

	September 30, 2023	December 31, 2022
Other long-term assets	\$ 18,399	\$ 16,824
Less: accumulated amortization	(8,728)	(4,309)
Other long-term assets, net	9,671	12,515
Long-term prepayments	6,332	29,250
Advance payments and deposits for acquisition of property and equipment	1,002	1,645
Other deposits and other	4,917	4,582
Deferred financing costs, net	292	333
Long-term prepayments, deposits and other assets	<u>\$ 22,214</u>	<u>\$ 48,325</u>

The amortization expenses of other long-term assets recognized for the nine months ended September 30, 2023 and 2022 were \$4,439 and \$7,288, respectively.

**STUDIO CITY INTERNATIONAL HOLDINGS LIMITED**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - continued**  
**(In thousands, except share and per share data)**

**7. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

	September 30, 2023	December 31, 2022
Property and equipment payables	\$ 52,459	\$ 87,701
Interest expenses payable	27,832	63,371
Operating expense and other accruals and liabilities	21,348	11,728
Advance customer deposits and ticket sales	4,521	1,793
Operating lease liabilities	1,067	1,095
	<u>\$ 107,227</u>	<u>\$ 165,688</u>

**8. LONG-TERM DEBT, NET**

Long-term debt, net consisted of the following:

	September 30, 2023	December 31, 2022
<b>Senior Notes</b>		
2022 7.000% Studio City Secured Notes, due 2027 (net of unamortized deferred financing costs of \$4,321 and \$5,134, respectively)	\$ 345,679	\$ 344,866
2021 5.000% Studio City Notes, due 2029 (net of unamortized deferred financing costs and original issue premiums of \$3,779 and \$4,228, respectively)	1,096,221	1,095,772
2020 6.000% SC Notes, due 2025 (net of unamortized deferred financing costs of \$1,937 and \$2,692, respectively)	496,063	497,308
2020 6.500% SC Notes, due 2028 (net of unamortized deferred financing costs of \$3,110 and \$3,598, respectively)	496,890	496,402
<b>Credit Facilities</b>		
2016 Studio City Credit Facilities <sup>(1)</sup>	128	128
	<u>\$ 2,434,981</u>	<u>\$ 2,434,476</u>

Note

(1) As of September 30, 2023 and December 31, 2022, the unamortized deferred financing costs related to the 2016 SC Revolving Credit Facility of the 2016 Studio City Credit Facilities of \$292 and \$333 are included in long-term prepayments, deposits and other assets in the accompanying condensed consolidated balance sheets, respectively.

During the nine months ended September 30, 2023, there was no significant change to the long-term debt as disclosed in the Company's consolidated financial statements as of December 31, 2022.

**9. LEASES**

**Lessor Arrangements**

During the nine months ended September 30, 2023 and 2022, the Company earned minimum operating lease income of \$2,962 and \$3,303, respectively, and contingent operating lease income of \$2,296 and \$260, respectively.

**STUDIO CITY INTERNATIONAL HOLDINGS LIMITED****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - continued**  
**(In thousands, except share and per share data)****10. FAIR VALUE MEASUREMENTS**

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

The estimated fair values of long-term debt as of September 30, 2023 and December 31, 2022, were approximately \$2,047,603 and \$1,959,195, respectively, as compared to their carrying values, excluding unamortized deferred financing costs and original issue premiums, of \$2,448,128 and \$2,450,128, respectively. Fair values were estimated using quoted market prices and were classified as level 1 in the fair value hierarchy for the 2022 7.000% Studio City Secured Notes, 2021 5.000% Studio City Notes and the 2020 Studio City Notes. Fair value for the 2016 Studio City Credit Facilities approximated its carrying value as the instrument carried variable interest rates that approximated the market rates and was classified as level 2 in the fair value hierarchy.

As of September 30, 2023 and December 31, 2022, the Company did not have any non-financial assets or liabilities that were recognized or disclosed at fair value in the accompanying condensed consolidated financial statements.

**11. CAPITAL STRUCTURE**

During February and March 2022, Studio City International, respectively, announced and completed a series of private offers (the “2022 Private Placements”) of 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 and offering expenses of \$841. The 2022 Private Placements resulted in an adjustment to the carrying amount of the Participation Interest with a corresponding increase in the Company’s additional paid-in capital.

As of September 30, 2023 and December 31, 2022, Studio City International’s authorized share capital was 1,927,488,240 Class A ordinary shares and 72,511,760 Class B ordinary shares of a par value of \$0.0001 each. As of September 30, 2023 and December 31, 2022, 770,352,700 Class A ordinary shares and 72,511,760 Class B ordinary shares were issued and outstanding in each of those periods.

**12. INCOME TAXES**

The income tax (benefit) expense consisted of:

	Nine Months Ended September 30,	
	2023	2022
Over provision of income taxes in prior years:		
Hong Kong Profits Tax	\$ (14)	\$ —
Income tax (benefit) expense - deferred:		
Macau Complementary Tax	(63)	485
Total income tax (benefit) expense	<u>\$ (77)</u>	<u>\$ 485</u>

**STUDIO CITY INTERNATIONAL HOLDINGS LIMITED**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - continued**  
**(In thousands, except share and per share data)**

**12. INCOME TAXES - continued**

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 Macau Complementary Tax.

The effective tax rates for the nine months ended September 30, 2023 and 2022 were 0.1% and (0.2)%, 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 expenses for which no income tax benefit is receivable, changes in valuation allowances, different tax rates of subsidiaries operating in other jurisdictions and income for which no income tax expense is payable for the relevant periods together with the effect of profits expected to be exempted from Macau Complementary Tax for the nine months ended September 30, 2023.

As of September 30, 2023 and December 31, 2022, valuation allowances of \$90,813 and \$91,092 were provided, respectively, as management believes it is more likely than not that these deferred tax assets will not be realized.

As of September 30, 2023, other than the above, there was no significant change to the tax exposures as disclosed in the Company's consolidated financial statements as of December 31, 2022.

**13. DISTRIBUTION OF PROFITS**

During the nine months ended September 30, 2023 and 2022, Studio City International did not declare or pay any cash dividends on the ordinary shares. No dividends have been proposed since the end of the reporting period.

**14. COMMITMENTS AND CONTINGENCIES**

**(a) Capital Commitments**

As of September 30, 2023, the Company had capital commitments contracted for but not incurred for the construction and acquisition of property and equipment for Studio City totaling \$14,673.

**(b) Guarantee**

As of September 30, 2023, except the maturity date of the Trade Credit Facility which was further extended from August 31, 2023 to August 31, 2025, there was no significant change to the guarantee as disclosed in the Company's consolidated financial statements as of December 31, 2022.

**(c) Litigation**

As of September 30, 2023, the Company was a party to certain 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 condensed consolidated financial statements as a whole.

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - continued  
(In thousands, except share and per share data)

15. RELATED PARTY TRANSACTIONS

During the nine months ended September 30, 2023 and 2022, the Company entered into the following significant related party transactions:

Related companies	Nature of transactions	Nine Months Ended September 30,	
		2023	2022
<i>Transactions with affiliated companies</i>			
Melco and its subsidiaries	<b>Revenues (services provided by the Company):</b>		
	Revenue from casino contract	\$98,546	\$(44,171)
	Rooms and food and beverage <sup>(1)</sup>	75,218	19,379
	Services fee <sup>(2)</sup>	22,569	16,215
	Entertainment <sup>(1)</sup>	39,492	473
	<b>Costs and expenses (services provided to the Company):</b>		
	Staff costs recharges <sup>(3)</sup>	64,661	42,928
	Corporate services <sup>(4)</sup>	25,701	24,583
	Other services	16,415	12,977
	Staff costs for construction and renovation work capitalized	3,585	8,993
	Purchase of goods and services	458	108
	<b>Sale and purchase of assets:</b>		
	Sale of property and equipment and other long-term assets	756	6
	Purchase of property and equipment	8	184
	Transfer-in of other long-term assets	1,636	749

Notes

- (1) These revenues primarily represented the standalone selling prices of the complimentary services (including rooms, food and beverage and entertainment services) provided to Studio City Casino's gaming patrons and charged to Melco Resorts Macau. For the nine months ended September 30, 2023 and 2022, the related party rooms and food and beverage revenues and entertainment revenues aggregated to \$114,710 and \$19,852, respectively, of which \$80,473 and \$17,708 related to Studio City Casino's gaming patrons and \$34,237 and \$2,144 related to non-Studio City Casino's gaming patrons, respectively.
- (2) Services provided by the Company to Melco and its subsidiaries mainly include, but are not limited to, certain shared administrative services and shuttle bus transportation services provided to Studio City Casino.
- (3) Staff costs are recharged by Melco and its subsidiaries for staff who are solely dedicated to Studio City to carry out activities, including food and beverage management, retail management, hotel management, entertainment projects, mall development and sales and marketing activities and staff costs for certain shared administrative services.
- (4) Corporate services are provided to the Company by Melco and its subsidiaries. These services include, but are not limited to, general corporate services and senior executive management services for operational purposes.

**STUDIO CITY INTERNATIONAL HOLDINGS LIMITED**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - continued**  
**(In thousands, except share and per share data)**

**15. RELATED PARTY TRANSACTIONS - continued**

**Other Related Party Transactions**

As of September 30, 2023 and December 31, 2022, Mr. Lawrence Yau Lung Ho, Studio City International's director, and his controlled entity held an aggregate principal amount of \$60,000 of senior notes issued by Studio City Finance in each of those periods. As of September 30, 2023 and December 31, 2022, an independent director of Studio City International held an aggregate principal amount of \$400 of senior notes issued by Studio City Company in each of those periods.

During the nine months ended September 30, 2023 and 2022, total interest expenses of \$2,475 and \$2,475 in relation to the senior notes issued by Studio City Finance, were paid or payable to Mr. Lawrence Yau Lung Ho and his controlled entity, respectively. During the nine months ended September 30, 2023 and 2022, total interest expenses of \$21 and \$7 in relation to the senior notes issued by Studio City Company, were paid or payable to the independent director of Studio City International, respectively.

**(a) Receivables from Affiliated Companies**

The outstanding balances as of September 30, 2023 and December 31, 2022 are receivables from Melco's subsidiaries mainly arising from operating income or prepayment of operating expenses, and are unsecured, non-interest bearing and repayable on demand.

**(b) Payables to Affiliated Companies**

The outstanding balances as of September 30, 2023 and December 31, 2022 are payables to Melco International's subsidiaries mainly arising from operating expenses, and are unsecured, non-interest bearing and repayable on demand.

**16. SEGMENT INFORMATION**

The Company's principal operating activities are engaged in the hospitality business and provision of services pursuant to a casino contract in Macau. The Company monitors its operations and evaluates its earnings by reviewing the assets and operations of Studio City as one operating segment. Accordingly, the Company does not present separate segment information. As of September 30, 2023 and December 31, 2022, the Company operated in one geographical area, Macau, where it derives its revenues and its long-lived assets are located.

**17. SUBSEQUENT EVENTS**

On November 9, 2023, Studio City Finance announced a cash tender offer (the "Tender Offer") for up to an aggregate principal amount of \$75,000 of the 2020 6.000% SC Notes. The Tender Offer will expire on December 8, 2023, unless extended or terminated by Studio City Finance. As of November 22, 2023, the early tender date, an aggregate principal amount of \$317,461 of the 2020 6.000% SC Notes was tendered. On November 24, 2023, Studio City Finance announced that it would amend the Tender Offer to increase the aggregate principal amount of the 2020 6.000% SC Notes to \$100,000. Studio City Finance accepted for purchase the 2020 6.000% SC Notes that were validly tendered (and not validly withdrawn) pursuant to the Tender Offer for a combined aggregate principal amount equal to \$100,000. Settlement of such purchase took place on November 28, 2023.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes included as Exhibit 99.1 to this report on Form 6-K. Capitalized terms used but not otherwise defined in this Exhibit 99.2 have the same meaning as in the annual report on Form 20-F filed on March 31, 2023.

**RESULTS OF OPERATIONS**

*Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022*

The following table sets forth a summary of our consolidated results of operations for the nine months ended September 30, 2023 and 2022. This information should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes included as Exhibit 99.1 to this report on Form 6-K.

	Nine Months Ended September 30,	
	2023	2022
	(In thousands of US\$)	
Total operating revenues	\$ 304,287	\$ 7,311
Total operating costs and expenses	\$(346,666)	\$(214,536)
Operating loss	\$ (42,379)	\$(207,225)
Net loss attributable to Studio City International Holdings Limited	\$(114,893)	\$(241,045)

*Revenues*

For the nine months ended September 30, 2023, our total operating revenues were US\$304.3 million, an increase of US\$297.0 million from US\$7.3 million of total operating revenues for the nine months ended September 30, 2022. The increase in total operating revenues was primarily attributable to the relaxation of COVID-19 related restrictions in Macau in January 2023 and the openings of Studio City Phase 2, as well as the launch of residency concerts in April 2023, which led to an increase in revenue from casino contract and higher non-gaming revenues.

- Revenue from casino contract.* Revenue from casino contract is derived from the provision of facilities for the operations of Studio City Casino by the Gaming Operator and services related thereto pursuant to the Studio City Casino Agreement. Revenue from casino contract was US\$98.5 million for the nine months ended September 30, 2023, compared with revenue from casino contract of negative US\$44.2 million for the nine months ended September 30, 2022. The change was primarily attributable to the relaxation of COVID-19 related restrictions in Macau in January 2023 which led to a year-over-year increase in inbound tourism during the nine months of 2023.

Studio City Casino generated gross gaming revenues of US\$617.5 million and US\$130.3 million for the nine months ended September 30, 2023 and 2022, respectively, before the deduction by the Gaming Operator of gaming taxes and the costs incurred in connection with its on-going operation of Studio City Casino pursuant to the Studio City Casino Agreement.

Mass market table games revenue increased to US\$524.0 million for the nine months ended September 30, 2023 from US\$100.5 million for the nine months ended September 30, 2022, attributable to an increase in mass market table games drop, partially offset by a decrease in mass market table games hold percentage. Mass market table games drop increased to US\$2.01 billion for the nine months ended September 30, 2023 from US\$346.9 million for the nine months ended September 30, 2022. Mass market table games hold percentage decreased to 26.1% for the nine months ended September 30, 2023 from 29.0% for the nine months ended September 30, 2022.

Gaming machine revenue increased to US\$58.1 million for the nine months ended September 30, 2023 from US\$15.2 million for the nine months ended September 30, 2022. This increase is attributable to an increase in both gaming machine handle and gaming machine win rate. Gaming machine handle increased to US\$1.70 billion for the nine months ended September 30, 2023 from US\$532.9 million for the nine months ended September 30, 2022. Gaming machine win rate increased to 3.4% for the nine months ended September 30, 2023 from 2.9% for the nine months ended September 30, 2022. Average net win per gaming machine per day was US\$319 and US\$82 for the nine months ended September 30, 2023 and 2022, respectively.



VIP rolling chip revenue increased to US\$35.4 million for the nine months ended September 30, 2023 from US\$14.6 million for the nine months ended September 30, 2022, attributable to an increase in VIP rolling chip volume, partially offset by a decrease in VIP rolling chip win rate. Studio City's VIP rolling chip volume increased to US\$2.22 billion for the nine months ended September 30, 2023 from US\$585.5 million for the nine months ended September 30, 2022. VIP rolling chip win rate decreased to 1.59% for the nine months ended September 30, 2023 from 2.50% for the nine months ended September 30, 2022.

Revenue from casino contract were US\$98.5 million and negative US\$44.2 million for the nine months ended September 30, 2023 and 2022, respectively. Revenue from casino contract is net of gaming taxes and the costs incurred in connection with the on-going operation of Studio City Casino deducted by the Gaming Operator.

For the nine months ended September 30, 2023 and 2022, total gaming taxes and costs incurred in connection with the on-going operation of Studio City Casino deducted from gross gaming revenues were US\$519.0 million and US\$174.5 million, respectively, which included (i) gaming taxes imposed on the gross gaming revenue of US\$247.0 million and US\$50.8 million, respectively; (ii) the complimentary services provided by us to Studio City Casino's gaming patrons of US\$80.5 million and US\$17.7 million, respectively; (iii) shared administrative services and shuttle bus transportation services provided by us to Studio City Casino of US\$19.5 million and US\$13.2 million, respectively and (iv) remaining costs of US\$172.0 million and US\$92.8 million, respectively, primarily representing gaming-related staff costs and other gaming-related costs, including costs related to table games operations at Studio City Casino.

- *Rooms.* We generate room revenues from Studio City hotel consisting of Celebrity Tower, all-suite Star Tower, Epic Tower and W Macau. Our room revenues increased by US\$58.5 million, or 431.4%, to US\$72.1 million for the nine months ended September 30, 2023 from US\$13.6 million for the nine months ended September 30, 2022. The increase was primarily attributable to an increased occupancy rate as a result of a year-over-year increase in inbound tourism as well as the openings of Epic Tower and W Macau during the nine months of 2023. Studio City's average daily rate, occupancy rate and REVPAR were US\$148, 88% and US\$129, respectively, for the nine months ended September 30, 2023, as compared to US\$114, 27% and US\$31, respectively, for the nine months ended September 30, 2022.
- *Food and beverage, entertainment, mall and retail and other.* Our revenues generated from food and beverage, entertainment, mall and retail and other increased by US\$89.4 million, or 411.9%, to US\$111.1 million for the nine months ended September 30, 2023 from US\$21.7 million for the nine months ended September 30, 2022, primarily attributable to an increase in business activities as a result of a year-over-year increase in inbound tourism during the nine months of 2023 as well as the openings of indoor waterpark in April 2023 and the launch of residency concerts in the same month.
- *Services fee.* Our services fee revenues, which primarily consist of certain shared administrative services and shuttle bus transportation services to Studio City Casino were US\$22.6 million and US\$16.2 million for the nine months ended September 30, 2023 and 2022, respectively.

#### *Operating Costs and Expenses*

Our total operating costs and expenses increased by US\$132.1 million, or 61.6%, to US\$346.7 million for the nine months ended September 30, 2023 from US\$214.5 million for the nine months ended September 30, 2022.

- *Costs related to casino contract.* Costs related to casino contract, which mainly represent (1) services fees for shared corporate services provided by the Master Service Providers pursuant to the Management and Shared Services Arrangements and (2) management payroll expenses, are relatively fixed in nature and amounted to US\$21.3 million and US\$21.9 million for the nine months ended September 30, 2023 and 2022, respectively.
- *Rooms.* Room expenses, which represent the costs of operating the hotel facilities and respective payroll expenses, increased by US\$9.4 million, or 111.4%, to US\$17.9 million for the nine months ended September 30, 2023 from US\$8.5 million for the nine months ended September 30, 2022, which was in-line with the increase in revenues.
- *Food and beverage, entertainment, mall and retail and other.* Expenses related to food and beverage, entertainment, mall and retail and other, which primarily represent the costs of operating the respective non-gaming services at Studio City and respective payroll expenses, were US\$90.8 million and US\$23.9 million for the nine months ended September 30, 2023 and 2022, respectively, which was in-line with the increase in revenues.
- *General and administrative.* General and administrative expenses were US\$79.9 million and US\$59.5 million for the nine months ended September 30, 2023 and 2022, respectively. Such expenses primarily consist of payroll expenses, utilities, marketing and advertising costs, repairs and maintenance, legal and professional fees, and fees paid to the Master Service Providers for shared corporate services provided to non-gaming departments. Expenses relating to services fee revenues are also included in the general and administrative expenses.

- *Pre-opening costs.* Pre-opening costs were US\$17.6 million for the nine months ended September 30, 2023 as compared to US\$1.7 million for the nine months ended September 30, 2022. Such costs primarily represent personnel, marketing and other costs incurred prior to the opening of new or start-up operations. The higher pre-opening costs for the nine months ended September 30, 2023 were mainly related to the marketing of the Studio City Phase 2, which opened in stages during the nine months of 2023.
- *Amortization of land use right.* Amortization expenses for the land use right continued to be recognized on a straight-line basis at the rate of US\$2.5 million for both the nine months ended September 30, 2023 and 2022.
- *Depreciation and amortization.* Depreciation and amortization expenses increased by US\$23.3 million, or 25.1%, to US\$116.2 million for the nine months ended September 30, 2023 from US\$92.9 million for the nine months ended September 30, 2022. The higher depreciation and amortization for the nine months ended September 30, 2023 were mainly related to the Studio City Phase 2, which opened in stages during the nine months of 2023.
- *Property charges and other.* Property charges and other expenses of US\$0.5 million and US\$3.8 million for the nine months ended September 30, 2023 and 2022, respectively, were primarily attributable to payroll costs as a result of departmental restructuring.

#### *Operating Loss*

As a result of the foregoing, we had an operating loss of US\$42.4 million for the nine months ended September 30, 2023, compared to an operating loss of US\$207.2 million for the nine months ended September 30, 2022.

#### *Non-operating Expenses, Net*

Net non-operating expenses consisted of interest income, interest expenses, net of amounts capitalized, other financing costs, net foreign exchange gains, gain on extinguishment of debt and other non-operating expenses, net. We incurred total net non-operating expenses of US\$83.4 million for the nine months ended September 30, 2023, compared to US\$60.2 million for the nine months ended September 30, 2022.

- *Interest Income.* Interest income were US\$8.2 million and US\$4.2 million for the nine months ended September 30, 2023 and 2022, respectively. The increase was primarily attributable to a higher average interest rate.
- *Interest expenses, net of amounts capitalized.* Interest expenses were US\$93.8 million (net of amounts capitalized of US\$15.2 million) for the nine months ended September 30, 2023, compared to US\$70.4 million (net of amounts capitalized of US\$35.2 million) for the nine months ended September 30, 2022. The increase was primarily attributable to the cessation of capitalization since April 2023.
- *Other financing costs.* Other financing costs, which were associated with the 2028 Studio City Senior Secured Credit Facility, were US\$0.3 million for both the nine months ended September 30, 2023 and 2022.

#### *Loss before Income Tax*

As a result of the foregoing, we had a loss before income tax of US\$125.8 million for the nine months ended September 30, 2023, compared to a loss before income tax of US\$267.4 million for the nine months ended September 30, 2022.

#### *Income Tax Benefit (Expense)*

Income tax benefit was US\$77 thousand for the nine months ended September 30, 2023 and was primarily attributable to deferred income tax benefit, as compared to income tax expense of US\$0.5 million for the nine months ended September 30, 2022 which was attributable to deferred income tax expense. The effective tax rates for the nine months ended September 30, 2023 and 2022 were 0.1% and (0.2)%, respectively. Our effective tax rates for the nine months ended September 30, 2023 and 2022 differed 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 expenses for which no income tax benefit is receivable, changes in valuation allowances, different tax rates of subsidiaries operating in other jurisdictions and income for which no income tax expense is payable for the relevant periods together with the effect of profits expected to be exempted from Macau complementary tax for the nine months ended September 30, 2023. Our management currently does not expect to realize significant income tax benefits associated with net operating loss carry-forwards and other deferred tax assets generated by our Macau operations. However, to the extent that the financial results of our Macau operations improve and it becomes more likely than not that the deferred tax assets are realizable, we will reduce the valuation allowance related to the net operating losses and other deferred tax assets.

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*Net Loss Attributable to Participation Interest*

Our net loss attributable to participation interest was US\$10.8 million for the nine months ended September 30, 2023, compared to a net loss attributable to participation interest of US\$26.8 million for the nine months ended September 30, 2022.

*Net Loss Attributable to Studio City International Holdings Limited*

As a result of the foregoing, we had a net loss attributable to Studio City International Holdings Limited of US\$114.9 million for the nine months ended September 30, 2023, compared to a net loss attributable to Studio City International Holdings Limited of US\$241.0 million for the nine months ended September 30, 2022.

**Adjusted EBITDA**

Our net income/loss before interest, taxes, depreciation, amortization, pre-opening costs, property charges and other, other non-operating income and expenses, or Adjusted EBITDA, were US\$94.4 million and negative US\$106.4 million for the nine months ended September 30, 2023 and 2022, respectively.

We believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results. This non-GAAP financial measure eliminates the impact of items that we do not consider indicative of the performance of our business. While we believe that this non-GAAP financial measure is useful in evaluating our business, this information should be considered as supplemental in nature and is not meant as a substitute for the related financial information prepared in accordance with U.S. GAAP. It should not be considered in isolation or construed as an alternative to net income/loss, cash flow or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. This non-GAAP financial measure, which may differ from similarly titled measures used by other companies should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with U.S. GAAP.

The use of Adjusted EBITDA has material limitations as an analytical tool, as Adjusted EBITDA does 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.

## Reconciliation of Net Loss Attributable to Studio City International Holdings Limited to Adjusted EBITDA

	Nine Months Ended	
	September 30,	
	2023	2022
	(In thousands of US\$)	
Net loss attributable to Studio City International Holdings Limited	\$(114,893)	\$(241,045)
Net loss attributable to participation interest	(10,813)	(26,817)
Net loss	(125,706)	(267,862)
Income tax (benefit) expense	(77)	485
Interest and other non-operating expenses, net	83,404	60,152
Depreciation and amortization	118,663	95,328
Property changes and other	540	3,790
Pre-opening costs	17,620	1,731
Adjusted EBITDA	\$ 94,444	\$(106,376)
Adjusted EBITDA margin <sup>(1)</sup>	31.0%	(1,455.0)%

(1) Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by total operating revenues.

The Adjusted EBITDA for Studio City for the nine months ended September 30, 2023 referred to in Melco Resorts' earnings release dated November 7, 2023 ("Melco Resorts' earnings release") was US\$35.0 million more than the Adjusted EBITDA of Studio City contained in this report, while the negative Adjusted EBITDA for Studio City for the nine months ended September 30, 2022 referred to in Melco Resorts' earnings release was US\$26.5 million less than the negative Adjusted EBITDA of Studio City contained in this report. The Adjusted EBITDA of Studio City contained in this report includes certain intercompany charges that are not included in the Adjusted EBITDA for Studio City contained in Melco Resorts' earnings release. Such intercompany charges include, among other items, fees and shared service charges billed between the Company and its subsidiaries and certain subsidiaries of Melco Resorts. Additionally, Adjusted EBITDA of Studio City included in Melco Resorts' earnings release does not reflect certain gaming concession related costs and certain intercompany costs related to the table games operations at Studio City Casino.

## LIQUIDITY AND CAPITAL RESOURCES

We have relied on, and intend to continue to rely on, our cash generated from our operations and our debt and equity financings to meet our financing or refinancing needs.

As of September 30, 2023, we recorded US\$293.0 million in cash and cash equivalents. Further, the HK\$233.0 million (equivalent to approximately US\$29.8 million) revolving credit facility under the 2028 Studio City Senior Secured Credit Facility is available for future drawdown as of September 30, 2023, subject to certain conditions precedent.

As of September 30, 2023, restricted cash of US\$0.1 million represented the cash collateral in relation to the 2028 Studio City Senior Secured Credit Facility.

We have been able to meet our working capital needs, and we believe that our current available cash and cash equivalents, bank deposits, funds available for drawdown under the 2028 Studio City Senior Secured Credit Facility 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.

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 purchase, 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 periods presented.

	Nine Months Ended September 30,	
	2023	2022
	(In thousands of US\$)	
Net cash used in operating activities	\$ (84,452)	\$ (158,659)
Net cash used in investing activities	(128,828)	(359,975)
Net cash (used in) provided by financing activities	(1,912)	643,178
Effect of exchange rate on cash, cash equivalents and restricted cash	(1,381)	(3,276)
(Decrease) increase in cash, cash equivalents and restricted cash	(216,573)	121,268
Cash, cash equivalents and restricted cash at beginning of period	509,653	499,419
Cash, cash equivalents and restricted cash at end of period	\$ 293,080	\$ 620,687

### *Operating Activities*

Operating cash flows are generally affected by changes in operating income and certain operating assets and liabilities, including the receivables related to the revenue from casino contract and hotel operations, as well as the non-gaming business, including food and beverage, entertainment, mall, retail and other, which are conducted primarily on a cash basis.

We recorded net cash used in operating activities of US\$84.5 million for the nine months ended September 30, 2023, as compared to net cash used in operating activities of US\$158.7 million for the nine months ended September 30, 2022. The change was primarily attributable to the improved performance of Studio City's operations as described in "—Results of Operations" above.

### *Investing Activities*

Net cash used in investing activities was US\$128.8 million for the nine months ended September 30, 2023, as compared to US\$360.0 million for the nine months ended September 30, 2022.

Net cash used in investing activities amounted to US\$128.8 million for the nine months ended September 30, 2023, attributable to payments for acquisition of property and equipment of US\$127.7 million and funds to an affiliated company of US\$1.8 million, partially offset by proceeds from the sale of property and equipment of US\$0.7 million.

Net cash used in investing activities amounted to US\$360.0 million for the nine months ended September 30, 2022, primarily attributable to payments for acquisition of property and equipment of US\$359.0 million and funds to an affiliated company of US\$0.9 million.

Our capital expenditures on an accrual basis amounted to US\$53.6 million for the nine months ended September 30, 2023, primarily for the construction, development and enhancement of Studio City. We will continue to make capital expenditures to grow our business and expect that cash generated from our operating and financing activities will meet our capital expenditure needs in the foreseeable future. We expect to incur capital expenditures as we continue to expand our existing operations. See "— Other Financing and Liquidity Matters" below for more information.

### *Financing Activities*

Net cash used in financing activities was US\$1.9 million for the nine months ended September 30, 2023, as compared to net cash provided by financing activities of US\$643.2 million for the nine months ended September 30, 2022.

Net cash used in financing activities was US\$1.9 million for the nine months ended September 30, 2023, which represented the repayments on long-term debt.

Net cash provided by financing activities amounted to US\$643.2 million for the nine months ended September 30, 2022, which represented proceeds from the issuance of the 2027 Notes in the aggregate principal amount of US\$350.0 million and net proceeds from issuance of shares of US\$299.2 million, partially offset by payments of deferred financing costs of US\$6.1 million.

## Indebtedness

We enter into loan facilities and issue notes through our subsidiaries. The following table sets forth our gross indebtedness as of September 30, 2023:

	<u>Issuer</u>	<u>As of September 30,</u> <u>2023</u> <u>(in thousands of US\$)</u>
2028 Studio City Senior Secured Credit Facility	Studio City Company	\$ 128
2025 Notes	Studio City Finance	498,000
2027 Notes	Studio City Company	350,000
2028 Notes	Studio City Finance	500,000
2029 Notes	Studio City Finance	1,100,000
Total		<u>\$ 2,448,128</u>

There was no significant change in our gross indebtedness as of September 30, 2023 compared to December 31, 2022.

On November 9, 2023, Studio City Finance announced a cash tender offer (the “Tender Offer”) for up to an aggregate principal amount of US\$75.0 million of the 2025 Notes. The Tender Offer will expire on December 8, 2023, unless extended or terminated by Studio City Finance. As of November 22, 2023, the early tender date, an aggregate principal amount of US\$317.5 million of the 2025 Notes was tendered. On November 24, 2023, Studio City Finance announced that it would amend the Tender Offer to increase the aggregate principal amount of the 2025 Notes to US\$100.0 million. Studio City Finance accepted for purchase the 2025 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 8 to the condensed consolidated financial statements included elsewhere in this report and note 10 to the consolidated financial statements for the year ended December 31, 2022 included in the annual report on Form 20-F filed on March 31, 2023, which includes information regarding the type of debt facilities used, 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.

## 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 incur capital expenditures in the future as we continue to expand our existing operations.

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 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.

Any other future developments may be subject to further financing and a number of other factors, many of which are beyond our control.

Our material cash requirements arise from the payment of interest expenses and repayment of principal relating to our indebtedness.

Cash from financings and operations is primarily retained by our operating subsidiaries for the purposes of funding our operating activities and capital expenditures. Cash within our group is primarily transferred between our subsidiaries through intercompany loan arrangements. Financing raised by Studio City International Holdings Limited has been transferred to our financing and operating subsidiaries through the use of equity capital contributions or intercompany loan arrangements. For the nine months ended September 30, 2023, excluding cash transferred for the purpose of the settlement of intragroup charges, no cash has been transferred to our holding company, Studio City International Holdings Limited, from its subsidiaries. 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 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.

As of September 30, 2023, we had capital commitments contracted for but not incurred for the construction and acquisition of property and equipment for Studio City totaling US\$14.7 million. In addition, we have contingent liabilities arising in the ordinary course of business. For further details for our commitments and contingencies, see note 14 to the condensed consolidated financial statements included elsewhere in this report.

Studio City Company has a corporate rating of “B+” by Standard & Poor’s and Studio City Finance has a corporate rating of “B1” by Moody’s Investors Service, respectively. In November 2023, Standard & Poor’s and Moody’s Investors Service revised the outlook of Studio City to “Positive” and “Stable” respectively. For future borrowings, any decrease in our corporate rating could result in an increase in borrowing costs.