

**UNITED STATES
SECURITIES & EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2022
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to
Commission File No. 001-10362

MGM Resorts International

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

88-0215232
(I.R.S. Employer
Identification No.)

3600 Las Vegas Boulevard South, Las Vegas, Nevada 89109
(Address of principal executive offices)

(702) 693-7120
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---------------------------------|-------------------|---|
| Common stock (Par Value \$0.01) | MGM | New York Stock Exchange (NYSE) |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|-------------------------|-------------------------------------|---------------------------|--------------------------|
| Large Accelerated Filer | <input checked="" type="checkbox"/> | Accelerated filer | <input type="checkbox"/> |
| Non-accelerated filer | <input type="checkbox"/> | Smaller reporting company | <input type="checkbox"/> |
| Emerging growth company | <input type="checkbox"/> | | |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

| <u>Class</u> | <u>Outstanding at October 31, 2022</u> |
|--------------------------------|--|
| Common Stock, \$0.01 par value | 384,020,296 shares |

MGM RESORTS INTERNATIONAL AND SUBSIDIARIES
FORM 10-Q
I N D E X

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Part I. FINANCIAL INFORMATION
Item 1. Financial Statements

MGM RESORTS INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)
(Unaudited)

| | September 30, 2022 | December 31, 2021 |
|--|-----------------------|----------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 5,295,434 | \$ 4,703,059 |
| Restricted cash | — | 500,000 |
| Accounts receivable, net | 709,562 | 583,915 |
| Inventories | 113,323 | 96,374 |
| Income tax receivable | 233,496 | 273,862 |
| Prepaid expenses and other | 406,579 | 258,972 |
| Assets held for sale | 2,024,788 | — |
| Total current assets | 8,783,182 | 6,416,182 |
| Property and equipment, net | 5,089,296 | 14,435,493 |
| Other assets | | |
| Investments in and advances to unconsolidated affiliates | 185,758 | 967,044 |
| Goodwill | 4,945,188 | 3,480,997 |
| Other intangible assets, net | 2,806,163 | 3,616,385 |
| Operating lease right-of-use assets, net | 24,655,971 | 11,492,805 |
| Other long-term assets, net | 864,664 | 490,210 |
| Total other assets | 33,457,744 | 20,047,441 |
| | \$ 47,330,222 | \$ 40,899,116 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable | \$ 403,756 | \$ 263,097 |
| Construction payable | 20,556 | 23,099 |
| Current portion of long-term debt | 1,351,422 | 1,000,000 |
| Accrued interest on long-term debt | 118,186 | 172,624 |
| Other accrued liabilities | 2,047,544 | 1,983,444 |
| Liabilities related to assets held for sale | 1,954,040 | — |
| Total current liabilities | 5,895,504 | 3,442,264 |
| Deferred income taxes, net | 2,847,302 | 2,439,364 |
| Long-term debt, net | 7,209,837 | 11,770,797 |
| Operating lease liabilities | 25,144,876 | 11,802,464 |
| Other long-term obligations | 270,966 | 319,914 |
| Commitments and contingencies (Note 10) | | |
| Redeemable noncontrolling interests | 137,054 | 147,547 |
| Stockholders' equity | | |
| Common stock, \$0.01 par value: authorized 1,000,000,000 shares, issued and outstanding 388,760,930 and 453,803,759 shares | 3,888 | 4,538 |
| Capital in excess of par value | — | 1,750,135 |
| Retained earnings | 4,871,632 | 4,340,588 |
| Accumulated other comprehensive loss | (33,830) | (24,616) |
| Total MGM Resorts International stockholders' equity | 4,841,690 | 6,070,645 |
| Noncontrolling interests | 982,993 | 4,906,121 |
| Total stockholders' equity | 5,824,683 | 10,976,766 |
| | \$ 47,330,222 | \$ 40,899,116 |

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

MGM RESORTS INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|---------------------|------------------------------------|---------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Revenues | | | | |
| Casino | \$ 1,407,367 | \$ 1,400,337 | \$ 4,185,411 | \$ 3,835,094 |
| Rooms | 827,397 | 490,460 | 2,159,202 | 1,053,907 |
| Food and beverage | 722,982 | 416,478 | 1,893,592 | 876,556 |
| Entertainment, retail and other | 447,637 | 315,693 | 1,264,545 | 639,926 |
| Reimbursed costs | 10,689 | 84,571 | 32,519 | 217,765 |
| | <u>3,416,072</u> | <u>2,707,539</u> | <u>9,535,269</u> | <u>6,623,248</u> |
| Expenses | | | | |
| Casino | 653,601 | 640,041 | 1,950,132 | 1,808,849 |
| Rooms | 256,128 | 160,864 | 684,670 | 402,364 |
| Food and beverage | 528,966 | 301,963 | 1,377,749 | 651,349 |
| Entertainment, retail and other | 271,177 | 204,742 | 755,110 | 385,293 |
| Reimbursed costs | 10,689 | 84,571 | 32,519 | 217,765 |
| General and administrative | 1,212,474 | 623,275 | 3,018,076 | 1,759,891 |
| Corporate expense | 117,264 | 112,114 | 348,115 | 287,021 |
| Preopening and start-up expenses | 396 | 1,547 | 1,372 | 1,642 |
| Property transactions, net | (11,639) | 3,677 | 23,704 | 842 |
| Gain on REIT transactions, net | — | — | (2,277,747) | — |
| Gain on consolidation of CityCenter, net | — | (1,562,329) | — | (1,562,329) |
| Depreciation and amortization | 1,405,520 | 279,403 | 2,060,413 | 853,579 |
| | <u>4,444,576</u> | <u>849,868</u> | <u>7,974,113</u> | <u>4,806,266</u> |
| Income (loss) from unconsolidated affiliates | <u>(17,467)</u> | <u>35,111</u> | <u>(119,888)</u> | <u>92,870</u> |
| Operating income (loss) | <u>(1,045,971)</u> | <u>1,892,782</u> | <u>1,441,268</u> | <u>1,909,852</u> |
| Non-operating income (expense) | | | | |
| Interest expense, net of amounts capitalized | (125,172) | (200,049) | (457,822) | (598,116) |
| Non-operating items from unconsolidated affiliates | (995) | (23,421) | (22,248) | (67,473) |
| Other, net | (14,316) | (49,241) | (23,322) | 70,302 |
| | <u>(140,483)</u> | <u>(272,711)</u> | <u>(503,392)</u> | <u>(595,287)</u> |
| Income (loss) before income taxes | <u>(1,186,454)</u> | <u>1,620,071</u> | <u>937,876</u> | <u>1,314,565</u> |
| Benefit (provision) for income taxes | 125,367 | (282,135) | (411,131) | (222,263) |
| Net income (loss) | <u>(1,061,087)</u> | <u>1,337,936</u> | <u>526,745</u> | <u>1,092,302</u> |
| Less: Net loss attributable to noncontrolling interests | 484,257 | 12,497 | 662,346 | 31,055 |
| Net income (loss) attributable to MGM Resorts International | <u>\$ (576,830)</u> | <u>\$ 1,350,433</u> | <u>\$ 1,189,091</u> | <u>\$ 1,123,357</u> |
| Earnings (loss) per share | | | | |
| Basic | \$ (1.45) | \$ 2.81 | \$ 2.81 | \$ 2.19 |
| Diluted | \$ (1.45) | \$ 2.77 | \$ 2.79 | \$ 2.17 |
| Weighted average common shares outstanding | | | | |
| Basic | 393,295 | 478,405 | 417,686 | 487,509 |
| Diluted | 393,295 | 484,215 | 421,770 | 493,184 |

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

MGM RESORTS INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)
(Unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|--------------|------------------------------------|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| Net income (loss) | \$ (1,061,087) | \$ 1,337,936 | \$ 526,745 | \$ 1,092,302 |
| Other comprehensive income (loss), net of tax: | | | | |
| Foreign currency translation adjustment | (17,563) | (11,956) | (45,357) | (19,167) |
| Unrealized gain on cash flow hedges | — | 7,241 | 37,692 | 24,629 |
| Other comprehensive income (loss) | (17,563) | (4,715) | (7,665) | 5,462 |
| Comprehensive income (loss) | (1,078,650) | 1,333,221 | 519,080 | 1,097,764 |
| Less: Comprehensive loss attributable to noncontrolling interests | 484,932 | 13,111 | 649,713 | 24,903 |
| Comprehensive income (loss) attributable to MGM Resorts International | \$ (593,718) | \$ 1,346,332 | \$ 1,168,793 | \$ 1,122,667 |

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

MGM RESORTS INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)
(Unaudited)

| | Nine Months Ended September 30, | |
|--|---------------------------------|--------------|
| | 2022 | 2021 |
| Cash flows from operating activities | | |
| Net income | \$ 526,745 | \$ 1,092,302 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 2,060,413 | 853,579 |
| Amortization of debt discounts, premiums and issuance costs | 25,404 | 30,136 |
| Loss on early retirement of debt | — | 37 |
| Provision for credit losses | 6,827 | 5,815 |
| Stock-based compensation | 46,138 | 38,688 |
| Property transactions, net | 23,704 | 842 |
| Gain on REIT transactions, net | (2,277,747) | — |
| Gain on consolidation of CityCenter, net | — | (1,562,329) |
| Noncash lease expense | 303,044 | 131,586 |
| Other investment losses (gains) | 27,562 | (38,572) |
| Loss (income) from unconsolidated affiliates | 142,136 | (25,397) |
| Distributions from unconsolidated affiliates | 36,131 | 74,418 |
| Deferred income taxes | 371,840 | 153,464 |
| Change in operating assets and liabilities: | | |
| Accounts receivable | (66,556) | (167,622) |
| Inventories | (12,388) | 5,310 |
| Income taxes receivable and payable, net | 35,873 | 44,406 |
| Prepaid expenses and other | (25,403) | (52,155) |
| Accounts payable and accrued liabilities | 92,200 | 382,122 |
| Other | 17,351 | (79,925) |
| Net cash provided by operating activities | 1,333,274 | 886,705 |
| Cash flows from investing activities | | |
| Capital expenditures | (456,570) | (322,139) |
| Dispositions of property and equipment | 9,748 | 10,191 |
| Investments in unconsolidated affiliates | (226,317) | (151,845) |
| Proceeds from real estate transactions | 4,373,820 | 3,888,431 |
| Acquisitions, net of cash acquired | (1,889,548) | (1,789,604) |
| Distributions from unconsolidated affiliates | 9,864 | 9,245 |
| Investments and other | (238,361) | 32,742 |
| Net cash provided by investing activities | 1,582,636 | 1,677,021 |
| Cash flows from financing activities | | |
| Net borrowings (repayments) under bank credit facilities - maturities of 90 days or less | 937,050 | (2,242,487) |
| Issuance of long-term debt | — | 749,775 |
| Retirement of senior notes | (1,000,000) | — |
| Debt issuance costs | (1,367) | (11,358) |
| Issuance of MGM Growth Properties Class A shares, net | — | 792,851 |
| Dividends paid to common shareholders | (3,091) | (3,638) |
| Distributions to noncontrolling interest owners | (207,792) | (239,514) |
| Repurchases of common stock | (2,423,009) | (1,026,194) |
| Other | (82,355) | (112,862) |
| Net cash used in financing activities | (2,780,564) | (2,093,427) |
| Effect of exchange rate on cash, cash equivalents, and restricted cash | (3,315) | (1,103) |
| Change in cash and cash equivalents classified as assets held for sale | (39,656) | — |
| Cash, cash equivalents, and restricted cash | | |
| Net change for the period | 92,375 | 469,196 |
| Balance, beginning of period | 5,203,059 | 5,101,637 |
| Balance, end of period | \$ 5,295,434 | \$ 5,570,833 |
| Supplemental cash flow disclosures | | |
| Interest paid, net of amounts capitalized | \$ 411,701 | \$ 508,056 |
| Federal, state and foreign income taxes paid | 12,888 | 34,836 |

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

MGM RESORTS INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)
(Unaudited)

| | Common Stock | | | Retained Earnings | Accumulated Other Comprehensive Loss | Total MGM Resorts International Stockholders' Equity | Noncontrolling Interests | Total Stockholders' Equity |
|---|----------------|-----------------|--------------------------------|---------------------|--------------------------------------|--|--------------------------|----------------------------|
| | Shares | Par Value | Capital in Excess of Par Value | | | | | |
| Balances, July 1, 2022 | 398,418 | \$ 3,984 | \$ — | \$ 5,746,532 | \$ (16,942) | \$ 5,733,574 | \$ 1,464,109 | \$ 7,197,683 |
| Net loss | — | — | — | (576,830) | — | (576,830) | (486,445) | (1,063,275) |
| Currency translation adjustment | — | — | — | — | (16,888) | (16,888) | (675) | (17,563) |
| Stock-based compensation | — | — | 6,751 | — | — | 6,751 | 664 | 7,415 |
| Issuance of common stock pursuant to stock-based compensation awards | 346 | 4 | (5,005) | — | — | (5,001) | — | (5,001) |
| Cash distributions to noncontrolling interest owners | — | — | — | — | — | — | (1,985) | (1,985) |
| Dividends declared and paid to common shareholders (\$0.0025 per share) | — | — | — | (980) | — | (980) | — | (980) |
| Repurchases of common stock | (10,003) | (100) | (9,764) | (297,090) | — | (306,954) | — | (306,954) |
| Adjustment of redeemable noncontrolling interest to redemption value | — | — | 8,043 | — | — | 8,043 | — | 8,043 |
| Other | — | — | (25) | — | — | (25) | 7,325 | 7,300 |
| Balances, September 30, 2022 | <u>388,761</u> | <u>\$ 3,888</u> | <u>\$ —</u> | <u>\$ 4,871,632</u> | <u>\$ (33,830)</u> | <u>\$ 4,841,690</u> | <u>\$ 982,993</u> | <u>\$ 5,824,683</u> |
| Balances, January 1, 2022 | 453,804 | \$ 4,538 | \$ 1,750,135 | \$ 4,340,588 | \$ (24,616) | \$ 6,070,645 | \$ 4,906,121 | \$ 10,976,766 |
| Net income (loss) | — | — | — | 1,189,091 | — | 1,189,091 | (669,087) | 520,004 |
| Currency translation adjustment | — | — | — | — | (33,781) | (33,781) | (11,576) | (45,357) |
| Cash flow hedges | — | — | — | — | 13,483 | 13,483 | 24,209 | 37,692 |
| Stock-based compensation | — | — | 41,207 | — | — | 41,207 | 4,931 | 46,138 |
| Issuance of common stock pursuant to stock-based compensation awards | 675 | 7 | (12,723) | — | — | (12,716) | — | (12,716) |
| Cash distributions to noncontrolling interest owners | — | — | — | — | — | — | (93,274) | (93,274) |
| Dividends declared and paid to common shareholders (\$0.0075 per share) | — | — | — | (3,091) | — | (3,091) | — | (3,091) |
| Issuance of restricted stock units | — | — | 1,941 | — | — | 1,941 | 186 | 2,127 |
| Repurchases of common stock | (65,718) | (657) | (1,767,396) | (654,956) | — | (2,423,009) | — | (2,423,009) |
| Adjustment of redeemable noncontrolling interest to redemption value | — | — | (13,355) | — | — | (13,355) | — | (13,355) |
| Deconsolidation of MGP | — | — | — | — | 11,084 | 11,084 | (3,184,710) | (3,173,626) |
| Other | — | — | 191 | — | — | 191 | 6,193 | 6,384 |
| Balances, September 30, 2022 | <u>388,761</u> | <u>\$ 3,888</u> | <u>\$ —</u> | <u>\$ 4,871,632</u> | <u>\$ (33,830)</u> | <u>\$ 4,841,690</u> | <u>\$ 982,993</u> | <u>\$ 5,824,683</u> |

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

MGM RESORTS INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)
(Unaudited)

| | Common Stock | | Capital in Excess of Par Value | Retained Earnings | Accumulated Other Comprehensive Loss | Total MGM Resorts International Stockholders' Equity | Noncontrolling Interests | Total Stockholders' Equity |
|---|----------------|-----------------|-----------------------------------|----------------------|---|--|-----------------------------|-------------------------------|
| | Shares | Par Value | | | | | | |
| Balances, July 1, 2021 | 486,530 | \$ 4,865 | \$ 3,335,015 | \$ 2,861,474 | \$ (21,173) | \$ 6,180,181 | \$ 4,923,941 | \$ 11,104,122 |
| Net income (loss) | — | — | — | 1,350,433 | — | 1,350,433 | (15,157) | 1,335,276 |
| Currency translation adjustment | — | — | — | — | (6,686) | (6,686) | (5,270) | (11,956) |
| Cash flow hedges | — | — | — | — | 2,585 | 2,585 | 4,656 | 7,241 |
| Stock-based compensation | — | — | 10,084 | — | — | 10,084 | 1,197 | 11,281 |
| Issuance of common stock pursuant to stock-based compensation awards | 408 | 4 | (6,228) | — | — | (6,224) | — | (6,224) |
| Cash distributions to noncontrolling interest owners | — | — | — | — | — | — | (3,266) | (3,266) |
| Dividends declared and paid to common shareholders (\$0.0025 per share) | — | — | — | (1,181) | — | (1,181) | — | (1,181) |
| MGP dividend payable to Class A shareholders | — | — | — | — | — | — | (81,459) | (81,459) |
| Repurchases of common stock | (17,210) | (172) | (686,361) | — | — | (686,533) | — | (686,533) |
| Adjustment of redeemable noncontrolling interest to redemption value | — | — | (7,580) | — | — | (7,580) | — | (7,580) |
| MGP Class A share issuances | — | — | 40 | — | 1 | 41 | 230 | 271 |
| Other | — | — | (5,166) | — | — | (5,166) | 6,151 | 985 |
| Balances, September 30, 2021 | <u>469,728</u> | <u>\$ 4,697</u> | <u>\$ 2,639,804</u> | <u>\$ 4,210,726</u> | <u>\$ (25,273)</u> | <u>\$ 6,829,954</u> | <u>\$ 4,831,023</u> | <u>\$ 11,660,977</u> |
| Balances, January 1, 2021 | 494,318 | \$ 4,943 | \$ 3,439,453 | \$ 3,091,007 | \$ (30,677) | \$ 6,504,726 | \$ 4,675,182 | \$ 11,179,908 |
| Net income (loss) | — | — | — | 1,123,357 | — | 1,123,357 | (38,364) | 1,084,993 |
| Currency translation adjustment | — | — | — | — | (10,806) | (10,806) | (8,361) | (19,167) |
| Cash flow hedges | — | — | — | — | 10,116 | 10,116 | 14,513 | 24,629 |
| Stock-based compensation | — | — | 35,271 | — | — | 35,271 | 3,417 | 38,688 |
| Issuance of common stock pursuant to stock-based compensation awards | 1,352 | 13 | (17,895) | — | — | (17,882) | — | (17,882) |
| Cash distributions to noncontrolling interest owners | — | — | — | — | — | — | (166,236) | (166,236) |
| Dividends declared and paid to common shareholders (\$0.0075 per share) | — | — | — | (3,638) | — | (3,638) | — | (3,638) |
| MGP dividend payable to Class A shareholders | — | — | — | — | — | — | (81,459) | (81,459) |
| Repurchases of common stock | (25,942) | (259) | (1,025,935) | — | — | (1,026,194) | — | (1,026,194) |
| Adjustment of redeemable noncontrolling interest to redemption value | — | — | (54,019) | — | — | (54,019) | — | (54,019) |
| MGP Class A share issuances | — | — | 99,934 | — | 3,240 | 103,174 | 656,361 | 759,535 |
| Redemption of MGP OP units | — | — | 171,332 | — | 5,327 | 176,659 | (227,487) | (50,828) |
| Other | — | — | (8,337) | — | (2,473) | (10,810) | 3,457 | (7,353) |
| Balances, September 30, 2021 | <u>469,728</u> | <u>\$ 4,697</u> | <u>\$ 2,639,804</u> | <u>\$ 4,210,726</u> | <u>\$ (25,273)</u> | <u>\$ 6,829,954</u> | <u>\$ 4,831,023</u> | <u>\$ 11,660,977</u> |

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

MGM RESORTS INTERNATIONAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

NOTE 1 — ORGANIZATION

Organization. MGM Resorts International (together with its consolidated subsidiaries, unless otherwise indicated or unless the context requires otherwise, the “Company”) is a Delaware corporation that acts largely as a holding company and, through subsidiaries, operates casino resorts and provides online gaming.

As of September 30, 2022, the Company operates domestic casino resorts, which include the following integrated casino, hotel and entertainment resorts in Las Vegas, Nevada: Aria (including Vdara), Bellagio, The Cosmopolitan of Las Vegas (“The Cosmopolitan”), MGM Grand Las Vegas (including The Signature), The Mirage, Mandalay Bay, Luxor, New York-New York, Park MGM, and Excalibur. The Company also operates MGM Grand Detroit in Detroit, Michigan, MGM National Harbor in Prince George’s County, Maryland, MGM Springfield in Springfield, Massachusetts, Borgata in Atlantic City, New Jersey, Empire City in Yonkers, New York, MGM Northfield Park in Northfield Park, Ohio, and the following resorts in Mississippi: Beau Rivage in Biloxi and Gold Strike Tunica in Tunica. Additionally, the Company operates The Park, a dining and entertainment district located between New York-New York and Park MGM, and the Company owns and operates Shadow Creek, an exclusive world-class golf course located approximately ten miles north of the Las Vegas Strip, and Fallen Oak golf course in Saucier, Mississippi. The Company leases the real estate assets of its domestic resorts pursuant to triple-net lease agreements, as further discussed in Note 9.

The Company has an approximate 56% controlling interest in MGM China Holdings Limited (together with its subsidiaries, “MGM China”), which owns MGM Grand Paradise, S.A. (“MGM Grand Paradise”). MGM Grand Paradise owns and operates MGM Macau and MGM Cotai, two integrated casino, hotel and entertainment resorts in Macau, as well as the related gaming subconcession and land concessions.

The Company also has an approximate 98% controlling interest in LeoVegas AB (“LeoVegas”), a consolidated subsidiary that has global online gaming operations headquartered in Sweden and Malta. Additionally, the Company and its venture partner, Entain plc, each have a 50% ownership interest in BetMGM, LLC (“BetMGM”), an unconsolidated affiliate, which provides online sports betting and gaming in certain jurisdictions in North America.

MGP and the VICI Transaction. Prior to the closing of the VICI Transaction (defined below), MGM Growth Properties LLC (“MGP”) was a consolidated subsidiary of the Company. Substantially all of its assets were owned by and substantially all of its operations were conducted through MGM Growth Properties Operating Partnership LP (“MGP OP”). MGP had two classes of common shares: Class A shares and a single Class B share. The Company owned MGP’s Class B share, through which it held a controlling interest in MGP as it was entitled to an amount of votes representing a majority of the total voting power of MGP’s shares. The Company and MGP each held MGP OP units representing limited partner interests in MGP OP. Immediately prior to the VICI Transaction, the Company owned 41.5% of MGP OP units, and MGP held the remaining 58.5% ownership interest in MGP OP.

Additionally, the Company had leased the real estate assets of certain of its domestic properties from MGP OP, as further discussed in Note 14, and the real estate assets of Mandalay Bay and MGM Grand Las Vegas from a venture that was 50.1% owned by a subsidiary of MGP OP and 49.9% by a subsidiary of Blackstone Real Estate Investment Trust, Inc. (“BREIT”, such venture, the “VICI BREIT Venture”).

On April 29, 2022, the Company completed a series of transactions with VICI Properties, Inc. (“VICI”) and MGP whereby VICI acquired MGP in a stock-for-stock transaction (such transaction, the “VICI Transaction”), with the Company retaining an approximate 1% ownership interest in VICI Properties OP LLC (“VICI OP”). MGP’s Class B share that was held by the Company was cancelled. Accordingly, the Company no longer holds a controlling interest in MGP and deconsolidated MGP upon the closing of the transactions. Refer to Note 3 for further discussion of the transactions. In connection with the VICI Transaction, the Company entered into an amended and restated master lease with VICI. Refer to Note 9 for further discussion of the lease.

The Cosmopolitan acquisition. On May 17, 2022, the Company acquired the operations of The Cosmopolitan. Additionally, the Company entered into a lease agreement for the real estate assets of The Cosmopolitan. Refer to Note 3 for additional information on this acquisition and Note 9 for further discussion of the lease.

LeoVegas acquisition. On September 7, 2022, the Company acquired LeoVegas. Refer to Note 3 for additional information on this acquisition.

The Mirage transaction. On December 13, 2021, the Company entered into an agreement to sell the operations of The Mirage to an affiliate of Seminole Hard Rock Entertainment, Inc. (“Hard Rock”). Refer to Note 3 for additional information on this disposition.

Gold Strike Tunica transaction. On June 9, 2022, the Company entered into an agreement to sell the operations of Gold Strike Tunica to Cherokee Nation Entertainment Gaming Holdings, LLC (“CNE”), a subsidiary of Cherokee Nation Business. Refer to Note 3 for additional information on this disposition.

MGM Grand Paradise existing gaming subconcession and new gaming law. Gaming in Macau is currently administered by the Macau Government through concessions awarded to three different concessionaires and three subconcessionaires. Pursuant to the agreement dated April 19, 2005 between MGM Grand Paradise and SJM Resorts S.A. (“SJMSA,” formerly Sociedade de Jogos de Macau, S.A.), a gaming subconcession was acquired by MGM Grand Paradise for the right to operate casino games of chance and other casino games for a period commencing on April 20, 2005 through March 31, 2020. Pursuant to the then-existing Macau gaming law, upon reaching the maximum duration foreseen in the law (up to a maximum term of 20 years), the term of the concessions may be extended one or more times by order of the Chief Executive, which period may not exceed, in total, 5 years. In 2019, MGM Grand Paradise’s subconcession term was extended from March 31, 2020 to June 26, 2022, consistent with the expiration of the other concessionaires and subconcessionaires. On June 23, 2022, MGM Grand Paradise entered into an addendum to its subconcession pursuant to which its gaming subconcession was extended to December 31, 2022 (refer to Note 6 for additional considerations relating to the gaming subconcession). In connection with the extension, MGM Grand Paradise paid the Macau government MOP 47 million (approximately \$6 million) and provided a bank guarantee to secure the fulfillment of MGM Grand Paradise’s existing commitment of labor liabilities upon expiration of its subconcession (refer to Note 10 for discussion on the guarantee). Additionally, MGM Grand Paradise executed an agreement with the Macau government pursuant to which the casino areas of MGM Cotai and MGM Macau will be reverted, free of charge and without any encumbrances, to the Macau government at the end of the extended subconcession period on December 31, 2022. Management anticipates the gaming assets subject to reversion will be assets used in gaming operations, as well as the gaming areas determined in the agreement. Upon reversion, MGM Grand Paradise will cease to have the legal ownership of the gaming assets, and, while management is currently evaluating the effect of the reversion, it expects that it will retain use of such assets if it is able to obtain a gaming concession in the forthcoming public tender.

On January 14, 2022, the Macau government disclosed the content of a proposed bill to amend Macau gaming law, which followed a 45-day public consultation process regarding draft amendment proposals that were issued in September 2021. The new gaming law was approved by the Macau Legislative Assembly on June 21, 2022 and published in the Macau Official Gazette on June 22, 2022. Under the new gaming law, the existing subconcessions will be discontinued and a maximum of six concessions will be awarded for a term to be specified in the concession contract that may not exceed 10 years and which may be extended by three years under certain exceptional circumstances. The enactment of the new gaming law precedes the public tender for the awarding of new gaming concessions for which the rules of the public tender were published on July 1, 2022, which outlined the details for the bidding, the qualifications of bidding companies, and the criteria for granting the new gaming concessions. On September 14, 2022, MGM Grand Paradise submitted its bid. The awarding of a new concession contract would permit the operation of games of chance or other games in casinos in Macau, commencing on January 1, 2023.

Certain events relating to the loss, termination, rescission, revocation or modification of MGM Grand Paradise’s ability to game in Macau, where such events have a material adverse effect on the financial condition, business, properties, or results of operations of MGM China, taken as a whole, may result in a special put option triggering event under MGM China’s senior notes and in an event of default under MGM China’s revolving credit facilities. Management cannot provide any assurance that it will be able to obtain a gaming concession in the public tender; however, management believes that MGM Grand Paradise will be successful in obtaining a gaming concession.

Reportable segments. The Company has three reportable segments: Las Vegas Strip Resorts, Regional Operations and MGM China. See Note 13 for additional information about the Company’s segments.

Impact of COVID-19 - Update. As of September 30, 2022, all of the Company’s domestic properties were open and not subject to operating restrictions; however, travel and business volume were negatively affected in the early part of the first quarter of 2022 due to the spread of the omicron variant.

Macau is currently operating under a “dynamic zero” COVID-19 policy, as is mainland China. The Company’s properties in Macau were open during the first half of 2022, however, gaming operations were temporarily suspended on July 11, 2022 due to an increase in the number of COVID-19 cases in Macau and resumed on July 23, 2022, subject to certain continuing health safeguards. On October 30, 2022, a COVID-19 case was identified as connected to MGM Cotai. All guests and staff were isolated until November 1, 2022 and all gaming, hotel, restaurant, and retail operations were suspended with limited operations expected to resume beginning November 3, 2022. More broadly, electronic applications for individual and group travel visas to Macau resumed on November 1, 2022, however, several travel and entry restrictions in Macau and mainland China remain in place, including COVID-19 testing and certain quarantine requirements, which have significantly impacted visitation to the Company’s Macau properties. Although gaming operations in Macau have resumed and certain restrictions on visa applications have been lifted, protective and operational measures have had a negative effect on MGM China’s operations. The extent and timing of further closures of MGM China’s properties, limitations of operations, or whether further travel restrictions to or from Macau will be implemented is uncertain if there is an increase or continued spread of COVID-19.

NOTE 2 — BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation. As permitted by the rules and regulations of the Securities and Exchange Commission (“SEC”), certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) have been condensed or omitted. These consolidated financial statements should be read in conjunction with the Company’s 2021 annual consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021.

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company’s interim financial statements. The results for such periods are not necessarily indicative of the results to be expected for the full year.

Principles of consolidation. The Company evaluates entities for which control is achieved through means other than voting rights to determine if it is the primary beneficiary of a variable interest entity (“VIE”). The Company consolidates its investment in a VIE when it determines that it is its primary beneficiary. The Company may change its original assessment of a VIE upon subsequent events such as the modification of contractual arrangements that affect the characteristics or adequacy of the entity’s equity investments at risk and the disposition of all or a portion of an interest held by the primary beneficiary. The Company performs this analysis on an ongoing basis.

Management has determined that the venture (the “Bellagio BREIT Venture”) that is 5% owned by a subsidiary of the Company and 95% owned by a subsidiary of BREIT is a VIE because the equity holders as a group lack the power through voting or similar rights to direct the activities of such entity that most significantly impact such entity’s economic performance. The Company has determined that it is not the primary beneficiary of Bellagio BREIT Venture because the Company does not have power to direct the activities that could potentially be significant to the venture as BREIT, as the managing member, has such power; accordingly, the Company does not consolidate the venture. The Company’s maximum exposure to loss in Bellagio BREIT Venture is equal to the carrying value of its investment of \$57 million as of September 30, 2022, assuming no future capital funding requirements, plus the exposure to loss resulting from the Company’s guarantee of the debt of Bellagio BREIT Venture, which guarantee is immaterial as of September 30, 2022, as further discussed in Note 10.

For entities determined not to be a VIE, the Company consolidates such entities in which the Company owns 100% of the equity. For entities in which the Company owns less than 100% of the equity interest, the Company consolidates the entity under the voting interest model if it has a controlling financial interest based upon the terms of the respective entities’ ownership agreements, such as MGM China. For these entities, the Company records a noncontrolling interest in the consolidated balance sheets and all intercompany balances and transactions are eliminated in consolidation. If the entity does not qualify for consolidation under the voting interest model and the Company has significant influence over the operating and financial decisions of the entity, the Company generally accounts for the entity under the equity method, such as BetMGM, which does not qualify for consolidation as the Company has joint control, given the entity is structured with substantive participating rights whereby both owners participate in the decision making process, which prevents the Company from exerting a controlling financial interest in such entity, as defined in ASC 810. For entities over which the Company does not have significant influence, such as VICI OP, the Company accounts for its equity investment under ASC 321.

Property and equipment. As of September 30, 2022 and December 31, 2021, the Company had accrued \$83 million and \$36 million, respectively, for purchases of property and equipment within accounts payable.

Fair value measurements. Fair value measurements affect the Company’s accounting and impairment assessments of its long-lived assets, investments in unconsolidated affiliates or equity interests, assets acquired, and liabilities assumed in an acquisition, and goodwill and other intangible assets. Fair value measurements also affect the Company’s accounting for certain of its financial assets and liabilities. Fair value 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 and is measured according to a hierarchy that includes: Level 1 inputs, such as quoted prices in an active market; Level 2 inputs, which are observable inputs for similar assets; or Level 3 inputs, which are unobservable inputs. The Company used the following inputs in its fair value measurements:

- Level 1 inputs when measuring its equity investments recorded at fair value;
- Level 1 and Level 2 inputs for its long-term debt fair value disclosures. See Note 7; and
- Level 1, Level 2, and Level 3 inputs when assessing the fair value of assets acquired and liabilities assumed in acquisitions. See Note 3.

Fair value is measured based upon trading prices on the applicable securities exchange for equity investments for which the Company has elected the fair value option of ASC 825, such as LeoVegas (prior to consolidation), and equity investments accounted for under ASC 321 that have a readily determinable fair value, such as VICI OP. The fair value of these investments was \$423 million and \$66 million as of September 30, 2022 and December 31, 2021, respectively, and is reflected within “Other long-term assets, net” on the consolidated balance sheets. Unrealized gains and losses are recorded in “Other, net” in the statements of operations. For the three and nine months ended September 30, 2022, the Company recorded a net unrealized loss on its equity investments of \$20 million and \$28 million, respectively. For the three and nine months ended September 30, 2021, the Company recorded a net unrealized loss on its equity investments of \$48 million and a net unrealized gain on its equity investments of \$39 million, respectively.

Restricted cash. Restricted cash reflects cash held in an escrow account related to the reverse termination fee that was contractually required to be prefunded for The Cosmopolitan acquisition and was reflected as “Restricted Cash” on the consolidated balance sheets as of December 31, 2021. “Restricted Cash” and “Cash and cash equivalents” on the consolidated balance sheets equal “Cash, cash equivalents, and restricted cash” on the consolidated statements of cash flows as of December 31, 2021.

Accounts receivable. As of September 30, 2022 and December 31, 2021, the loss reserve on accounts receivable was \$113 million and \$128 million, respectively.

Reclassifications. Certain reclassifications have been made to conform the prior period presentation.

Revenue recognition. Contract and Contract-Related Liabilities. There may be a difference between the timing of cash receipts from the customer and the recognition of revenue, resulting in a contract or contract-related liability. The Company generally has three types of liabilities related to contracts with customers: (1) outstanding chip liability, which represents the amounts owed in exchange for gaming chips held by a customer, (2) loyalty program obligations, which represents the deferred allocation of revenue relating to loyalty program incentives earned, and (3) customer advances and other, which is primarily funds deposited by customers before gaming play occurs (“casino front money”) and advance payments on goods and services yet to be provided, such as advance ticket sales and deposits on rooms and convention space or for unpaid wagers. These liabilities are generally expected to be recognized as revenue within one year of being purchased, earned, or deposited and are recorded within “Other accrued liabilities” on the consolidated balance sheets.

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

| | Outstanding Chip Liability | | Loyalty Program | | Customer Advances and Other | |
|--------------------------------|----------------------------|-------------|-----------------|------------|-----------------------------|------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | <i>(In thousands)</i> | | | | | |
| Balance at January 1 | \$ 176,219 | \$ 212,671 | \$ 144,465 | \$ 139,756 | \$ 640,001 | \$ 382,287 |
| Balance at September 30 | 156,560 | 177,066 | 175,716 | 142,969 | 747,505 | 662,096 |
| Increase / (decrease) | \$ (19,659) | \$ (35,605) | \$ 31,251 | \$ 3,213 | \$ 107,504 | \$ 279,809 |

The September 30, 2022 balances exclude liabilities related to assets held for sale. See Note 3.

Revenue by source. The Company presents the revenue earned disaggregated by the type or nature of the good or service (casino, room, food and beverage, and entertainment, retail and other) and by relevant geographic region within Note 13.

Leases. The Company determines if an arrangement is or contains a lease at inception or modification of the arrangement. An arrangement is or contains a lease if there are identified assets and the right to control the use of an identified asset is conveyed for a period of time in exchange for consideration. Control over the use of the identified asset means the lessee has both the right to obtain substantially all of the economic benefits from the use of the asset and the right to direct the use of the asset.

The Company classifies a lease with terms greater than twelve months as either operating or finance. At commencement, the right-of-use (“ROU”) assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term. The initial measurement of ROU assets also includes any prepaid lease payments and are reduced by any previously accrued deferred rent. When available, such as for the Company’s triple-net operating leases for which the lessor has provided its implicit rate or provided the assumptions required for the Company to readily determine the rate implicit in the lease, the Company uses the rate implicit in the lease to discount lease payments to present value. However, for most of the Company’s leases, such as its ground subleases and equipment leases, the Company cannot readily determine the implicit rate. Accordingly, the Company uses its incremental borrowing rate to discount the lease payments for such leases based on the information available at the commencement date. Lease terms include options to extend or terminate the lease when it is reasonably certain that such option will be exercised. The Company’s triple-net operating leases each contain renewal periods at the Company’s option, each of which are not considered to be reasonably certain of being exercised. Many of the Company’s leases include fixed rental escalation clauses that are factored into the determination of lease payments. For operating leases, lease expense for minimum lease payments is recognized on a straight-line basis over the expected lease term. For finance leases, the ROU asset depreciates on a straight-line basis over the shorter of the lease term or useful life of the ROU asset and the lease liability accretes interest based on the interest method using the discount rate determined at lease commencement.

Refer to Note 9 for discussion of leases under which the Company is a lessee. Refer to Note 14 for discussion of the master lease with MGP.

The Company is a lessor under certain other lease arrangements. Lease revenues earned by the Company from third parties are classified within the line item corresponding to the type or nature of the tenant’s good or service. For the three and nine months ended September 30, 2022, lease revenues from third-party tenants include \$19 million and \$52 million recorded within food and beverage revenue, respectively, and \$30 million and \$85 million recorded within entertainment, retail, and other revenue for the same such periods, respectively. For the three and nine months ended September 30, 2021, lease revenues from third-party tenants include \$13 million and \$29 million recorded within food and beverage revenue, respectively, and \$22 million and \$58 million recorded within entertainment, retail, and other revenue for the same such periods, respectively. Lease revenues from the rental of hotel rooms are recorded as rooms revenues within the consolidated statements of operations.

Share repurchases. Shares repurchased pursuant to the Company’s share repurchase plans are retired upon purchase. The cost of the repurchases in excess of the aggregate par value of the shares reduces capital in excess of par value, to the extent available, with any residual cost applied against retained earnings.

NOTE 3 — ACQUISITIONS AND DIVESTITURES

LeoVegas acquisition. On May 2, 2022, the Company commenced a public offer to the shareholders of LeoVegas to tender 100% of the shares at a price of SEK 61 in cash per share. On September 7, 2022, the Company completed its tender offer and acquired 65% of the outstanding shares of LeoVegas and, at the completion of an extended acceptance period on September 22, 2022, acquired an additional 2% of outstanding shares, for an aggregate cash tender price of \$370 million. During the tender offer period, the Company had acquired 31% of outstanding shares in open market purchases that had an acquisition-date fair value of approximately \$172 million. As the Company’s previous 31% ownership interest was accounted for at fair value, no gain or loss was recorded upon consolidation. The remaining outstanding shares, with a fair value of approximately \$11 million based upon the tender price, will be settled by the Company in cash in connection with squeeze-out proceedings. The acquisition provides the Company an opportunity to create a scaled global online gaming business.

The Company recognized 100% of the assets, liabilities, and noncontrolling interests of LeoVegas at fair value at the date of the acquisition. The fair value of the acquired equity interests of LeoVegas was determined by the tender price and equaled \$556 million, inclusive of cash settlement of equity awards. Under the acquisition method, the fair value was

allocated to the assets acquired, liabilities assumed, and noncontrolling interests. The Company estimated fair value using level 1 inputs, level 2 inputs, and level 3 inputs. The estimated fair values of the identified intangible assets were determined using methodologies under the income approach based on significant inputs that were not observable. The intangible assets include trademarks, which is an indefinite-lived intangible asset, and customer lists and technology, which are finite-lived intangibles that are amortized over each of their estimated useful lives of five years. Goodwill is primarily attributable to the profitability of LeoVegas in excess of identifiable assets as well as expected synergies and is not deductible for tax purposes. All of the goodwill was assigned to Corporate and other. The allocation of fair value is preliminary as of September 30, 2022 and is primarily open for the valuation of the acquired intangible assets and for income tax impacts, and may be adjusted up to one year after the acquisition.

The following table sets forth the preliminary purchase price allocation (in thousands):

| | | |
|--|-----------|----------------|
| Cash and cash equivalents | \$ | 93,407 |
| Receivables and other current assets | | 36,872 |
| Technology | | 126,162 |
| Trademarks | | 166,356 |
| Customer lists | | 140,843 |
| Goodwill | | 238,040 |
| Other long-term assets | | 19,181 |
| Accounts payable, accrued liabilities, and other current liabilities | | (118,302) |
| Debt | | (104,439) |
| Other long-term liabilities | | (39,564) |
| Noncontrolling interests | | (2,861) |
| | <u>\$</u> | <u>555,695</u> |

The operating results for LeoVegas are included in the consolidated statements of operations from the date of acquisition. LeoVegas's net revenue for the period from September 7, 2022 through September 30, 2022 was \$31 million and operating loss and net loss were \$3 million and \$4 million, respectively.

The Cosmopolitan acquisition. On May 17, 2022, the Company acquired 100% of the equity interests in the entities that own the operations of The Cosmopolitan for cash consideration of \$1.625 billion plus working capital adjustments for a total purchase price of approximately \$1.7 billion. The acquisition expands the Company's customer base and provides a greater depth of choices and experiences for guests in Las Vegas.

The Company recognized 100% of the acquired assets and assumed liabilities at fair value at the date of the acquisition. Under the acquisition method, the fair value was allocated to the assets acquired and liabilities assumed in the transaction. The Company estimated fair value using level 1 inputs, level 2 inputs, and level 3 inputs. The estimated fair values of the identified intangible assets were determined using methodologies under the income approach based on significant inputs that were not observable. The intangible assets include trademarks, which is an indefinite-lived intangible asset, and customer lists, which is amortized over its estimated useful life of seven years. Goodwill, which is deductible for tax purposes, is primarily attributable to the profitability of The Cosmopolitan in excess of identifiable assets as well as expected synergies. All of the goodwill was assigned to the Company's Las Vegas Strip Resorts segment. As of September 30, 2022, the purchase price allocation is preliminary, however, the Company does not expect material changes to the value of the assets acquired or liabilities assumed.

The following table sets forth the preliminary purchase price allocation (in thousands):

| | | |
|--|----|------------------|
| Cash and cash equivalents | \$ | 80,670 |
| Receivables and other current assets | | 94,354 |
| Property and equipment | | 120,912 |
| Trademarks | | 130,000 |
| Customer lists | | 95,000 |
| Goodwill | | 1,289,468 |
| Operating lease right-of-use-assets, net | | 3,404,894 |
| Other long-term assets | | 23,709 |
| Accounts payable, accrued liabilities, and other current liabilities | | (145,136) |
| Operating lease liabilities | | (3,401,815) |
| Other long-term liabilities | | (1,570) |
| | \$ | <u>1,690,486</u> |

The operating results for The Cosmopolitan are included in the consolidated statements of operations from the date of acquisition. The Cosmopolitan's net revenue for the period from May 17, 2022 through September 30, 2022 was \$465 million and operating income and net income were each \$57 million.

CityCenter acquisition. On September 27, 2021, the Company acquired Infinity World's 50% ownership interest in CityCenter for cash consideration of \$2.125 billion. Prior to the acquisition, the Company held a 50% ownership interest, which was accounted for under the equity method. Through the acquisition, the Company obtained 100% of the equity interests and therefore consolidated CityCenter as of September 27, 2021. The fair value of the equity interests was determined by the transaction price and equaled \$4.25 billion. The carrying value of the Company's equity method investment was less than its share of the fair value of CityCenter at the acquisition date, resulting in a net gain of \$1.6 billion upon consolidation, which was recognized as "Gain on consolidation of CityCenter, net" on the consolidated statements of operations.

On September 28, 2021, the Company sold the real estate assets of Aria (including Vdara) for cash consideration of \$3.89 billion and entered into a lease agreement pursuant to which the Company leases back the real property. The Company classified the real estate assets as held for sale as of the acquisition date and accordingly measured the real estate assets at fair value less costs to sell, as reflected in the table below. See Note 9 for discussion of the lease.

The Company recognized 100% of the assets and liabilities of CityCenter at fair value at the date of the acquisition. Under the acquisition method, the fair value was allocated to the assets acquired and liabilities assumed in the transaction. The Company estimated fair value using level 1 inputs, level 2 inputs, and level 3 inputs. The fair value of the acquired indefinite-lived trademarks was determined using methodologies under the relief from royalty method based on significant inputs that were not observable. The goodwill is primarily attributable to the profitability of CityCenter in excess of identifiable assets, of which approximately 50% of the goodwill is deductible for income tax purposes. All of the goodwill was assigned to the Company's Las Vegas Strip Resorts segment.

The following table sets forth the purchase price allocation (in thousands):

| | | |
|--|-----------|------------------|
| Cash and cash equivalents | \$ | 335,396 |
| Receivables and other current assets | | 106,417 |
| Property and equipment - real estate assets held for sale | | 3,888,431 |
| Property and equipment | | 323,093 |
| Trademarks | | 180,000 |
| Goodwill | | 1,397,338 |
| Other long-term assets | | 13,923 |
| Accounts payable, accrued liabilities, and other current liabilities | | (201,093) |
| Debt | | (1,729,451) |
| Other long-term liabilities | | (64,054) |
| | <u>\$</u> | <u>4,250,000</u> |

Unaudited pro forma information - CityCenter and The Cosmopolitan acquisitions. The following unaudited pro forma consolidated financial information for the Company has been prepared assuming the Company's acquisition of its controlling interest of CityCenter had occurred as of January 1, 2020 and the acquisition of The Cosmopolitan had occurred as of January 1, 2021. The pro forma information excludes the gain on consolidation of CityCenter and does not reflect transactions that occurred subsequent to acquisition, such as the Aria real estate sale-leaseback transaction or the repayment of CityCenter's assumed debt. The unaudited pro forma financial information below is not necessarily indicative of either future results of operations or results that might have been achieved had the acquisition been consummated as of the indicated date. Pro forma results of operations for the LeoVegas acquisition have not been included because it is not material to the consolidated results of operations.

| | Three Months Ended | | Nine Months Ended | |
|---|---------------------------|--------------|--------------------------|--------------|
| | September 30, | | September 30, | |
| | 2022 | 2021 | 2022 | 2021 |
| | <i>(In thousands)</i> | | | |
| Net revenues | \$ 3,416,072 | \$ 3,208,590 | \$ 9,958,088 | \$ 7,762,826 |
| Net income (loss) attributable to MGM Resorts International | (576,830) | 226,231 | 1,203,246 | 37,454 |

VICI Transaction. On April 29, 2022, VICI acquired MGP in a stock-for-stock transaction. MGP Class A shareholders received 1.366 shares of newly issued VICI stock in exchange for each MGP Class A share outstanding and the Company received 1.366 units of VICI OP in exchange for each MGP OP unit held by the Company. The fixed exchange ratio represents an agreed upon price of \$43 per share of MGP Class A share to the five-day volume weighted average price of VICI stock as of the close of business on July 30, 2021. In connection with the exchange, VICI OP redeemed the majority of the Company's VICI OP units for cash consideration of \$4.4 billion, with the Company retaining an approximate 1% ownership interest in VICI OP that had a fair value of approximately \$375 million. MGP's Class B share that was held by the Company was cancelled. Accordingly, the Company no longer holds a controlling interest in MGP and deconsolidated MGP upon the closing of the transactions. Further, the Company entered into an amended and restated master lease with VICI as discussed in Note 9. The lease between the Company and VICI BREIT Venture for the real estate assets of Mandalay Bay and MGM Grand Las Vegas remained unchanged.

In connection with the transactions, the Company recognized a \$2.3 billion gain recorded within "Gain on REIT transactions, net." The gain reflects the fair value of consideration received of \$4.8 billion plus the carrying amount of noncontrolling interest immediately prior to the transactions of \$3.2 billion less the carrying value of the assets and liabilities and accumulated comprehensive income derecognized of \$5.7 billion.

The major classes of assets and liabilities derecognized are as follows (in thousands):

| | | |
|--|----|-------------------|
| Cash and cash equivalents | \$ | 25,387 |
| Income tax receivable | | 5,486 |
| Prepaid expenses and other | | 128 |
| Property and equipment, net | | 9,250,519 |
| Investments in and advances to unconsolidated affiliates | | 817,901 |
| Operating lease right-of-use assets, net | | 236,255 |
| Other long-term assets, net | | 3,991 |
| Total assets | \$ | <u>10,339,667</u> |
| Accounts payable | \$ | 1,136 |
| Accrued interest on long-term debt | | 68,150 |
| Other accrued liabilities | | 4,057 |
| Deferred income taxes, net | | 1,284 |
| Long-term debt, net | | 4,259,473 |
| Operating lease liabilities | | 336,689 |
| Total liabilities | \$ | <u>4,670,789</u> |

The Mirage. On December 13, 2021, the Company entered into an agreement to sell the operations of The Mirage to an affiliate of Hard Rock for cash consideration of \$1.075 billion, subject to certain purchase price adjustments. Upon closing, the master lease between the Company and VICI will be amended to remove The Mirage and to reflect a \$90 million reduction in annual cash rent. The transaction is expected to close during the fourth quarter of 2022, subject to certain closing conditions, including, but not limited to, the receipt of regulatory approvals. The closing condition that the VICI Transaction is consummated or terminated was resolved upon the closing of such transaction and, accordingly, the asset group is classified as held for sale as of September 30, 2022.

Gold Strike Tunica. On June 9, 2022, the Company entered into an agreement to sell the operations of Gold Strike Tunica to CNE for cash consideration of \$450 million, subject to certain purchase price adjustments. Upon closing, the master lease between the Company and VICI will be amended to remove Gold Strike Tunica and to reflect a \$40 million reduction in annual cash rent. The transaction is expected to close during the first quarter of 2023, subject to certain closing conditions, including, but not limited to, the receipt of regulatory approvals. The asset group is classified as held for sale as of September 30, 2022.

The Mirage and Gold Strike Tunica are not classified as discontinued operations because the Company concluded that the sales are not a strategic shift that have a major effect on the Company's operations or its financial results and they do not represent a major geographic segment or product line.

The major classes of assets and liabilities classified as held for sale as of September 30, 2022 are as follows:

| | The Mirage | Gold Strike Tunica |
|---|-----------------------|---------------------------|
| | <i>(In thousands)</i> | |
| Assets | | |
| Cash and cash equivalents | \$ 18,636 | \$ 21,020 |
| Accounts receivable, net | 19,102 | 2,404 |
| Inventories | 5,371 | 978 |
| Prepaid expenses and other | 8,139 | 1,786 |
| Property and equipment, net | 25,755 | 20,269 |
| Goodwill | 10,249 | 40,523 |
| Other intangible assets, net | 3,095 | 5,700 |
| Operating lease right-of-use assets, net | 1,322,219 | 511,090 |
| Other long-term assets, net | 7,046 | 1,406 |
| Assets held for sale | <u>\$ 1,419,612</u> | <u>\$ 605,176</u> |
| Liabilities | | |
| Accounts payable | \$ 10,773 | \$ 5,914 |
| Other accrued liabilities | 65,924 | 17,738 |
| Other long-term obligations | 6,666 | 2,538 |
| Operating lease liabilities | 1,328,710 | 515,777 |
| Liabilities related to assets held for sale | <u>\$ 1,412,073</u> | <u>\$ 541,967</u> |

NOTE 4 — PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

| | September 30, 2022 | December 31, 2021 |
|--|-------------------------------|------------------------------|
| | <i>(In thousands)</i> | |
| Land | \$ 437,387 | \$ 4,082,842 |
| Buildings, building improvements and land improvements | 4,466,445 | 12,236,042 |
| Furniture, fixtures and equipment | 4,318,266 | 5,722,565 |
| Construction in progress | 501,244 | 421,445 |
| | <u>9,723,342</u> | <u>22,462,894</u> |
| Less: Accumulated depreciation | (4,802,569) | (8,179,310) |
| Finance lease ROU assets, net | 168,523 | 151,909 |
| | <u>\$ 5,089,296</u> | <u>\$ 14,435,493</u> |

NOTE 5 — INVESTMENTS IN AND ADVANCES TO UNCONSOLIDATED AFFILIATES

Investments in and advances to unconsolidated affiliates consisted of the following:

| | September 30, 2022 | December 31, 2021 |
|---|-------------------------------|------------------------------|
| | <i>(In thousands)</i> | |
| VICI BREIT Venture (50.1% owned by MGP OP through April 28, 2022) | \$ — | \$ 816,756 |
| BetMGM (50%) | 54,002 | 41,060 |
| Other | 131,756 | 109,228 |
| | <u>\$ 185,758</u> | <u>\$ 967,044</u> |

The Company recorded its share of income (loss) from unconsolidated affiliates, including adjustments for basis differences, as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|------------------|------------------------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | <i>(In thousands)</i> | | | |
| Income (loss) from unconsolidated affiliates | \$ (17,467) | \$ 35,111 | \$ (119,888) | \$ 92,870 |
| Non-operating items from unconsolidated affiliates | (995) | (23,421) | (22,248) | (67,473) |
| | <u>\$ (18,462)</u> | <u>\$ 11,690</u> | <u>\$ (142,136)</u> | <u>\$ 25,397</u> |

The following table summarizes information related to the Company's share of operating income (loss) from unconsolidated affiliates:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--------------------|-------------------------------------|------------------|------------------------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | <i>(In thousands)</i> | | | |
| CityCenter | \$ — | \$ 40,747 | \$ — | \$ 128,127 |
| VICI BREIT Venture | — | 38,959 | 51,051 | 116,876 |
| BetMGM | (23,582) | (49,060) | (186,804) | (154,275) |
| Other | 6,115 | 4,465 | 15,865 | 2,142 |
| | <u>\$ (17,467)</u> | <u>\$ 35,111</u> | <u>\$ (119,888)</u> | <u>\$ 92,870</u> |

Refer to Note 3 for discussion of the acquisition and consolidation of CityCenter in September 2021 and for discussion of the derecognition of the assets and liabilities of MGP, which included MGP OP's investment in VICI BREIT Venture, in April 2022.

VICI BREIT Venture distributions. For the nine months ended September 30, 2022, MGP OP received \$32 million in distributions. For the three and nine months ended September 30, 2021, MGP OP received \$24 million and \$70 million in distributions, respectively.

BetMGM contributions. For the three and nine months ended September 30, 2022, the Company contributed \$50 million and \$200 million to BetMGM, respectively. For the three and nine months ended September 30, 2021, the Company contributed \$50 million and \$150 million to BetMGM, respectively.

CityCenter sale of Harmon land. In June 2021, CityCenter closed the sale of its Harmon land for \$80 million on which it recorded a \$30 million gain. The Company recorded a \$50 million gain, which included \$15 million of its 50% share of the gain recorded by CityCenter and \$35 million representing the reversal of certain basis differences.

NOTE 6 — GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill and other intangible assets consisted of the following:

| | September 30, 2022 | December 31, 2021 |
|---|-----------------------|----------------------|
| <i>(In thousands)</i> | | |
| Goodwill | \$ 4,945,188 | \$ 3,480,997 |
| Indefinite-lived intangible assets: | | |
| Trademarks | \$ 762,969 | \$ 479,238 |
| Gaming rights and other | 384,593 | 378,098 |
| Total indefinite-lived intangible assets | 1,147,562 | 857,336 |
| Finite-lived intangible assets: | | |
| MGM Grand Paradise gaming subconcession | 4,491,735 | 4,516,532 |
| Less: Accumulated amortization | (3,275,181) | (1,865,219) |
| | 1,216,554 | 2,651,313 |
| Customer lists | 285,841 | 52,000 |
| Less: Accumulated amortization | (47,314) | (32,188) |
| | 238,527 | 19,812 |
| Other gaming rights | 106,600 | 106,600 |
| Less: Accumulated amortization | (31,539) | (26,209) |
| | 75,061 | 80,391 |
| Technology and other | 136,051 | 13,207 |
| Less: Accumulated amortization | (7,592) | (5,674) |
| | 128,459 | 7,533 |
| Total finite-lived intangible assets, net | 1,658,601 | 2,759,049 |
| Total other intangible assets, net | \$ 2,806,163 | \$ 3,616,385 |

Goodwill. A summary of changes in the Company's goodwill is as follows:

| | 2022 | | | | Balance at September 30 |
|-------------------------|----------------------|--------------|-------------------|-------------------|----------------------------|
| | Balance at January 1 | Acquisitions | Reclassifications | Currency exchange | |
| <i>(In thousands)</i> | | | | | |
| Las Vegas Strip Resorts | \$ 1,427,790 | \$ 1,289,468 | \$ (10,249) | \$ — | \$ 2,707,009 |
| Regional Operations | 701,463 | — | (40,523) | — | 660,940 |
| MGM China | 1,351,744 | — | — | (9,163) | 1,342,581 |
| Corporate and other | — | 238,040 | — | (3,382) | 234,658 |
| | \$ 3,480,997 | \$ 1,527,508 | \$ (50,772) | \$ (12,545) | \$ 4,945,188 |
| | 2021 | | | | Balance at December 31 |
| | Balance at January 1 | Acquisitions | Reclassifications | Currency exchange | |
| <i>(In thousands)</i> | | | | | |
| Las Vegas Strip Resorts | \$ 30,452 | \$ 1,397,338 | \$ — | \$ — | \$ 1,427,790 |
| Regional Operations | 701,463 | — | — | — | 701,463 |
| MGM China | 1,359,363 | — | — | (7,619) | 1,351,744 |
| | \$ 2,091,278 | \$ 1,397,338 | \$ — | \$ (7,619) | \$ 3,480,997 |

Goodwill was recognized in 2022 related to the acquisition of the operations of The Cosmopolitan and LeoVegas, which is included in Las Vegas Strip Resorts and Corporate and other, respectively. Goodwill related to The Mirage and Gold Strike Tunica, which are included in Las Vegas Strip Resorts and Regional Operations, respectively, were reclassified into assets held for sale in 2022 as further discussed in Note 3. Goodwill was recognized in 2021 related to the acquisition of the 50% ownership interest in CityCenter, which is included in Las Vegas Strip Resorts.

MGM Grand Paradise gaming subconcession. As described in Note 1, the enactment of the new Macau gaming law in June 2022 provides for material changes to the legal form of gaming concessions in Macau, including discontinuing and prohibiting gaming subconcessions subsequent to their expiration, and also includes material changes to the rights and obligations provided for under the new gaming concessions to be awarded in the upcoming public tender. As a result, the Company determined that the existing MGM Grand Paradise gaming subconcession and new gaming concession, if obtained, would be two separate units of account.

Further, as the material changes in the legal and regulatory environment could have an adverse effect on the value of MGM Grand Paradise's gaming subconcession, the Company concluded that a triggering event had occurred under ASC 360 in June 2022 for the MGM China asset group. The Company compared the estimated undiscounted cash flows of the asset group to its carrying value and determined that the undiscounted cash flows significantly exceeded the carrying value and therefore, no impairment was indicated.

Additionally, in June 2022, the Company reassessed the useful life of the existing gaming subconcession intangible asset and determined that, given the new gaming law and the resulting changes described above, the useful life would no longer be based on the initial term of the MGM Cotai land concession, which ends in January 2038, and that the useful life should be revised to align with the cessation of the subconcession rights that will occur at the end of the contractual term of the existing gaming subconcession, which ends on December 31, 2022. Accordingly, amortization of the MGM Grand Paradise gaming subconcession will be recognized on a straight-line basis over its reduced useful life.

NOTE 7 — LONG-TERM DEBT

Long-term debt consisted of the following:

| | September 30, 2022 | December 31, 2021 |
|---|-----------------------|----------------------|
| | <i>(In thousands)</i> | |
| MGP OP senior secured credit facility | \$ — | \$ 50,000 |
| MGM China first revolving credit facility | 1,242,070 | 360,414 |
| MGM China second revolving credit facility | 12,739 | — |
| LeoVegas revolving credit facility | 39,206 | — |
| LeoVegas senior notes, due 2023 | 62,570 | — |
| 7.75% senior notes, due 2022 | — | 1,000,000 |
| 6% senior notes, due 2023 | 1,250,000 | 1,250,000 |
| 5.625% MGP OP senior notes, due 2024 | — | 1,050,000 |
| 5.375% MGM China senior notes, due 2024 | 750,000 | 750,000 |
| 6.75% senior notes, due 2025 | 750,000 | 750,000 |
| 5.75% senior notes, due 2025 | 675,000 | 675,000 |
| 4.625% MGP OP senior notes, due 2025 | — | 800,000 |
| 5.25% MGM China senior notes, due 2025 | 500,000 | 500,000 |
| 5.875% MGM China senior notes, due 2026 | 750,000 | 750,000 |
| 4.5% MGP OP senior notes, due 2026 | — | 500,000 |
| 4.625% senior notes, due 2026 | 400,000 | 400,000 |
| 5.75% MGP OP senior notes, due 2027 | — | 750,000 |
| 5.5% senior notes, due 2027 | 675,000 | 675,000 |
| 4.75% MGM China senior notes, due 2027 | 750,000 | 750,000 |
| 4.5% MGP OP senior notes, due 2028 | — | 350,000 |
| 4.75% senior notes, due 2028 | 750,000 | 750,000 |
| 3.875% MGP OP senior notes, due 2029 | — | 750,000 |
| 7% debentures, due 2036 | 552 | 552 |
| | 8,607,137 | 12,860,966 |
| Less: Premiums, discounts, and unamortized debt issuance costs, net | (45,878) | (90,169) |
| | 8,561,259 | 12,770,797 |
| Less: Current portion | (1,351,422) | (1,000,000) |
| | \$ 7,209,837 | \$ 11,770,797 |

Senior secured credit facility. At September 30, 2022, the Company's senior secured credit facility consisted of a \$1.675 billion revolving credit facility, of which no amounts were drawn.

The Company's senior secured credit facility contains customary representations and warranties, events of default and positive and negative covenants. The Company was in compliance with its credit facility covenants at September 30, 2022.

MGM China first revolving credit facility. At September 30, 2022, the MGM China first revolving credit facility consisted of a HK\$9.75 billion unsecured revolving credit facility, which was fully drawn. At September 30, 2022, the weighted average interest rate was 5.23%.

The MGM China first revolving credit facility contains customary representations and warranties, events of default, and positive, negative and financial covenants, including that MGM China maintains compliance with a maximum leverage ratio and a minimum interest coverage ratio. In February 2022, MGM China further amended its first revolving credit

facility to extend the financial covenant waivers through maturity in May 2024. MGM China was in compliance with its applicable first revolving credit facility covenants at September 30, 2022.

MGM China second revolving credit facility. At September 30, 2022, the MGM China second revolving credit facility consisted of a HK\$3.12 billion unsecured revolving credit facility with an option to increase the amount of the facility up to HK\$3.9 billion, subject to certain conditions. Draws will be subject to satisfaction of certain conditions precedent, including evidence that the MGM China first revolving credit facility has been fully drawn. At September 30, 2022, \$13 million was drawn on the MGM China second revolving credit facility and the weighted average interest rate was 4.81%.

The MGM China second revolving credit facility contains customary representations and warranties, events of default, and positive, negative and financial covenants, including that MGM China maintains compliance with a maximum leverage ratio and a minimum interest coverage ratio. In February 2022, MGM China further amended its second revolving credit facility to extend the financial covenant waivers through maturity in May 2024. MGM China was in compliance with its applicable second revolving credit facility covenants at September 30, 2022.

LeoVegas revolving credit facility. As of September 30, 2022, the LeoVegas revolving credit facility consisted of a €40 million revolving facility, which was fully drawn. The revolving credit facility matures on November 27, 2023 and has an interest rate based on Euro Interbank Offered Rate plus 250 basis points. As of September 30, 2022, the interest rate was 3.67%.

The LeoVegas revolving credit facility contains customary representations and warranties, events of default, and positive, negative, and financial covenants, including compliance with a maximum leverage ratio and minimum interest coverage ratio. LeoVegas was in compliance with its applicable revolving credit facility covenants at September 30, 2022.

The revolving credit facility contains a change-of-control provision which requires repayment of the facility, together with accrued interest, within 60 days following a change-of-control event. As the Company's acquisition of LeoVegas triggers the change-of-control provision, the revolving credit facility is classified as current.

Senior notes. In March 2022, the Company repaid its \$1.0 billion 7.75% notes due 2022 upon maturity.

MGM China senior notes. In March 2021, MGM China issued \$750 million in aggregate principal amount of 4.75% senior notes due 2027 at an issue price of 99.97%.

MGP OP senior secured credit facility and MGP OP senior notes. In April 2022, the MGP OP senior secured credit facility and the senior notes of MGP OP were derecognized in connection with the deconsolidation of MGP as a result of the VICI Transaction. In March 2022, MGP OP terminated its interest rate swap agreements.

LeoVegas senior unsecured notes. As of September 30, 2022, LeoVegas had senior unsecured notes of SEK 700 million in aggregate principal outstanding and have an option to increase the issuance to SEK 800 million. The notes mature on December 10, 2023 with interest payable quarterly in arrears at an interest rate based on Stockholm Interbank Offered Rate plus 550 basis points. As of September 30, 2022, the interest rate was 6.98%.

The LeoVegas senior unsecured notes contains customary representations and warranties, events of default, and positive, negative, and financial covenants, including compliance with a maximum leverage ratio. LeoVegas was in compliance with its applicable senior unsecured notes covenants at September 30, 2022.

The senior unsecured notes contain a change-of-control provision which provides for the holders to request that all or a portion of the principal amount held be repurchased at a price of 101%, together with accrued interest, during a period of 60 days following notice. As the Company's acquisition of LeoVegas triggers the change-of-control provision, the senior unsecured notes are classified as current.

Fair value of long-term debt. The estimated fair value of the Company's long-term debt was \$7.8 billion and \$13.4 billion at September 30, 2022 and December 31, 2021, respectively. Fair value was estimated using quoted market prices for the Company's senior notes and credit facilities.

NOTE 8 — INCOME TAXES

For interim income tax reporting the Company estimates its annual effective tax rate and applies it to its year-to-date ordinary income. The tax effects of unusual or infrequently occurring items, including changes in judgment about valuation allowances and effects of changes in tax laws or rates, are reported in the interim period in which they occur. The Company's effective income tax rate was a benefit of 10.6% on loss before income taxes and a provision of 43.8% on income before income taxes for the three and nine months ended September 30, 2022, respectively, compared to a provision of 17.4% and 16.9% on income before income taxes for the three and nine months ended September 30, 2021, respectively.

The Company recognizes deferred income tax assets, net of applicable reserves, related to net operating losses, tax credit carryforwards and certain temporary differences. The Company recognizes future tax benefits to the extent that realization of such benefit is more likely than not. Otherwise, a valuation allowance is applied.

During the three months ended September 30, 2022, the Company decreased its Macau deferred tax liabilities by \$296 million as a result of an extension of the exemption from the Macau 12% complementary tax to the end of the year, with a corresponding decrease to provision for income taxes and increased its state deferred tax liabilities by \$59 million with a corresponding increase to provision for income taxes as a result of income tax regulations published by the state of New Jersey during the quarter.

During the nine months ended September 30, 2022, the Company decreased its Macau deferred tax liabilities by \$227 million as a result of the extension of the exemption from the Macau 12% complementary tax to the end of the year and the impact of the reassessment of the useful life of the MGM Grand Paradise gaming subconcession and increased its state deferred tax liabilities by \$14 million due to the increase resulting from the issuance of the New Jersey income tax regulations, partially offset by a decrease resulting from the VICI Transaction, with a corresponding increase to provision for income taxes.

During the nine months ended September 30, 2022, the Company reversed \$13 million of unrecognized tax benefit upon the resolution of a tax accounting method issue related to its customer loyalty program.

NOTE 9 — LEASES

The Company leases real estate, land underlying certain of its properties, and various equipment under operating and, to a lesser extent, finance lease arrangements.

Real estate assets and land. The Company leases the real estate assets of its domestic resorts pursuant to triple-net lease agreements, which are classified as operating leases. The triple-net structure of the leases requires the Company to pay substantially all costs associated with each property, including real estate taxes, insurance, utilities and routine maintenance (with each lease obligating the Company to spend a specified percentage of net revenues at the properties on capital expenditures), in addition to the annual cash rent. Each of the leases also requires the Company to comply with certain financial covenants, which, if not met, would require the Company to maintain cash security or provide one or more letters of credit in favor of the landlord in an amount equal to 6 months or 1 year of rent, as applicable to the circumstances, under the VICI lease, 1 year of rent under the Mandalay Bay and MGM Grand Las Vegas lease, the Aria lease, and The Cosmopolitan lease, and 2 years of rent under the Bellagio lease. The Company was in compliance with its applicable covenants under its leases as of September 30, 2022.

Bellagio lease. The Company leases the real estate assets of Bellagio from the Bellagio BREIT Venture. The Bellagio lease commenced November 15, 2019 and has an initial term of 30 years with two 10-year renewal periods, exercisable at the Company's option, with a fixed 2% rent escalator for the first 10 years and, thereafter, an escalator equal to the greater of 2% and the CPI increase during the prior year, subject to a cap of 3% during the 11th through 20th years and 4% thereafter. Annual cash rent payments for the third lease year that commenced on December 1, 2021 increased to \$255 million as a result of the 2% fixed annual escalator.

Mandalay Bay and MGM Grand Las Vegas lease. The Company leases the real estate assets of Mandalay Bay and MGM Grand Las Vegas from VICI BREIT Venture. The Mandalay Bay and MGM Grand Las Vegas lease commenced February 14, 2020 and has an initial term of 30 years with two 10-year renewal periods, exercisable at the Company's option, with a fixed 2% rent escalator for the first 15 years and, thereafter, an escalator equal to the greater of 2% and the

CPI increase during the prior year, subject to a cap of 3%. Annual cash rent payments for the third lease year that commenced on March 1, 2022 increased to \$304 million as a result of the 2% fixed annual escalator.

Aria lease. The Company leases the real estate assets of Aria (including Vdara) from funds managed by Blackstone. The Aria lease commenced September 28, 2021 and has an initial term of 30 years with three 10-year renewal periods, exercisable at the Company's option, with a fixed 2% rent escalator for the first 15 years, and thereafter, an escalator equal to the greater of 2% and the CPI increase during the prior year, subject to a cap of 3%. Annual cash rent payments for the second lease year that commenced on October 1, 2022 increased to \$219 million as a result of the 2% fixed annual escalator.

The VICI lease and ground subleases. The Company leases the real estate assets of The Mirage, Luxor, New York-New York, Park MGM, Excalibur, The Park, Gold Strike Tunica, MGM Grand Detroit, Beau Rivage, Borgata, Empire City, MGM National Harbor, MGM Northfield Park, and MGM Springfield from VICI. The VICI lease commenced April 29, 2022 and has an initial term of 25 years, with three 10-year renewal periods, exercisable at the Company's option, with a fixed 2% rent escalator for the first 10 years, and thereafter, an escalator equal to the greater of 2% and the CPI increase during the prior year subject to a cap of 3%. Additionally, the VICI lease provides VICI with a right of first offer with respect to any further gaming development by the Company on the undeveloped land adjacent to Empire City, which VICI may exercise should the Company elect to sell the property. Annual cash rent payments for the first lease year that commenced on April 29, 2022 was \$860 million.

The Company is required to pay the rent payments under the ground leases of the Borgata, Beau Rivage, and National Harbor through the term of the VICI lease. The ground subleases of Beau Rivage and National Harbor are classified as operating leases and the ground sublease of Borgata is classified as a finance lease.

The Cosmopolitan lease. The Company leases the real estate assets of The Cosmopolitan from a subsidiary of BREIT. The Cosmopolitan lease commenced May 17, 2022 and has an initial term of 30 years with three 10-year renewal periods, exercisable at the Company's option, with a fixed 2% rent escalator for the first 15 years, and thereafter, an escalator equal to the greater of 2% and the CPI increase during the prior year, subject to a cap of 3%. Annual cash rent payments for the first lease year that commenced on May 17, 2022 was \$200 million.

MGM China land concessions. MGM Grand Paradise has MGM Macau and MGM Cotai land concession contracts with the government of Macau, each with an initial 25-year contract term ending in April 2031 and January 2038, respectively, with a right to renew for further consecutive periods of 10 years, at MGM Grand Paradise's option. The land leases are classified as operating leases.

Other information. Components of lease costs and other information related to the Company's leases are:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|------------|------------------------------------|------------|
| | 2022 | 2021 | 2022 | 2021 |
| | <i>(In thousands)</i> | | | |
| Operating lease cost, primarily classified within "General and administrative" ⁽¹⁾ | \$ 615,137 | \$ 201,265 | \$ 1,375,973 | \$ 599,219 |
| Finance lease costs | | | | |
| Interest expense ⁽²⁾ | \$ 2,037 | \$ 1,186 | \$ 4,741 | \$ 134 |
| Amortization expense | 18,406 | 17,785 | 58,056 | 53,271 |
| Total finance lease costs | \$ 20,443 | \$ 18,971 | \$ 62,797 | \$ 53,405 |

(1) The Bellagio lease is held with a related party, as further discussed in Note 14. Operating lease cost includes \$83 million for each of the three months ended September 30, 2022 and 2021 and \$248 million for each of the nine months ended September 30, 2022 and 2021 related to the Bellagio lease.

(2) For the three and nine months ended September 30, 2021, interest expense includes the effect of COVID-19 related rent concessions which was recognized as negative variable rent expense.

| | September 30, 2022 | December 31, 2021 |
|---|-----------------------|----------------------|
| | <i>(In thousands)</i> | |
| Operating leases | | |
| Operating lease right-of-use assets, net ⁽¹⁾ | \$ 24,655,971 | \$ 11,492,805 |
| Operating lease liabilities - current, <i>classified within "Other accrued liabilities"</i> | \$ 50,108 | \$ 31,706 |
| Operating lease liabilities - long-term ⁽²⁾ | 25,144,876 | 11,802,464 |
| Total operating lease liabilities | \$ 25,194,984 | \$ 11,834,170 |
| Finance leases | | |
| Finance lease right-of-use assets, net <i>classified within "Property and equipment, net"</i> | \$ 168,523 | \$ 151,909 |
| Finance lease liabilities - current, <i>classified within "Other accrued liabilities"</i> | \$ 69,862 | \$ 87,665 |
| Finance lease liabilities - long-term, <i>classified within "Other long-term obligations"</i> | 101,420 | 75,560 |
| Total finance lease liabilities | \$ 171,282 | \$ 163,225 |
| Weighted average remaining lease term (years) | | |
| Operating leases | 27 | 29 |
| Finance leases | 13 | 2 |
| Weighted average discount rate (%) | | |
| Operating leases | 7 | 7 |
| Finance leases | 5 | 3 |

(1) As of September 30, 2022 and December 31, 2021, operating lease right-of-use assets, net included \$3.6 billion related to the Bellagio lease.

(2) As of September 30, 2022 and December 31, 2021, operating lease liabilities – long-term included \$3.8 billion related to the Bellagio lease.

| | Nine Months Ended September 30, | |
|---|------------------------------------|--------------|
| | 2022 | 2021 |
| | <i>(In thousands)</i> | |
| Cash paid for amounts included in the measurement of lease liabilities | | |
| Operating cash outflows from operating leases | \$ 1,065,498 | \$ 483,031 |
| Operating cash outflows from finance leases | 4,746 | 3,685 |
| Financing cash outflows from finance leases ⁽¹⁾ | 69,663 | 55,815 |
| ROU assets obtained in exchange for new lease liabilities | | |
| Operating leases | \$ 15,538,156 | \$ 3,388,103 |
| Finance leases | 87,840 | 21,081 |

(1) Included within "Other" within "Cash flows from financing activities" on the consolidated statements of cash flows.

Maturities of lease liabilities were as follows:

| Year ending December 31, | Operating Leases | | Finance Leases | |
|---|------------------|--------------|----------------|----------|
| | (In thousands) | | | |
| 2022 (excluding the nine months ended September 30, 2022) | \$ | 440,304 | \$ | 19,062 |
| 2023 | | 1,795,191 | | 72,205 |
| 2024 | | 1,825,515 | | 8,752 |
| 2025 | | 1,855,909 | | 8,250 |
| 2026 | | 1,883,083 | | 7,016 |
| Thereafter | | 52,805,135 | | 142,179 |
| Total future minimum lease payments | | 60,605,137 | | 257,464 |
| Less: Amount of lease payments representing interest | | (35,410,153) | | (86,182) |
| Present value of future minimum lease payments | | 25,194,984 | | 171,282 |
| Less: Current portion | | (50,108) | | (69,862) |
| Long-term portion of lease liabilities | \$ | 25,144,876 | \$ | 101,420 |

NOTE 10 — COMMITMENTS AND CONTINGENCIES

Litigation. The Company is a party to various legal proceedings, most of which relate to routine matters incidental to its business. Management does not believe that the outcome of such proceedings will have a material adverse effect on the Company's financial position, results of operations or cash flows.

Other guarantees. The Company and its subsidiaries are party to various guarantee contracts in the normal course of business, which are generally supported by letters of credit issued by financial institutions. The Company's senior credit facility limits the amount of letters of credit that can be issued to \$1.35 billion. At September 30, 2022, \$33 million in letters of credit were outstanding under the Company's senior credit facility. The amount of available borrowings under the credit facility is reduced by any outstanding letters of credit.

MGM China bank guarantee. In May 2019, in connection with the extension of the term of its gaming subconcession to June 2022, MGM Grand Paradise provided a bank guarantee to the government of Macau in the amount of MOP 820 million (approximately \$101 million as of September 30, 2022) to warrant the fulfillment of an existing commitment of labor liabilities upon expiration of the gaming subconcession. In September 2022, in connection with the June 2022 extension of the term of its gaming subconcession to December 31, 2022, MGM Grand Paradise increased its bank guarantee to the government of Macau to the amount of MOP 880 million (approximately \$109 million as of September 30, 2022).

Bellagio BREIT Venture shortfall guarantee. The Company provides a shortfall guarantee of the \$3.01 billion principal amount of indebtedness (and any interest accrued and unpaid thereon) of Bellagio BREIT Venture, which matures in 2029. The terms of the shortfall guarantee provide that after the lenders have exhausted certain remedies to collect on the obligations under the indebtedness, the Company would then be responsible for any shortfall between the value of the collateral, which is the real estate assets of Bellagio owned by Bellagio BREIT Venture, and the debt obligation. This guarantee is accounted for under ASC 460 at fair value; such value is immaterial.

VICI BREIT Venture shortfall guarantee. The Company provides a shortfall guarantee of the \$3.0 billion principal amount of indebtedness (and any interest accrued and unpaid thereon) of VICI BREIT Venture, which has an initial term of 12 years, maturing in 2032, with an anticipated repayment date of March 2030. The terms of the shortfall guarantee provide that after the lenders have exhausted certain remedies to collect on the obligations under the indebtedness, the Company would then be responsible for any shortfall between the value of the collateral, which is the real estate assets of Mandalay Bay and MGM Grand Las Vegas, owned by VICI BREIT Venture, and the debt obligation. This guarantee is accounted for under ASC 460 at fair value; such value is immaterial.

NOTE 11 — EARNINGS PER SHARE

The table below reconciles basic and diluted earnings per share of common stock. Diluted weighted-average common and common equivalent shares include adjustments for potential dilution of share-based awards outstanding under the Company's stock compensation plan.

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|--------------|------------------------------------|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| <i>(In thousands)</i> | | | | |
| Numerator: | | | | |
| Net income (loss) attributable to MGM Resorts International | \$ (576,830) | \$ 1,350,433 | \$ 1,189,091 | \$ 1,123,357 |
| Adjustment related to redeemable noncontrolling interests | 8,043 | (7,580) | (13,355) | (54,019) |
| Net income (loss) attributable to common stockholders – basic and diluted | \$ (568,787) | \$ 1,342,853 | \$ 1,175,736 | \$ 1,069,338 |
| Denominator: | | | | |
| Weighted-average common shares outstanding – basic | 393,295 | 478,405 | 417,686 | 487,509 |
| Potential dilution from share-based awards | — | 5,810 | 4,084 | 5,675 |
| Weighted-average common and common equivalent shares – diluted | 393,295 | 484,215 | 421,770 | 493,184 |
| Antidilutive share-based awards excluded from the calculation of diluted earnings per share | 5,258 | 77 | 591 | 32 |

NOTE 12 — STOCKHOLDERS' EQUITY

MGM Resorts International dividends. On November 2, 2022 the Company's Board of Directors approved a quarterly dividend of \$0.0025 per share that will be payable on December 15, 2022 to holders of record on December 9, 2022.

MGM Resorts International stock repurchase plan. The Company's Board of Directors authorized a \$2.0 billion stock repurchase plan in March 2022 and a \$3.0 billion stock repurchase plan in February 2020. Under the stock repurchase plans, the Company may repurchase shares from time to time in the open market or in privately negotiated agreements. Repurchases of common stock may also be made under a Rule 10b5-1 plan, which would permit common stock to be repurchased when the Company might otherwise be precluded from doing so under insider trading laws. The timing, volume and nature of stock repurchases will be at the sole discretion of management, dependent on market conditions, applicable securities laws, and other factors, and may be suspended or discontinued at any time.

During the three months ended September 30, 2021, the Company repurchased approximately 17 million shares of its common stock at an average price of \$39.89 per share for an aggregate amount of \$687 million. During the nine months ended September 30, 2021, the Company repurchased approximately 26 million shares of its common stock at an average price of \$39.56 per share for an aggregate amount of \$1.0 billion. Repurchased shares were retired.

During the three months ended September 30, 2022, the Company repurchased approximately 10 million shares of its common stock at an average price of \$30.69 per share for an aggregate amount of \$307 million. During the nine months ended September 30, 2022, the Company repurchased approximately 66 million shares of its common stock at an average price of \$36.87 per share for an aggregate amount of \$2.4 billion, which included the February 2022 repurchase of 4.5 million shares at a price of \$45.00 per share for an aggregate amount of \$202.5 million from funds managed by Corvex Management LP, a related party. In connection with these repurchases, the February 2020 \$3.0 billion stock repurchase plan was completed. Repurchased shares were retired. The remaining availability under the March 2022 \$2.0 billion stock repurchase plan was \$827 million as of September 30, 2022.

Subsequent to the quarter ended September 30, 2022, the Company repurchased 6 million shares of its common stock at an average price of \$31.76 per share for an aggregate amount of \$183 million. Repurchased shares were retired.

Accumulated other comprehensive loss. Changes in accumulated other comprehensive loss attributable to MGM Resorts International are as follows:

| | Currency Translation Adjustments | Cash Flow Hedges | Other | Total |
|--|--|------------------|---------------|--------------------|
| <i>(In thousands)</i> | | | | |
| Balances, July 1, 2022 | \$ (17,800) | \$ — | \$ 858 | \$ (16,942) |
| Other comprehensive loss, net of tax | (17,563) | — | — | (17,563) |
| Other comprehensive loss attributable to noncontrolling interest | 675 | — | — | 675 |
| Balances, September 30, 2022 | <u>\$ (34,688)</u> | <u>\$ —</u> | <u>\$ 858</u> | <u>\$ (33,830)</u> |
| Balances, January 1, 2022 | \$ (907) | \$ (41,634) | \$ 17,925 | \$ (24,616) |
| Other comprehensive income (loss) before reclassifications | (45,357) | 30,692 | — | (14,665) |
| Amounts reclassified from accumulated other comprehensive loss to interest expense | — | 7,000 | — | 7,000 |
| Other comprehensive income (loss), net of tax | (45,357) | 37,692 | — | (7,665) |
| Other changes in accumulated other comprehensive loss: | | | | |
| Deconsolidation of MGP | — | 28,151 | (17,067) | 11,084 |
| Changes in accumulated other comprehensive loss | (45,357) | 65,843 | (17,067) | 3,419 |
| Other comprehensive loss (income) attributable to noncontrolling interest | 11,576 | (24,209) | — | (12,633) |
| Balances, September 30, 2022 | <u>\$ (34,688)</u> | <u>\$ —</u> | <u>\$ 858</u> | <u>\$ (33,830)</u> |

NOTE 13 — SEGMENT INFORMATION

The Company's management views each of its casino resorts as an operating segment. Operating segments are aggregated based on their similar economic characteristics, types of customers, types of services and products provided, the regulatory environments in which they operate and their management and reporting structure. The Company has aggregated its operating segments into the following reportable segments: Las Vegas Strip Resorts, Regional Operations and MGM China.

Las Vegas Strip Resorts. Las Vegas Strip Resorts consists of the following casino resorts: Aria (including Vdara) (upon acquisition in September 2021), Bellagio, The Cosmopolitan (upon acquisition in May 2022), MGM Grand Las Vegas (including The Signature), Mandalay Bay (including Delano and Four Seasons), The Mirage, Luxor, New York-New York (including The Park), Excalibur, and Park MGM (including NoMad Las Vegas).

Regional Operations. Regional Operations consists of the following casino resorts: MGM Grand Detroit in Detroit, Michigan; Beau Rivage in Biloxi, Mississippi; Gold Strike Tunica in Tunica, Mississippi; Borgata in Atlantic City, New Jersey; MGM National Harbor in Prince George's County, Maryland; MGM Springfield in Springfield, Massachusetts; Empire City in Yonkers, New York; and MGM Northfield Park in Northfield Park, Ohio.

MGM China. MGM China consists of MGM Macau and MGM Cotai.

The Company's operations related to LeoVegas (upon acquisition in September 2022), investments in unconsolidated affiliates, and certain other corporate operations and management services have not been identified as separate reportable segments; therefore, these operations are included in "Corporate and other" in the following segment disclosures to reconcile to consolidated results.

Adjusted Property EBITDAR is the Company's reportable segment GAAP measure, which management utilizes as the primary profit measure for its reportable segments and underlying operating segments. Adjusted Property EBITDAR is a measure defined as earnings before interest and other non-operating income (expense), taxes, depreciation and amortization, preopening and start-up expenses, property transactions, net, gain on REIT transactions, net, rent expense related to triple-net operating leases and ground leases, income from unconsolidated affiliates related to investments in real estate ventures, and also excludes gain on consolidation of CityCenter, net, gain related to CityCenter's sale of Harmon land recorded within income from unconsolidated affiliates, corporate expense and stock compensation expense, which are not allocated to each operating segment, and rent expense related to the master lease with MGP that eliminated in consolidation.

The following tables present the Company's segment information:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|---------------------|------------------------------------|---------------------|
| | 2022 | 2021 | 2022 | 2021 |
| <i>(In thousands)</i> | | | | |
| Net revenue | | | | |
| Las Vegas Strip Resorts | | | | |
| Casino | \$ 575,868 | \$ 422,541 | \$ 1,549,690 | \$ 1,008,108 |
| Rooms | 735,653 | 403,010 | 1,916,949 | 846,053 |
| Food and beverage | 599,846 | 308,522 | 1,544,886 | 614,572 |
| Entertainment, retail and other | 389,655 | 246,894 | 1,089,565 | 461,766 |
| | <u>2,301,022</u> | <u>1,380,967</u> | <u>6,101,090</u> | <u>2,930,499</u> |
| Regional Operations | | | | |
| Casino | 721,192 | 719,630 | 2,159,010 | 2,024,149 |
| Rooms | 84,754 | 70,766 | 211,780 | 160,269 |
| Food and beverage | 115,432 | 92,148 | 312,621 | 211,661 |
| Entertainment, retail and other, and reimbursed costs | 52,557 | 42,579 | 141,022 | 96,677 |
| | <u>973,935</u> | <u>925,123</u> | <u>2,824,433</u> | <u>2,492,756</u> |
| MGM China | | | | |
| Casino | 70,325 | 252,445 | 422,476 | 784,984 |
| Rooms | 6,989 | 16,683 | 30,472 | 47,585 |
| Food and beverage | 7,703 | 15,808 | 36,084 | 50,323 |
| Entertainment, retail and other | 2,469 | 4,123 | 9,841 | 13,152 |
| | <u>87,486</u> | <u>289,059</u> | <u>498,873</u> | <u>896,044</u> |
| Reportable segment net revenues | <u>3,362,443</u> | <u>2,595,149</u> | <u>9,424,396</u> | <u>6,319,299</u> |
| Corporate and other | <u>53,629</u> | <u>112,390</u> | <u>110,873</u> | <u>303,949</u> |
| | <u>\$ 3,416,072</u> | <u>\$ 2,707,539</u> | <u>\$ 9,535,269</u> | <u>\$ 6,623,248</u> |
| Adjusted Property EBITDAR | | | | |
| Las Vegas Strip Resorts | \$ 846,355 | \$ 534,548 | \$ 2,265,256 | \$ 1,039,472 |
| Regional Operations | 321,984 | 348,234 | 975,113 | 908,564 |
| MGM China | (70,410) | 6,996 | (148,157) | 20,352 |
| Reportable segment Adjusted Property EBITDAR | <u>1,097,929</u> | <u>889,778</u> | <u>3,092,212</u> | <u>1,968,388</u> |
| Other operating income (expense) | | | | |
| Corporate and other, net | (148,120) | (124,745) | (552,265) | (368,713) |
| Preopening and start-up expenses | (396) | (1,547) | (1,372) | (1,642) |
| Property transactions, net | 11,639 | (3,677) | (23,704) | (842) |
| Depreciation and amortization | (1,405,520) | (279,403) | (2,060,413) | (853,579) |
| Gain on REIT transactions, net | — | — | 2,277,747 | — |
| Gain on consolidation of CityCenter, net | — | 1,562,329 | — | 1,562,329 |
| Triple-net operating lease and ground lease rent expense | (604,193) | (191,622) | (1,350,099) | (570,851) |
| Gain related to sale of Harmon land - unconsolidated affiliate | — | — | — | 49,755 |
| Income from unconsolidated affiliates related to real estate ventures | 2,690 | 41,669 | 59,162 | 125,007 |
| Operating income (loss) | <u>(1,045,971)</u> | <u>1,892,782</u> | <u>1,441,268</u> | <u>1,909,852</u> |
| Non-operating income (expense) | | | | |
| Interest expense, net of amounts capitalized | (125,172) | (200,049) | (457,822) | (598,116) |
| Non-operating items from unconsolidated affiliates | (995) | (23,421) | (22,248) | (67,473) |
| Other, net | (14,316) | (49,241) | (23,322) | 70,302 |
| | <u>(140,483)</u> | <u>(272,711)</u> | <u>(503,392)</u> | <u>(595,287)</u> |
| Income (loss) before income taxes | <u>(1,186,454)</u> | <u>1,620,071</u> | <u>937,876</u> | <u>1,314,565</u> |
| Benefit (provision) for income taxes | 125,367 | (282,135) | (411,131) | (222,263) |
| Net income (loss) | <u>(1,061,087)</u> | <u>1,337,936</u> | <u>526,745</u> | <u>1,092,302</u> |
| Less: Net loss attributable to noncontrolling interests | 484,257 | 12,497 | 662,346 | 31,055 |
| Net income (loss) attributable to MGM Resorts International | <u>\$ (576,830)</u> | <u>\$ 1,350,433</u> | <u>\$ 1,189,091</u> | <u>\$ 1,123,357</u> |

NOTE 14 — RELATED PARTY TRANSACTIONS

MGP

Prior to the closing of the VICI Transaction, the Company leased the real estate assets of The Mirage, Luxor, New York-New York, Park MGM, Excalibur, The Park, Gold Strike Tunica, MGM Grand Detroit, Beau Rivage, Borgata, Empire City, MGM National Harbor, MGM Northfield Park, and MGM Springfield pursuant to a master lease with MGP.

The annual cash rent payments under the MGP master lease for the seventh lease year, which commenced on April 1, 2022, increased to \$877 million from \$873 million, due to the sixth 2% annual base rent escalator that went into effect on April 1, 2022, as the tenant and operating subsidiary sublessee, collectively, met the adjusted net revenue to rent ratio on which such escalator was contingent, which increased annual cash rent by \$16 million, partially offset by the percentage rent reset that went into effect on April 1, 2022, calculated based on the percentage of average actual annual net revenue of the leased properties during the preceding five year period, which decreased annual cash rent by \$12 million.

All intercompany transactions, including transactions under the MGP master lease, were eliminated in the Company's consolidation of MGP. The public ownership of MGP's Class A shares was recognized as noncontrolling interests in the Company's consolidated financial statements.

In April 2022, the Company completed the VICI Transaction, which resulted in the deconsolidation of MGP, including its investment in the VICI BREIT Venture. Refer to Note 3 for additional information on the VICI Transaction. As part of the transactions, the Company entered into an amended and restated master lease with VICI. Refer to Note 9 for further discussion on the master lease with VICI.

Bellagio BREIT Venture

The Company has a 5% ownership interest in Bellagio BREIT Venture, which owns the real estate assets of Bellagio and leases such assets to a subsidiary of the Company pursuant to a lease agreement. Refer to Note 9 for further information related to the Bellagio lease.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

This management’s discussion and analysis of financial condition and results of operations contain forward-looking statements that involve risks and uncertainties. Please see “Cautionary Statement Concerning Forward-Looking Statements” for a discussion of the uncertainties, risks and assumptions that may cause our actual results to differ materially from those discussed in the forward-looking statements. This discussion should be read in conjunction with our historical financial statements and related notes thereto and the other disclosures contained elsewhere in this Quarterly Report on Form 10-Q, the audited consolidated financial statements and notes for the fiscal year ended December 31, 2021, which were included in our Form 10-K, filed with the Securities and Exchange Commission (“SEC”) on February 25, 2022. The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods. MGM Resorts International together with its subsidiaries may be referred to as “we,” “us” or “our.” MGM China Holdings Limited together with its subsidiaries is referred to as “MGM China.” MGM Growth Properties LLC together with its subsidiaries is referred to as “MGP.”

Description of our business

Our primary business is the operation of casino resorts, which offer gaming, hotel, convention, dining, entertainment, retail and other resort amenities. We operate several of the finest casino resorts in the world and we continually reinvest in our resorts to maintain our competitive advantage. Most of our revenue is cash-based, through customers wagering with cash or paying for non-gaming services with cash or credit cards. We rely on the ability of our resorts to generate operating cash flow to fund capital expenditures, provide excess cash flow for future development, repay debt financings, and return capital to our shareholders. We make significant investments in our resorts through newly remodeled hotel rooms, restaurants, entertainment and nightlife offerings, as well as other new features and amenities. We also offer online gaming and sports betting through LeoVegas, our consolidated subsidiary, as well as through BetMGM, our unconsolidated affiliate.

Impact of COVID-19 - Update

As of September 30, 2022, all of our domestic properties were open and not subject to operating restrictions; however, travel and business volume were negatively affected in the early part of the first quarter of 2022 due to the spread of the omicron variant.

Macau is currently operating under a “dynamic zero” COVID-19 policy, as is mainland China. Our properties in Macau were open during the first half of 2022, however, gaming operations were temporarily suspended on July 11, 2022 due to an increase in the number of COVID-19 cases in Macau and resumed on July 23, 2022, subject to certain continuing health safeguards. On October 30, 2022, a COVID-19 case was identified as connected to MGM Cotai. All guests and staff were isolated until November 1, 2022 and all gaming, hotel, restaurant, and retail operations were suspended with limited operations expected to resume beginning November 3, 2022. More broadly, electronic applications for individual and group travel visas to Macau resumed on November 1, 2022, however, several travel and entry restrictions in Macau and mainland China remain in place, including COVID-19 testing and certain quarantine requirements, which have significantly impacted visitation to our Macau properties. Although gaming operations in Macau have resumed and certain restrictions on visa applications have been lifted, protective and operational measures have had a negative effect on MGM China’s operations. The extent and timing of further closures of MGM China’s properties, limitations of operations, or whether further travel restrictions to or from Macau will be implemented is uncertain if there is an increase or continued spread of COVID-19.

Other Developments

In April 2022, we completed the VICI Transaction in a stock-for-stock transaction. In connection with the transaction, VICI OP redeemed the majority of our VICI OP units for cash consideration of \$4.4 billion, with us retaining an approximate 1% ownership interest in VICI OP. MGP’s Class B share that was previously held by us was cancelled. Accordingly, we no longer hold a controlling interest in MGP and deconsolidated MGP upon the closing of the transactions. In connection with the VICI Transaction, we entered into an amended and restated master lease with VICI. See Note 3 and Note 9 in the accompanying consolidated financial statements for discussion of the transaction and lease, respectively.

In May 2022, we acquired the operations of The Cosmopolitan for cash consideration of \$1.625 billion, plus working capital adjustments for a total purchase price of approximately \$1.7 billion. Additionally, we entered into a lease

agreement for the real estate assets of The Cosmopolitan. See Note 3 and Note 9 in the accompanying consolidated financial statements for discussion of the transaction and lease, respectively.

In June 2022, the Macau government enacted a new gaming law that provides for material changes to the legal form of gaming concessions in Macau, including discontinuing and prohibiting gaming subconcessions subsequent to their expiration, and also includes material changes to the rights and obligations provided for under the new gaming concessions to be awarded in the upcoming public tender, such as limiting the term of concessions to a maximum of 10 years.

As a result, we reassessed the useful life of the MGM Grand Paradise gaming subconcession intangible asset and reduced the useful life to align with the contractual term of the subconcession, which expires on December 31, 2022, thereby accelerating the recognition of amortization within our statements of operations. See Note 1 and Note 6 in the accompanying consolidated financial statements for further discussion.

Certain events relating to the loss, termination, rescission, revocation or modification of MGM Grand Paradise's ability to game in Macau, where such events have a material adverse effect on the financial condition, business, properties, or results of operations of MGM China, taken as a whole, may result in a special put option triggering event under MGM China's senior notes and in an event of default under MGM China's revolving credit facilities. Management cannot provide any assurance that it will be able to obtain a gaming concession in the public tender; however, management submitted its bid on September 14, 2022, and believes that MGM Grand Paradise will be successful in obtaining a gaming concession. For a description of certain risks applicable to MGM Grand Paradise's subconcession and related matters, refer to our Annual Report on Form 10-K for the year ended December 31, 2021 under the heading "Risk Factors—Risks Related to Our Macau Operations."

In September 2022, we acquired LeoVegas through a tender offer at a cash price of SEK 61 per share, for a total fair value of equity interests acquired of approximately \$556 million, inclusive of cash settlement of equity awards. See Note 3 in the accompanying consolidated financial statements for discussion of this transaction.

Pending Transactions

On December 13, 2021, we entered into an agreement to sell the operations of The Mirage to an affiliate of Hard Rock for cash consideration of \$1.075 billion, subject to certain purchase price adjustments. Upon closing, the master lease between us and VICI will be amended to remove The Mirage and reflect a \$90 million reduction in annual cash rent. See Note 3 in the accompanying consolidated financial statements for discussion of the transaction.

On June 9, 2022, we entered into an agreement to sell the operations of Gold Strike Tunica to CNE for cash consideration of \$450 million, subject to certain purchase price adjustments. Upon closing, the master lease between us and VICI will be amended to remove Gold Strike Tunica and reflect a \$40 million reduction in annual cash rent. See Note 3 in the accompanying consolidated financial statements for discussion of the transaction.

Key Performance Indicators

Key performance indicators related to gaming and hotel revenue are:

- Gaming revenue indicators: table games drop and slots handle (volume indicators); "win" or "hold" percentage, which is not fully controllable by us. Our normal table games hold percentage at our Las Vegas Strip Resorts is in the range of 25.0% to 35.0% of table games drop for Baccarat and 19.0% to 23.0% for non-Baccarat however, reduced gaming volumes as a result of the pandemic could cause volatility in our hold percentages; and
- Hotel revenue indicators (for Las Vegas Strip Resorts) – hotel occupancy (a volume indicator); average daily rate ("ADR," a price indicator); and revenue per available room ("REVPAR," a summary measure of hotel results, combining ADR and occupancy rate). Our calculation of ADR, which is the average price of occupied rooms per day, includes the impact of complimentary rooms. Complimentary room rates are determined based on standalone selling price. Because the mix of rooms provided on a complimentary basis, particularly to casino customers, includes a disproportionate suite component, the composite ADR including complimentary rooms is slightly higher than the ADR for cash rooms, reflecting the higher retail value of suites. Rooms that were out of service during the nine months ended September 30, 2021 as a result of property closures due to the pandemic were excluded from the available room count when calculating hotel occupancy and REVPAR.

Additional key performance indicators at MGM China are:

- Gaming revenue indicators - MGM China utilizes “turnover,” which is the sum of nonnegotiable chip wagers won by MGM China calculated as nonnegotiable chips purchased plus nonnegotiable chips exchanged less nonnegotiable chips returned. Turnover provides a basis for measuring VIP casino win percentage. Win for VIP gaming operations at MGM China is typically in the range of 2.6% to 3.3% of turnover however, reduced gaming volumes as a result of the pandemic could cause volatility in MGM China’s hold percentages.

Results of Operations

Summary Operating Results

Certain of our properties or portions thereof were temporarily closed due to COVID-19 during the comparative periods in 2021 as follows:

- Park MGM and Mandalay Bay’s hotel tower operations were closed midweek and full week hotel operations resumed March 3, 2021.
- The Mirage’s hotel tower operations were closed midweek, with the entire property closed midweek starting January 4, 2021, and re-opened on March 3, 2021.
- MGM Springfield’s hotel was closed and partial hotel operations resumed with midweek closures on March 5, 2021. Full hotel operations resumed on December 13, 2021.
- MGM Grand Detroit’s hotel tower operations were closed and resumed on February 9, 2021.

The following table summarizes our consolidated operating results:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|--------------|------------------------------------|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| | <i>(In thousands)</i> | | | |
| Net revenues | \$ 3,416,072 | \$ 2,707,539 | \$ 9,535,269 | \$ 6,623,248 |
| Operating income | (1,045,971) | 1,892,782 | 1,441,268 | 1,909,852 |
| Net income (loss) | (1,061,087) | 1,337,936 | 526,745 | 1,092,302 |
| Net income (loss) attributable to MGM Resorts International | (576,830) | 1,350,433 | 1,189,091 | 1,123,357 |

Consolidated net revenues were \$3.4 billion for the three months ended September 30, 2022 compared to \$2.7 billion in the prior year quarter, an increase of 26%. The current quarter benefited from the inclusion of the net revenues of The Cosmopolitan and a full quarter of net revenues related to Aria as well as from comparative increases in business volume and travel activity at our domestic resorts, primarily at our Las Vegas Strip Resorts. At MGM China, the current and prior year quarters were significantly impacted by travel and entry restrictions in Macau due to the impact of COVID-19 with the current quarter being negatively affected by property closures and more significantly impacted by restrictions compared to the prior quarter. As a result, net revenues at our Las Vegas Strip Resorts increased 67%, Regional Operations increased 5%, and MGM China decreased 70% compared to the prior year quarter.

Consolidated operating loss was \$1.0 billion for the three months ended September 30, 2022 compared to operating income of \$1.9 billion in the prior year quarter. The current quarter reflected an increase in depreciation and amortization expense, an increase in rent expense recorded within general and administrative expense for the Aria, VICI, and The Cosmopolitan leases, which commenced in September 2021, April 2022, and May 2022, respectively, and a decrease in income from unconsolidated affiliates, partially offset by the increase in net revenues, as discussed above. In addition, the prior year quarter benefited from the gain on consolidation of CityCenter, net of \$1.6 billion. Depreciation and amortization expense increased \$1.1 billion compared to the prior year quarter, due primarily to the change in useful life of the MGM Grand Paradise gaming subconcession.

Consolidated net revenues were \$9.5 billion for the nine months ended September 30, 2022 compared to \$6.6 billion in the prior year period, an increase of 44%. The current year period benefited from the inclusion of The Cosmopolitan and a full year of net revenues related to Aria. The current year period was initially negatively affected by a decrease in business volume and travel due to the spread of the omicron variant in the early part of the period, however, business

volumes subsequently improved at our domestic resorts with a significant increase primarily at our Las Vegas Strip Resorts over the prior year period, which was negatively affected by midweek property and hotel closures, lower travel activity, and operational restrictions due to the COVID-19 pandemic. At MGM China, the current and prior year period were significantly impacted by travel and entry restrictions in Macau with the current year period being negatively affected by property closures and more significantly impacted by restrictions related to the COVID-19 pandemic compared to the prior year period. As a result, net revenues at our Las Vegas Strip Resorts increased 108%, Regional Operations increased 13%, and MGM China decreased 44% compared to the prior year period.

Consolidated operating income was \$1.4 billion for the nine months ended September 30, 2022 compared to \$1.9 billion in the prior year period. The current year period benefited from a \$2.3 billion gain related to the VICI Transaction and the increase in net revenues, as discussed above, partially offset by an increase in rent expense recorded within general and administrative expense for the Aria, VICI, and The Cosmopolitan leases, which commenced in September 2021, April 2022, and May 2022, respectively, an increase in depreciation and amortization expense, and a decrease in income from unconsolidated affiliates. The prior year period benefited from the gain on consolidation of CityCenter, net of \$1.6 billion. Depreciation and amortization expense increased \$1.2 billion compared to the prior year period, due primarily to the change in useful life of the MGM Grand Paradise gaming subconcession.

Net Revenues by Segment

The following table presents a detail by segment of net revenues:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|---------------------|------------------------------------|---------------------|
| | 2022 | 2021 | 2022 | 2021 |
| <i>(In thousands)</i> | | | | |
| Las Vegas Strip Resorts | | | | |
| Casino | \$ 575,868 | \$ 422,541 | \$ 1,549,690 | \$ 1,008,108 |
| Rooms | 735,653 | 403,010 | 1,916,949 | 846,053 |
| Food and beverage | 599,846 | 308,522 | 1,544,886 | 614,572 |
| Entertainment, retail and other | 389,655 | 246,894 | 1,089,565 | 461,766 |
| | <u>2,301,022</u> | <u>1,380,967</u> | <u>6,101,090</u> | <u>2,930,499</u> |
| Regional Operations | | | | |
| Casino | 721,192 | 719,630 | 2,159,010 | 2,024,149 |
| Rooms | 84,754 | 70,766 | 211,780 | 160,269 |
| Food and beverage | 115,432 | 92,148 | 312,621 | 211,661 |
| Entertainment, retail and other, and reimbursed costs | 52,557 | 42,579 | 141,022 | 96,677 |
| | <u>973,935</u> | <u>925,123</u> | <u>2,824,433</u> | <u>2,492,756</u> |
| MGM China | | | | |
| Casino | 70,325 | 252,445 | 422,476 | 784,984 |
| Rooms | 6,989 | 16,683 | 30,472 | 47,585 |
| Food and beverage | 7,703 | 15,808 | 36,084 | 50,323 |
| Entertainment, retail and other | 2,469 | 4,123 | 9,841 | 13,152 |
| | <u>87,486</u> | <u>289,059</u> | <u>498,873</u> | <u>896,044</u> |
| Reportable segment net revenues | <u>3,362,443</u> | <u>2,595,149</u> | <u>9,424,396</u> | <u>6,319,299</u> |
| Corporate and other | 53,629 | 112,390 | 110,873 | 303,949 |
| | <u>\$ 3,416,072</u> | <u>\$ 2,707,539</u> | <u>\$ 9,535,269</u> | <u>\$ 6,623,248</u> |

Las Vegas Strip Resorts

Las Vegas Strip Resorts casino revenue was \$576 million for the three months ended September 30, 2022 compared to \$423 million in the prior year quarter, an increase of 36%, due primarily to the inclusion of The Cosmopolitan and a full quarter of casino revenue related to Aria, and increases in business volume and travel activity in the current year quarter.

Las Vegas Strip Resorts casino revenue was \$1.5 billion for the nine months ended September 30, 2022 compared to \$1.0 billion in the prior year period, an increase of 54%, due primarily to the inclusion of The Cosmopolitan and a full year of casino revenue related to Aria and was negatively affected by a decrease in business volume and travel due to the spread of the omicron variant in the early part of the current year period; however, business volumes subsequently improved with a significant increase over the prior year period, which was negatively affected by midweek property and hotel closures, lower travel activity, and operational restrictions due to the pandemic.

The following table shows key gaming statistics for our Las Vegas Strip Resorts:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|------------------------------|-------------------------------------|----------|------------------------------------|----------|
| | 2022 | 2021 | 2022 | 2021 |
| <i>(Dollars in millions)</i> | | | | |
| Table games drop | \$ 1,604 | \$ 917 | \$ 4,235 | \$ 2,223 |
| Table games win | \$ 389 | \$ 251 | \$ 1,015 | \$ 552 |
| Table games win % | 24.3 % | 27.4 % | 24.0 % | 24.8 % |
| Slots handle | \$ 6,193 | \$ 3,863 | \$ 16,144 | \$ 9,804 |
| Slots win | \$ 577 | \$ 369 | \$ 1,502 | \$ 932 |
| Slots win % | 9.3 % | 9.6 % | 9.3 % | 9.5 % |

Las Vegas Strip Resorts rooms revenue was \$736 million for the three months ended September 30, 2022 compared to \$403 million in the prior year quarter, an increase of 83%. The current year quarter benefited from the inclusion of The Cosmopolitan and a full quarter of revenues from Aria and an increase in REVPAR due to an increase in occupancy and ADR as a result of an increase in business volume and travel activity in the current year quarter.

Las Vegas Strip Resorts rooms revenue was \$1.9 billion for the nine months ended September 30, 2022 compared to \$846 million in the prior year period, an increase of 127%. The current year period benefited from the inclusion of The Cosmopolitan and a full year of revenues from Aria. Although operations were initially negatively affected by the omicron variant in the early part of the period, REVPAR increased significantly due to an increase in occupancy and ADR as business volume and travel activity improved in the current year period.

The following table shows key hotel statistics for our Las Vegas Strip Resorts:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|--------|------------------------------------|--------|
| | 2022 | 2021 | 2022 | 2021 |
| Occupancy ⁽¹⁾ | 93 % | 82 % | 88 % | 69 % |
| Average daily rate (ADR) | \$ 227 | \$ 181 | \$ 218 | \$ 158 |
| Revenue per available room (REVPAR) ⁽¹⁾ | \$ 210 | \$ 148 | \$ 192 | \$ 109 |

(1) Rooms that were out of service, including midweek closures, during the nine months ended September 30, 2021 due to the COVID-19 pandemic were excluded from the available room count when calculating hotel occupancy and REVPAR.

Las Vegas Strip Resorts food and beverage revenue was \$600 million for the three months ended September 30, 2022 compared to \$309 million in the prior year quarter, an increase of 94%, and Las Vegas Strip Resorts entertainment, retail and other revenues were \$390 million for the three months ended September 30, 2022 compared to \$247 million in the prior year quarter, an increase of 58%, due primarily to the inclusion of The Cosmopolitan and a full quarter of revenues from Aria and an increase in business volume and travel activity in the current year quarter.

Las Vegas Strip Resorts food and beverage revenue was \$1.5 billion for the nine months ended September 30, 2022 compared to \$615 million in the prior year period, an increase of 151%, and Las Vegas Strip Resorts entertainment, retail and other revenues were \$1.1 billion for the nine months ended September 30, 2022 compared to \$462 million in the prior

year period, an increase of 136%, due primarily to the inclusion of The Cosmopolitan and a full year of revenues from Aria. The current year period was initially negatively affected by the omicron variant in the early part of the period; however, business volume and travel activity subsequently improved with a significant increase over the prior year period, which was negatively impacted by temporary midweek property and hotel tower closures at certain properties, lower business and travel activity, and operational restrictions related to the pandemic.

Regional Operations

Regional Operations casino revenue was \$721 million for the three months ended September 30, 2022 compared to \$720 million in the prior year quarter, flat compared to the prior year quarter, and \$2.2 billion for the nine months ended September 30, 2022 compared to \$2.0 billion in the prior year period, an increase of 7%, due primarily to table games win increasing 12% over the prior year period and slots win increasing 11% over the prior year period, as the prior year period was negatively affected by midweek hotel closures at certain properties and operational restrictions related to the pandemic primarily during the first quarter of 2021.

The following table shows key gaming statistics for our Regional Operations:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|-------------------|-------------------------------------|----------|------------------------------------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| | <i>(Dollars in millions)</i> | | | |
| Table games drop | \$ 1,152 | \$ 1,080 | \$ 3,263 | \$ 2,861 |
| Table games win | \$ 217 | \$ 214 | \$ 660 | \$ 590 |
| Table games win % | 18.8 % | 19.8 % | 20.2 % | 20.6 % |
| Slots handle | \$ 7,426 | \$ 6,900 | \$ 21,190 | \$ 18,797 |
| Slots win | \$ 703 | \$ 661 | \$ 2,016 | \$ 1,810 |
| Slots win % | 9.5 % | 9.6 % | 9.5 % | 9.6 % |

Regional Operations rooms revenue was \$85 million for the three months ended September 30, 2022 compared to \$71 million in the prior year quarter, an increase of 20%, due to increased business volume and travel activity over the prior year quarter.

Regional Operations rooms revenue was \$212 million for the nine months ended September 30, 2022 compared to \$160 million in the prior year period, an increase of 32%, due to an increase in business volume and travel activity over the prior year period, which was negatively affected by midweek hotel closures at certain properties and operational restrictions related to the pandemic primarily during the first quarter of 2021.

Regional Operations food and beverage revenue was \$115 million for the three months ended September 30, 2022 compared to \$92 million in the prior year quarter, an increase of 25%, and Regional Operations entertainment, retail and other revenue, and reimbursed costs was \$53 million for the three months ended September 30, 2022 compared to \$43 million in the prior year quarter, an increase of 23%, due primarily to increased business volume compared to the prior quarter.

Regional Operations food and beverage revenue was \$313 million for the nine months ended September 30, 2022 compared to \$212 million in the prior year period, an increase of 48% and Regional Operations entertainment, retail and other revenue, and reimbursed costs was \$141 million for the nine months ended September 30, 2022 compared to \$97 million in the prior year period, an increase of 46%, due primarily to increased business volume and the prior year period being negatively affected by operational restrictions related to pandemic.

MGM China

The following table shows key gaming statistics for MGM China:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|------------------------------|-------------------------------------|----------|------------------------------------|----------|
| | 2022 | 2021 | 2022 | 2021 |
| | <i>(Dollars in millions)</i> | | | |
| VIP table games turnover | \$ 328 | \$ 1,800 | \$ 1,975 | \$ 6,763 |
| VIP table games win | \$ 8 | \$ 72 | \$ 55 | \$ 221 |
| VIP table games win % | 2.6 % | 4.0 % | 2.8 % | 3.3 % |
| Main floor table games drop | \$ 352 | \$ 1,042 | \$ 1,874 | \$ 3,344 |
| Main floor table games win | \$ 75 | \$ 222 | \$ 420 | \$ 704 |
| Main floor table games win % | 21.4 % | 21.3 % | 22.4 % | 21.0 % |

MGM China net revenues were \$87 million for the three months ended September 30, 2022 compared to \$289 million in the prior year quarter, a decrease of 70%, and \$499 million for the nine months ended September 30, 2022 compared to \$896 million in the prior year period, a decrease of 44%, due to the current and prior year period being significantly impacted by travel and entry restrictions in Macau with the current year period being negatively affected by property closures and more significantly impacted by restrictions related to the COVID-19 pandemic.

Corporate and other

Corporate and other revenue in the current year periods primarily includes revenues from LeoVegas, other corporate operations, and management services. In the prior year periods, corporate and other revenue also included reimbursed costs revenue related to our CityCenter management agreement (which was terminated upon the acquisition of CityCenter in September 2021). See below for additional discussion of our share of operating results from unconsolidated affiliates.

Adjusted Property EBITDAR and Adjusted EBITDAR

The following table presents Adjusted Property EBITDAR and Adjusted EBITDAR. Adjusted Property EBITDAR is our reportable segment GAAP measure, which we utilize as the primary profit measure for our reportable segments. See Note 13 in the accompanying consolidated financial statements and “Reportable Segment GAAP measure” below for additional information. Adjusted EBITDAR is a non-GAAP measure, discussed within “Non-GAAP measures” below.

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|-------------------------|-------------------------------------|-------------------|------------------------------------|---------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | <i>(In thousands)</i> | | | |
| Las Vegas Strip Resorts | \$ 846,355 | \$ 534,548 | \$ 2,265,256 | \$ 1,039,472 |
| Regional Operations | 321,984 | 348,234 | 975,113 | 908,564 |
| MGM China | (70,410) | 6,996 | (148,157) | 20,352 |
| Corporate and other | (148,120) | (124,745) | (552,265) | (368,713) |
| Adjusted EBITDAR | <u>\$ 949,809</u> | <u>\$ 764,033</u> | <u>\$ 2,539,947</u> | <u>\$ 1,601,685</u> |

Las Vegas Strip Resorts

Las Vegas Strip Resorts Adjusted Property EBITDAR was \$846 million for the three months ended September 30, 2022 compared to \$535 million in the prior year quarter, an increase of 58%. Las Vegas Strip Resorts Adjusted Property EBITDAR margin decreased to 36.8% for the three months ended September 30, 2022 compared to 38.7% in the prior year quarter due to an increase in contribution from lower margin non-gaming outlets and venues and an increase in general and administrative expense primarily related to payroll.

Las Vegas Strip Resorts Adjusted Property EBITDAR was \$2.3 billion for the nine months ended September 30, 2022 compared to \$1.0 billion in the prior year period, an increase of 118%. Las Vegas Strip Resorts Adjusted Property EBITDAR margin increased to 37.1% for the nine months ended September 30, 2022 compared to 35.5% in the prior year period as the current year period benefited from the increase in revenues, partially offset by an increase in contribution from lower-margin non-gaming outlets and venues and an increase in general and administrative expenses primarily related to payroll and advertising.

Regional Operations

Regional Operations Adjusted Property EBITDAR was \$322 million for the three months ended September 30, 2022 compared to \$348 million in the prior year quarter, a decrease of 8%. Regional Operations Adjusted Property EBITDAR was \$975 million for the nine months ended September 30, 2022 compared to \$909 million in the prior year period, an increase of 7%. Regional Operations Adjusted Property EBITDAR margin decreased to 33.1% for the three months ended September 30, 2022 compared to 37.6% in the prior year quarter. Regional Operations Adjusted Property EBITDAR margin decreased to 34.5% for the nine months ended September 30, 2022 compared to 36.4% in the prior year period. The margin decreases were due primarily to an increase in contribution from lower margin non-gaming outlets and venues and an increase in general and administrative expense primarily related to payroll.

MGM China

MGM China Adjusted Property EBITDAR was a loss of \$70 million for the three months ended September 30, 2022 compared to Adjusted Property EBITDAR of \$7 million in the prior year quarter. The decrease was due primarily to the decrease in revenues, discussed above. License fee expense was \$2 million in the current quarter and \$5 million in the prior year quarter.

MGM China Adjusted Property EBITDAR was a loss of \$148 million for the nine months ended September 30, 2022 compared to Adjusted Property EBITDAR of \$20 million in the prior year period. The decrease was due primarily to the decrease in revenues, discussed above, and the current year period included an \$18 million charge related to litigation reserves. License fee expense was \$9 million and \$16 million for the nine months ended September 30, 2022 and 2021, respectively.

Supplemental Information - Same-store Results of Operations

The following table presents the financial results of Las Vegas Strip Resorts on a same-store basis for the three and nine months ended September 30, 2022 and 2021. Same-Store Adjusted Property EBITDAR is a non-GAAP measure, discussed within “Non-GAAP measures” below.

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|---------------------|------------------------------------|---------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | <i>(In thousands)</i> | | | |
| Las Vegas Strip Resorts net revenues | \$ 2,301,022 | \$ 1,380,967 | \$ 6,101,090 | \$ 2,930,499 |
| Acquisitions ⁽¹⁾ | (694,103) | (13,529) | (1,538,236) | (13,529) |
| Las Vegas Strip Resorts same-store net revenues | <u>\$ 1,606,919</u> | <u>\$ 1,367,438</u> | <u>\$ 4,562,854</u> | <u>\$ 2,916,970</u> |
| Las Vegas Strip Resorts Adjusted Property EBITDAR | \$ 846,355 | \$ 534,548 | \$ 2,265,256 | \$ 1,039,472 |
| Acquisitions ⁽¹⁾ | (276,055) | (5,878) | (623,607) | (5,878) |
| Las Vegas Strip Resorts Same-Store Adjusted Property EBITDAR | <u>\$ 570,300</u> | <u>\$ 528,670</u> | <u>\$ 1,641,649</u> | <u>\$ 1,033,594</u> |

(1) Excludes the net revenues and Adjusted Property EBITDAR of The Cosmopolitan and Aria.

Income (loss) from Unconsolidated Affiliates

The following table summarizes information related to our share of operating income (loss) from unconsolidated affiliates:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--------------------|-------------------------------------|------------------|------------------------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | <i>(In thousands)</i> | | | |
| CityCenter | \$ — | \$ 40,747 | \$ — | \$ 128,127 |
| VICI BREIT Venture | — | 38,959 | 51,051 | 116,876 |
| BetMGM | (23,582) | (49,060) | (186,804) | (154,275) |
| Other | 6,115 | 4,465 | 15,865 | 2,142 |
| | <u>\$ (17,467)</u> | <u>\$ 35,111</u> | <u>\$ (119,888)</u> | <u>\$ 92,870</u> |

In June 2021, CityCenter closed the sale of its Harmon land, for which we recorded a \$50 million gain within our share of operating income from unconsolidated affiliates.

In September 2021, we completed the acquisition of the 50% ownership interest in CityCenter held by Infinity World and now own 100% of the equity interest in CityCenter. Accordingly, we no longer account for our interest in CityCenter under the equity method of accounting, and we now consolidate CityCenter in our financial statements.

In April 2022, we completed the VICI Transaction pursuant to which the assets and liabilities of MGP were derecognized, which included MGP OP's investment in VICI BREIT Venture. Accordingly, we no longer have an ownership interest in VICI BREIT Venture.

Non-operating Results

Interest Expense

Gross interest expense was \$125 million and \$200 million for the three months ended September 30, 2022 and 2021, respectively, and \$458 million and \$599 million for the nine months ended September 30, 2022 and 2021, respectively. The decrease from the respective prior year periods is due primarily to a decrease in debt outstanding as a result of the derecognition of MGP OP's senior notes in connection with the deconsolidation of MGP, partially offset by an increase in the debt outstanding under MGM China's revolving credit facilities. See Note 7 to the accompanying consolidated financial statements for discussion on long-term debt and see "Liquidity and Capital Resources" for discussion on issuances and repayments of long-term debt and other sources and uses of cash.

Other, net

Other expense, net was \$14 million and \$49 million for the three months ended September 30, 2022 and 2021, respectively. The current year and prior year quarters included a net unrealized loss on equity instruments of \$20 million and \$48 million, respectively.

Other expense, net was \$23 million for the for the nine months ended September 30, 2022 compared to other income, net of \$70 million in the prior year period. The current year period included a \$28 million net unrealized loss on equity instruments. The prior year period included a \$39 million net unrealized gain on equity instruments, and a \$33 million gain on the MGP OP's unhedged interest rate swaps.

Income Taxes

Our effective income tax rate was a benefit of 10.6% on loss before income taxes and a provision of 43.8% on income before income taxes for the three and nine months ended September 30, 2022, respectively, compared to a provision of 17.4% and 16.9% on income before income taxes for the three and nine months ended September 30, 2021, respectively.

The effective rate for the three months ended September 30, 2022 was unfavorably impacted by losses in Macau that we could not benefit and an increase in state deferred tax liabilities resulting from the issuance of income tax regulations by the state of New Jersey, partially offset by a decrease in Macau deferred tax liabilities resulting from an extension of the exemption from the Macau 12% complementary tax to the end of the year.

The effective rate for the nine months ended September 30, 2022 was unfavorably impacted by losses in Macau that we could not benefit and the increase in state deferred tax liabilities as a result of the New Jersey income tax regulation issuance, partially offset by the decrease in Macau deferred tax liabilities resulting from the extension of the exemption from the Macau 12% complementary tax to the end of the year, the impact of the reassessment of the useful life of the MGM Grand Paradise gaming subconcession, and the impact of a decrease in state deferred tax liabilities as a result of the VICI Transaction.

The effective rates for the three and nine months ended September 30, 2021 were favorably impacted by tax expense recorded on the "Gain on consolidation of CityCenter, net", at an approximately 12% effective rate due to the presence of goodwill, and were unfavorably impacted by losses in Macau that we could not benefit, partially offset by the release of tax reserves in conjunction with the closure of a New Jersey state income tax audit.

Reportable segment GAAP measure

"Adjusted Property EBITDAR" is our reportable segment GAAP measure, which we utilize as the primary profit measure for our reportable segments and underlying operating segments. Adjusted Property EBITDAR is a measure defined as earnings before interest and other non-operating income (expense), taxes, depreciation and amortization, preopening and start-up expenses, property transactions, net, gain on REIT transactions, net, rent expense related to triple-net operating leases and ground leases, income from unconsolidated affiliates related to investments in real estate ventures, and also excludes gain on consolidation of CityCenter, net, gain related to CityCenter's sale of Harmon land recorded within income from unconsolidated affiliates, corporate expense and stock compensation expense, which are not allocated to each operating segment, and rent expense related to the master lease with MGP that eliminated in consolidation. We manage capital allocation, tax planning, stock compensation, and financing decisions at the corporate level. "Adjusted Property EBITDAR margin" is Adjusted Property EBITDAR divided by related segment net revenues.

Non-GAAP measures

"Same-Store Adjusted Property EBITDAR" is Adjusted Property EBITDAR further adjusted to exclude the Adjusted Property EBITDAR of acquired operating segments from the date of acquisition through the end of the reporting period. Accordingly, we have excluded the Adjusted Property EBITDAR of The Cosmopolitan for periods subsequent to its acquisition on May 17, 2022 and Aria for periods subsequent to its acquisition on September 27, 2021 in Same-Store Adjusted Property EBITDAR for the periods indicated.

Same-Store Adjusted Property EBITDAR is a non-GAAP measure and is presented solely as a supplemental disclosure to reported GAAP measures because management believes this measure is useful in providing meaningful period-to-period comparisons of the results of our operations for operating segments that were consolidated for the full period presented to assist users of the financial statements in reviewing operating performance over time. Same-Store Adjusted Property EBITDAR should not be viewed as a measure of overall operating performance, considered in isolation, or as an alternative to our reportable segment GAAP measure or net income, or as an alternative to any other measure determined in accordance with generally accepted accounting principles, because this measure is not presented on a GAAP basis, and is provided for the limited purposes discussed herein. In addition, Same-Store Adjusted Property EBITDAR may not be defined in the same manner by all companies and, as a result, may not be comparable to similarly titled non-GAAP financial measures of other companies, and such differences may be material. A reconciliation of our reportable segment Adjusted Property EBITDAR GAAP measure to Same-Store Adjusted Property EBITDAR is included herein.

"Adjusted EBITDAR" is earnings before interest and other non-operating income (expense), taxes, depreciation and amortization, preopening and start-up expenses, property transactions, net, gain on REIT transactions, net, gain on consolidation of CityCenter, net, rent expense related to triple-net operating leases and ground leases, gain related to CityCenter's sale of Harmon land recorded within income from unconsolidated affiliates, and income from unconsolidated affiliates related to investments in real estate ventures.

Adjusted EBITDAR information is a non-GAAP measure that is a valuation metric, should not be used as an operating metric, and is presented solely as a supplemental disclosure to reported GAAP measures because we believe this measure is widely used by analysts, lenders, financial institutions, and investors as a principal basis for the valuation of gaming companies. We believe that while items excluded from Adjusted EBITDAR may be recurring in nature and should not be disregarded in evaluation of our earnings performance, it is useful to exclude such items when analyzing current

results and trends. Also, we believe excluded items may not relate specifically to current trends or be indicative of future results. For example, preopening and start-up expenses will be significantly different in periods when we are developing and constructing a major expansion project and will depend on where the current period lies within the development cycle, as well as the size and scope of the project(s). Property transactions, net includes normal recurring disposals, gains and losses on sales of assets related to specific assets within our resorts, but also includes gains or losses on sales of an entire operating resort or a group of resorts and impairment charges on entire asset groups or investments in unconsolidated affiliates, which may not be comparable period over period. In addition, management excludes rent expense related to triple-net operating leases and ground leases. Management believes excluding rent expense related to triple-net operating leases and ground leases provides useful information to analysts, lenders, financial institutions, and investors when valuing the Company, as well as comparing the Company's results to other gaming companies, without regard to differences in capital structure and leasing arrangements since the operations of other gaming companies may or may not include triple-net operating leases or ground leases. However, as discussed herein, Adjusted EBITDAR should not be viewed as a measure of overall operating performance, an indicator of our performance, considered in isolation, or construed as an alternative to operating income or net income, or as an alternative to cash flows from operating activities, as a measure of liquidity, or as an alternative to any other measure determined in accordance with generally accepted accounting principles because this measure is not presented on a GAAP basis and excludes certain expenses, including the rent expense related to our triple-net operating leases and ground leases, and is provided for the limited purposes discussed herein. In addition, other companies in the gaming and hospitality industries that report Adjusted EBITDAR may calculate Adjusted EBITDAR in a different manner and such differences may be material. We have significant uses of cash flows, including capital expenditures, interest payments, taxes, real estate triple-net lease and ground lease payments, and debt principal repayments, which are not reflected in Adjusted EBITDAR. A reconciliation of GAAP net income (loss) to Adjusted EBITDAR is included herein.

The following table presents a reconciliation of net income (loss) attributable to MGM Resorts International to Adjusted EBITDAR:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|--------------|------------------------------------|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| | <i>(In thousands)</i> | | | |
| Net income (loss) attributable to MGM Resorts International | \$ (576,830) | \$ 1,350,433 | \$ 1,189,091 | \$ 1,123,357 |
| Plus: Net loss attributable to noncontrolling interests | (484,257) | (12,497) | (662,346) | (31,055) |
| Net income (loss) | (1,061,087) | 1,337,936 | 526,745 | 1,092,302 |
| Provision (benefit) for income taxes | (125,367) | 282,135 | 411,131 | 222,263 |
| Income (loss) before income taxes | (1,186,454) | 1,620,071 | 937,876 | 1,314,565 |
| Non-operating (income) expense: | | | | |
| Interest expense, net of amounts capitalized | 125,172 | 200,049 | 457,822 | 598,116 |
| Non-operating items from unconsolidated affiliates | 995 | 23,421 | 22,248 | 67,473 |
| Other, net | 14,316 | 49,241 | 23,322 | (70,302) |
| | 140,483 | 272,711 | 503,392 | 595,287 |
| Operating income (loss) | (1,045,971) | 1,892,782 | 1,441,268 | 1,909,852 |
| Preopening and start-up expenses | 396 | 1,547 | 1,372 | 1,642 |
| Property transactions, net | (11,639) | 3,677 | 23,704 | 842 |
| Depreciation and amortization | 1,405,520 | 279,403 | 2,060,413 | 853,579 |
| Gain on REIT transactions, net | — | — | (2,277,747) | — |
| Gain on consolidation of CityCenter, net | — | (1,562,329) | — | (1,562,329) |
| Triple-net operating lease and ground lease rent expense | 604,193 | 191,622 | 1,350,099 | 570,851 |
| Gain related to sale of Harmon land - unconsolidated affiliate | — | — | — | (49,755) |
| Income from unconsolidated affiliates related to real estate ventures | (2,690) | (41,669) | (59,162) | (125,007) |
| Adjusted EBITDAR | <u>\$ 949,809</u> | | <u>\$ 2,539,947</u> | |

Guarantor Financial Information

As of September 30, 2022, all of our principal debt arrangements are guaranteed by each of our wholly owned material domestic subsidiaries that guarantee our senior credit facility. Our principal debt arrangements are not guaranteed by MGM Grand Detroit, MGM National Harbor, Blue Tarp reDevelopment, LLC (the entity that owns and operates MGM Springfield), and each of their respective subsidiaries. Our foreign subsidiaries, including LeoVegas, MGM China, and each of their respective subsidiaries, are also not guarantors of our principal debt arrangements. In the event that any subsidiary is no longer a guarantor of our credit facility or any of our future capital markets indebtedness, that subsidiary will be released and relieved of its obligations to guarantee our existing senior notes. The indentures governing the senior notes further provide that in the event of a sale of all or substantially all of the assets of, or capital stock in a subsidiary guarantor then such subsidiary guarantor will be released and relieved of any obligations under its subsidiary guarantee.

The guarantees provided by the subsidiary guarantors rank senior in right of payment to any future subordinated debt of ours or such subsidiary guarantors, junior to any secured indebtedness to the extent of the value of the assets securing such debt and effectively subordinated to any indebtedness and other obligations of our subsidiaries that do not guarantee the senior notes. In addition, the obligations of each subsidiary guarantor under its guarantee is limited so as not to constitute a fraudulent conveyance under applicable law, which may eliminate the subsidiary guarantor's obligations or reduce such obligations to an amount that effectively makes the subsidiary guarantee lack value.

The summarized financial information of us and our guarantor subsidiaries, on a combined basis, is presented below. Prior to the VICI Transaction, certain of our guarantor subsidiaries owned MGP OP units which were accounted for under the equity method and is reflected as such within the summarized financial information. Certain of our guarantor subsidiaries accounted for the MGP master lease as an operating lease with the operating lease liabilities, operating lease ROU assets, and related rent expense reflected within the summarized financial information. Additionally, assets held for sale and liabilities related to assets held for sale associated with The Mirage and Gold Strike Tunica are included within current assets and other current liabilities, respectively, within the summarized financial information.

| | September 30, 2022 | December 31, 2021 |
|---|-----------------------|----------------------|
| Balance Sheet | <i>(In thousands)</i> | |
| Current assets | \$ 7,377,165 | \$ 5,663,171 |
| Investment in MGP OP | — | 2,284,222 |
| MGP master lease right-of-use asset, net | — | 6,629,140 |
| Other long-term assets | 28,644,695 | 17,025,933 |
| MGP master lease operating lease liabilities – current | — | 154,287 |
| Other current liabilities | 5,217,031 | 2,752,185 |
| Intercompany accounts due to non-guarantor subsidiaries | — | 16,697 |
| MGP master lease operating lease liabilities – noncurrent | — | 7,083,505 |
| Other long-term liabilities | 28,162,590 | 18,472,138 |
| Income Statement | <i>(In thousands)</i> | |
| Net revenues | \$ | 7,660,122 |
| MGP master lease rent expense | | 429,065 |
| Operating income | | 3,648,032 |
| Income from continuing operations | | 1,235,266 |
| Net income | | 602,549 |
| Net income attributable to MGM Resorts International | | 602,549 |

Liquidity and Capital Resources

Cash Flows

Operating activities. Trends in our operating cash flows tend to follow trends in operating income, excluding non-cash charges, but can be affected by changes in working capital, the timing of significant interest payments, and tax payments or refunds. Cash provided by operating activities was \$1.3 billion in the nine months ended September 30, 2022 compared to \$887 million in the prior year period. The change from the prior year period was due primarily to the increase in Adjusted Property EBITDAR at our Las Vegas Strip Resorts and Regional Operations discussed within the Results of Operations section above, and a decrease in cash paid for interest, partially offset by an increase in triple-net lease rent payments.

Investing activities. Our investing cash flows can fluctuate significantly from year to year depending on our decisions with respect to strategic capital investments in new or existing resorts, business acquisitions or dispositions, and the timing of maintenance capital expenditures to maintain the quality of our resorts. Capital expenditures related to regular investments in our existing resorts can also vary depending on timing of larger remodel projects related to our public spaces and hotel rooms.

Cash provided by investing activities was \$1.6 billion in the nine months ended September 30, 2022 compared to \$1.7 billion in the prior year period. In the nine months ended September 30, 2022, we received \$4.4 billion in net cash proceeds related to the VICI Transaction, which were partially offset by cash paid of \$1.6 billion to acquire The Cosmopolitan, net of cash acquired, cash paid of \$280 million in connection with the LeoVegas tender offer, net of cash acquired, cash paid of \$183 million to acquire shares of LeoVegas in the open market during the tender offer period, payments of \$457 million in capital expenditures, as further discussed below, and contributions of \$200 million to our unconsolidated affiliate, BetMGM. In comparison, in the prior year period we received \$3.9 billion in net cash proceeds from the sale of the real estate of Aria and Vdara, which were partially offset by our payments of \$1.8 billion to acquire CityCenter, net of cash acquired, \$322 million in capital expenditures, as further discussed below, and contributions of \$150 million to BetMGM.

Capital Expenditures

We made capital expenditures of \$457 million in the nine months ended September 30, 2022, of which \$23 million related to MGM China. Capital expenditures at our Las Vegas Strip Resorts, Regional Operations and corporate and other entities of \$434 million primarily relate to expenditures in information technology and room remodels.

We made capital expenditures of \$322 million in the nine months ended September 30, 2021, of which \$58 million related to MGM China. Capital expenditures at MGM China included \$44 million primarily related to construction of the Emerald Tower project at MGM Cotai and \$14 million related to projects at MGM Macau. Capital expenditures at our Las Vegas Strip Resorts, Regional Operations and corporate entities of \$264 million primarily related to expenditures in information technology and room remodels.

Financing activities. Cash used in financing activities was \$2.8 billion in the nine months ended September 30, 2022 compared to \$2.1 billion in the prior year period. In the nine months ended September 30, 2022, we had net repayments of debt of \$63 million, as further discussed below, distributed \$208 million to noncontrolling interest owners, and we repurchased \$2.4 billion of our common stock. In comparison, in the prior year period, we had net repayments of debt of \$1.5 billion, as further discussed below, distributed \$240 million to noncontrolling interest owners, and we repurchased \$1.0 billion of our common stock, partially offset by net proceeds received of \$793 million from the issuance of MGP's Class A shares.

Borrowings and Repayments of Long-term Debt

During the nine months ended September 30, 2022, we had net repayments of debt of \$63 million, which consisted of the repayment of \$1.0 billion of aggregate principal amount of our 7.75% senior notes due 2022, partially offset by net draws of \$40 million on MGP OP's revolving credit facility, net borrowings of \$884 million on MGM China's first revolving credit facility and borrowings of \$13 million on MGM China's second revolving credit facility. MGM China's borrowings were made to fund an increase in share capital of MGM Grand Paradise pursuant to the capital requirements under the new Macau gaming law and for general corporate purposes.

During the nine months ended September 30, 2021, we had net repayments of debt of \$1.5 billion, which consisted of the repayment of the \$1.7 billion outstanding on CityCenter's credit facility in full, which was assumed in the acquisition, using cash on hand, net repayments of \$503 million on MGM China's first revolving credit facility, and repayments of \$10 million on MGP OP's revolving credit facility. These repayments were partially offset by MGM China's March 2021 issuance of \$750 million in aggregate principal amount of 4.75% senior notes due 2027 at an issue price of 99.97%. The net proceeds from MGM China's 4.75% senior notes due 2027 issuance were used to partially repay amounts outstanding under the MGM China first revolving credit facility and for general corporate purposes.

Dividends, Distributions to Noncontrolling Interest Owners, and Share Repurchases

During the nine months ended September 30, 2022, we repurchased and retired \$2.4 billion of our common stock pursuant to our February 2020 \$3.0 billion and March 2022 \$2.0 billion stock repurchase plans. In connection with those repurchases, the February 2020 \$3.0 billion stock repurchase plan was completed. The remaining availability under the March 2022 \$2.0 billion stock repurchase plan was \$827 million as of September 30, 2022.

In March, June, and September 2022 and 2021, we paid dividends of \$0.0025 per share, totaling \$3 million and \$4 million paid during the nine months ended September 30, 2022 and 2021, respectively.

MGP OP paid the following distributions to its partnership unit holders during the nine months ended September 30, 2022 and 2021:

- \$283 million of distributions paid in 2022, of which we received \$117 million and MGP received \$166 million, which MGP concurrently paid as a dividend to its Class A shareholders; and
- \$406 million of distributions paid in 2021, of which we received \$185 million and MGP received \$221 million, which MGP concurrently paid as a dividend to its Class A shareholders.

Other Factors Affecting Liquidity and Anticipated Uses of Cash

We require a certain amount of cash on hand to operate our resorts. In addition to required cash on hand for operations, we utilize corporate cash management procedures to minimize the amount of cash held on hand or in banks. Funds are swept from the accounts at most of our domestic resorts daily into central bank accounts, and excess funds are invested overnight or are used to repay amounts drawn under our revolving credit facility. In addition, from time to time we may use excess funds to repurchase our outstanding debt and equity securities subject to limitations in our revolving credit facility and Delaware law, as applicable. We have significant outstanding debt, interest payments, rent payments, and contractual obligations in addition to planned capital expenditures and commitments.

As of September 30, 2022, we had cash and cash equivalents of \$5.3 billion, of which MGM China held \$875 million. In addition to our cash and cash equivalent balance, we have an approximate 56% interest in MGM China.

At September 30, 2022, we had \$8.6 billion in principal amount of indebtedness, including \$1.2 billion outstanding under MGM China's first revolving credit facility, \$13 million outstanding under MGM China's second revolving credit facility, and \$39 million outstanding under LeoVegas's revolving credit facility. No amounts were drawn on our revolving credit facility. We have \$1.4 billion of debt maturing in the next twelve months, which we expect to repay with cash on hand.

Due to the continued impact of the COVID-19 pandemic, in February 2022, MGM China further amended each of its first revolving credit facility and its second revolving credit facility to extend the financial covenant waivers through maturity in May 2024.

As of September 30, 2022, our expected cash interest payments over the next twelve months are approximately \$220 million to \$230 million, excluding MGM China, and approximately \$445 million to \$460 million on a consolidated basis, which includes MGM China.

We are also required, as of September 30, 2022, to make annual cash rent payments of \$1.9 billion over the next twelve months under triple-net lease agreements, which triple-net leases are also subject to annual escalators and also require us to pay substantially all costs associated with the lease, including real estate taxes, ground lease payments,

insurance, utilities and routine maintenance, in addition to the annual cash rent. See Note 9 for discussion of our leases and lease obligations and Note 1 and Note 3 for pending transactions.

We have planned capital expenditures expected over the remainder of the year of approximately \$355 million to \$365 million domestically, which is inclusive of the capital expenditures required under the triple-net lease agreements, each of which requires us to spend a specified percentage of net revenues at the respective domestic properties, and approximately \$10 million to \$20 million at MGM China, including approximately \$7 million of show production costs related to the development of entertainment at the MGM Cotai theater. We additionally have planned contributions to BetMGM over the remainder of the year of approximately \$25 million.

We also expect to continue to repurchase shares pursuant to our March 2022 \$2.0 billion share repurchase plan. Subsequent to the quarter ended September 30, 2022, we repurchased approximately 6 million shares of our common stock at an average price of \$31.76 per share for an aggregate amount of \$183 million. Repurchased shares were retired.

On November 2, 2022, our Board of Directors approved a quarterly dividend of \$0.0025 per share. The dividend will be payable on December 15, 2022 to holders of record on December 9, 2022. Future determinations regarding the declaration and payment of dividends, if any, will be at the discretion of our board of directors and will depend on then-existing conditions, including our results of operations, financial condition, and other factors that our Board of Directors may deem relevant.

As previously discussed, the COVID-19 pandemic caused significant economic disruption both globally and in the United States, and impacted our business, financial condition, results of operations and cash flows since the onset of the pandemic, which continued in 2022. As a result of the widespread distribution of vaccines and the removal of operational restrictions, we have seen economic recovery in some of the market segments in which we operate, as shown in our Summary Operating Results. However, some areas continue to experience renewed outbreaks and surges in infection rates, resulting in the imposition of operational restrictions, such as the temporary re-closure of our properties in Macau in July 2022 due to an increase in the number of local COVID-19 cases. As a result, our business segments continue to face many uncertainties and our operations remain vulnerable to reversal of these trends or other continuing negative effects caused by the pandemic. We cannot predict the degree, or duration, to which our operations will be affected by the COVID-19 pandemic, and the effects could be material.

Critical Accounting Policies and Estimates

A complete discussion of our critical accounting policies and estimates is included in our Form 10-K for the fiscal year ended December 31, 2021. There have been no significant changes in our critical accounting policies and estimates since year end, other than discussed below.

Long-lived assets valuation - MGM Grand Paradise gaming subconcession

In connection with the enactment of the new Macau gaming law in June 2022 that provides for material changes to the legal form of gaming concessions in Macau, including discontinuing and prohibiting gaming subconcessions subsequent to their expiration and has material changes to the rights and obligation provided for under new gaming concessions to be awarded in the upcoming public tender, we determined that MGM Grand Paradise's existing gaming subconcession and new gaming concession, if obtained, would be two separate units of account.

Further, as the material changes in the legal and regulatory environment could have an adverse effect on the value of MGM Grand Paradise's existing gaming subconcession, we concluded that a trigger event had occurred in June 2022 for the MGM China asset group. The gaming subconcession is an entity-wide asset of MGM China as the benefit of the right to conduct gaming provided by the gaming subconcession is shared by each of MGM China's casino resorts and the cash flows generated by the gaming subconcession cannot be separated from the casino resorts in which gaming operations are conducted. We determined that the real estate is the primary asset of the asset group as the real estate component generates a significant portion of the entity's cash flows through gaming operations conducted at its casino resorts. Accordingly, cash flows were projected over the remaining useful life of the real estate, including cash flows from gaming operations as we believe we will be successful in obtaining a gaming concession in future public tenders. The estimated undiscounted cash flows of the asset group significantly exceeded the carrying value; accordingly, no impairment was indicated.

There are several estimates inherent in evaluating the gaming subconcession asset for impairment. The determination of the asset group to be tested for recoverability and the primary asset of the asset group are matters of judgment as it is dependent on corporate structure, the legal and regulatory environment in which the entity operates, and the level of interdependency between assets used in revenue generating activities. The determination of the primary asset directly affects the period over which cash flows are forecasted when performing the recoverability test. In particular, future cash flow estimates are, by their nature, subjective and actual results may differ materially from our estimates. In addition, the determination of undiscounted cash flows used in the impairment tests are highly judgmental and dependent in large part on expectations of land concession renewals and successfully obtaining a gaming concession in connection with future public tenders.

Additionally, we reassessed the useful life of the existing gaming subconcession intangible asset and, given the new gaming law and the resulting changes described above, we determined that the useful life would no longer be based on the initial term of the MGM Cotai land concession that ends in January 2038, and that the new useful life is consistent with the remaining contractual term of the existing gaming subconcession, which ends on December 31, 2022. Accordingly, amortization of the MGM Grand Paradise gaming subconcession will be recognized on a straight-line basis over its reduced useful life, thereby accelerating the recognition of amortization within our statements of operations.

The determination of the unit of account and useful life of the gaming subconcession are based upon facts and circumstances as of a point in time and may change as such conditions develop, evolve, or change. We have determined the unit of account and useful life based upon the final gaming law and its enactment in June 2022 as the enactment reflects the finalization of the changes in legal form and rights and obligations related to gaming concessions in Macau.

Goodwill valuation

We continue to conclude, as of September 30, 2022, that it is more-likely-than-not that the fair value of our reporting units exceed their carrying value and, accordingly, an interim quantitative impairment review of goodwill was not triggered. However, management makes significant judgments and estimates as part of these analyses. For MGM Macau, if the property continues to face closures, if its operations do not recover from the impacts of COVID-19 in the forecasted time period, if we are not successful in obtaining a gaming concession in connection with future public tenders, or if our obligations under the new gaming concession exceed those forecasted, it could cause the carrying value of the reporting unit to exceed its fair value in future periods, potentially resulting in an impairment charge. For Empire City, if we are not successful in obtaining a commercial gaming license, if the costs to obtain the license, develop, and construct a full-scale commercial gaming facility increase from our current expectations, or if we do not realize our forecasted cash flows for the expanded facility, it could cause the carrying value of the reporting unit to exceed its fair value in future periods, potentially resulting in an impairment charge. In addition, the determination of multiples, control premiums, and the discount rates used in the impairment tests are highly judgmental and dependent in large part on expectations of future market conditions and entity performance.

Market Risk

In addition to the inherent risks associated with our normal operations, we are also exposed to additional market risks. Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates and foreign currency exchange rates. Our primary exposure to market risk is interest rate risk associated with our variable rate long-term debt. We attempt to limit our exposure to interest rate risk by managing the mix of our long-term fixed rate borrowings and short-term borrowings under our bank credit facilities. A change in interest rates generally does not have an impact upon our future earnings and cash flow for fixed-rate debt instruments. As fixed-rate debt matures, however, and if additional debt is acquired to fund the debt repayment, future earnings and cash flow may be affected by changes in interest rates. This effect would be realized in the periods subsequent to the periods when the debt matures. We do not hold or issue financial instruments for trading purposes and do not enter into derivative transactions that would be considered speculative positions.

As of September 30, 2022, variable rate borrowings represented approximately 16% of our total borrowings. The following table provides additional information about our gross long-term debt subject to changes in interest rates:

| | Debt maturing in | | | | | | | Total | Fair Value September 30, 2022 |
|-----------------------|----------------------|----------|----------|----------|----------|------------|----------|----------|-------------------------------------|
| | 2022 | 2023 | 2024 | 2025 | 2026 | Thereafter | | | |
| | <i>(In millions)</i> | | | | | | | | |
| Fixed-rate | \$ — | \$ 1,250 | \$ 750 | \$ 1,925 | \$ 1,150 | \$ 2,175 | \$ 7,250 | \$ 6,466 | |
| Average interest rate | N/A | 6.0 % | 5.4 % | 6.0 % | 5.4 % | 5.0 % | 5.5 % | | |
| Variable rate | \$ 102 | \$ — | \$ 1,255 | \$ — | \$ — | \$ — | \$ 1,357 | \$ 1,357 | |
| Average interest rate | 5.7 % | N/A | 5.2 % | N/A | N/A | N/A | 5.3 % | | |

In addition to the risk associated with our variable interest rate debt, we are also exposed to risks related to changes in foreign currency exchange rates, mainly related to MGM China and to our operations at MGM Macau and MGM Cotai. While recent fluctuations in exchange rates have not been significant, potential changes in policy by governments or fluctuations in the economies of the United States, China, Macau or Hong Kong could cause variability in these exchange rates. We cannot assure you that the Hong Kong dollar will continue to be pegged to the U.S. dollar or the current peg rate for the Hong Kong dollar will remain at the same level. The possible changes to the peg of the Hong Kong dollar may result in severe fluctuations in the exchange rate thereof. For U.S. dollar denominated debt incurred by MGM China, fluctuations in the exchange rates of the Hong Kong dollar in relation to the U.S. dollar could have adverse effects on our financial position and results of operations. As of September 30, 2022, a 1% weakening of the Hong Kong dollar (the functional currency of MGM China) to the U.S. dollar would result in a foreign currency transaction loss of \$28 million.

Cautionary Statement Concerning Forward-Looking Statements

This Form 10-Q contains “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as “anticipates,” “intends,” “plans,” “seeks,” “believes,” “estimates,” “expects,” “will,” “may” and similar references to future periods. Examples of forward-looking statements include, but are not limited to: statements we make regarding the impact of COVID-19 on our business, expectations regarding the impact of macroeconomic trends on the Company’s business, our ability to execute on ongoing and future strategic initiatives, including the development of an integrated resort in Japan and investments we make in online sports betting and iGaming, expectations regarding MGM Grand Paradise’s bid for a new concession contract, the closing of The Mirage and Gold Strike Tunica transactions and any benefits expected to be received as a result of those and any other transactions to acquire or sell assets, amounts we will spend on capital expenditures and investments, our expectations with respect to future share repurchases and cash dividends on our common stock, dividends and distributions we will receive from MGM China, our ability to achieve the benefits of our cost savings initiatives, and amounts projected to be realized as deferred tax assets. The foregoing is not a complete list of all forward-looking statements we make.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks, and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. Therefore, we caution you against relying on any of these forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include,

but are not limited to, regional, national or global political, economic, business, competitive, market, and regulatory conditions and the following:

- our substantial indebtedness and significant financial commitments, including the fixed component of our rent payments under our triple-net leases and guarantees we provide of the indebtedness of Bellagio BREIT Venture and VICI BREIT Venture could adversely affect our development options and financial results and impact our ability to satisfy our obligations;
- current and future economic, capital and credit market conditions could adversely affect our ability to service our substantial indebtedness and significant financial commitments, including the fixed components of our rent payments, and to make planned expenditures;
- restrictions and limitations in the agreements governing our senior credit facility and other senior indebtedness could significantly affect our ability to operate our business, as well as significantly affect our liquidity;
- the fact that we are required to pay a significant portion of our cash flows as rent, which could adversely affect our ability to fund our operations and growth, service our indebtedness and limit our ability to react to competitive and economic changes;
- The Mirage and Gold Strike Tunica transactions each remain subject to the satisfaction of certain closing conditions, including the receipt of certain regulatory approvals, and any anticipated benefits from such transactions may take longer to realize than expected or may not be realized at all;
- the global COVID-19 pandemic has continued to materially impact our business, financial results and liquidity, and such impact could worsen and last for an unknown period of time;
- significant competition we face with respect to destination travel locations generally and with respect to our peers in the industries in which we compete;
- the impact on our business of economic and market conditions in the jurisdictions in which we operate and in the locations in which our customers reside;
- the possibility that we may not realize all of the anticipated benefits of our cost savings initiatives, including our MGM 2020 Plan, or our asset light strategy;
- the fact that our ability to pay ongoing regular dividends is subject to the discretion of our board of directors and certain other limitations;
- all of our domestic gaming facilities are leased and could experience risks associated with leased property, including risks relating to lease termination, lease extensions, charges and our relationship with the lessor, which could have a material adverse effect on our business, financial position or results of operations;
- financial, operational, regulatory or other potential challenges that may arise with respect to landlords under our master leases may adversely impair our operations;
- the concentration of a significant number of our major gaming resorts on the Las Vegas Strip;
- the fact that we extend credit to a large portion of our customers and we may not be able to collect such gaming receivables;
- the potential occurrence of impairments to goodwill, indefinite-lived intangible assets or long-lived assets which could negatively affect future profits;
- the susceptibility of leisure and business travel, especially travel by air, to global geopolitical events, such as terrorist attacks, other acts of violence, acts of war or hostility or outbreaks of infectious disease (including the COVID-19 pandemic);
- the fact that co-investing in properties or businesses, including our investment in BetMGM, decreases our ability to manage risk;
- the fact that future construction, development, or expansion projects will be subject to significant development and construction risks;

- the fact that our insurance coverage may not be adequate to cover all possible losses that our properties could suffer, our insurance costs may increase and we may not be able to obtain similar insurance coverage in the future;
- the fact that a failure to protect our trademarks could have a negative impact on the value of our brand names and adversely affect our business;
- the fact that a significant portion of our labor force is covered by collective bargaining agreements;
- the sensitivity of our business to energy prices and a rise in energy prices could harm our operating results;
- the potential failure of future efforts to expand through investments in other businesses and properties or through alliances or acquisitions, or to divest some of our properties and other assets;
- the potential that failure to maintain the integrity of our computer systems and internal customer information could result in damage to our reputation and/or subject us to fines, payment of damages, lawsuits or other restrictions on our use or transfer of data;
- the potential reputational harm as a result of increased scrutiny related to our corporate social responsibility efforts;
- extreme weather conditions or climate change may cause property damage or interrupt business;
- the fact that our businesses are subject to extensive regulation and the cost of compliance or failure to comply with such regulations could adversely affect our business;
- the risks associated with doing business outside of the United States and the impact of any potential violations of the Foreign Corrupt Practices Act or other similar anti-corruption laws;
- increases in gaming taxes and fees in the jurisdictions in which we operate;
- our ability to recognize our foreign tax credit deferred tax asset and the variability of the valuation allowance we may apply against such deferred tax asset;
- changes to fiscal and tax policies;
- risks related to pending claims that have been, or future claims that may be brought against us;
- restrictions on our ability to have any interest or involvement in gaming businesses in China, Macau, Hong Kong and Taiwan, other than through MGM China;
- the ability of the Macau government to terminate MGM Grand Paradise's subconcession under certain circumstances without compensating MGM Grand Paradise, exercise its redemption right with respect to the subconcession, or refuse to grant MGM Grand Paradise a new concession on or prior to December 31, 2022; and
- the potential for conflicts of interest to arise because certain of our directors and officers are also directors of MGM China.

Any forward-looking statement made by us in this Form 10-Q speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law. If we update one or more forward-looking statements, no inference should be made that we will make additional updates with respect to those or other forward-looking statements.

You should also be aware that while we from time to time communicate with securities analysts, we do not disclose to them any material non-public information, internal forecasts or other confidential business information. Therefore, you should not assume that we agree with any statement or report issued by any analyst, irrespective of the content of the statement or report. To the extent that reports issued by securities analysts contain projections, forecasts or opinions, those reports are not our responsibility and are not endorsed by us.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We incorporate by reference the information appearing under “Market Risk” in Part I, Item 2 of this Form 10-Q.

Item 4. Controls and Procedures**Disclosure Controls and Procedures**

Our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer) have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (“the Exchange Act”)) were effective as of September 30, 2022 to provide reasonable assurance that information required to be disclosed in the Company’s reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and regulations and to provide that such information is accumulated and communicated to management to allow timely decisions regarding required disclosures. This conclusion is based on an evaluation as required by Rules 13a-15(b) and 15d-15(b) under the Exchange Act conducted under the supervision and participation of the principal executive officer and principal financial officer along with company management.

Changes in Internal Control over Financial Reporting

In making our assessment of changes in internal controls over financial reporting as of September 30, 2022, we have excluded The Cosmopolitan from our assessment because it was acquired in the second quarter of 2022. The Cosmopolitan represented approximately 11% of our total assets at September 30, 2022 and approximately 9% and 5% of our total revenues for the three and nine months ended September 30, 2022, respectively. There were no other changes in our internal control over financial reporting during the quarter ended September 30, 2022 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

See discussion of legal proceedings in Note 10 – *Commitments and Contingencies* in the accompanying consolidated financial statements.

Item 1A. Risk Factors

A description of certain factors that may affect our future results and risk factors is set forth in our Annual Report on Form 10-K for the year ended December 31, 2021. There have been no material changes to those factors previously disclosed in our 2021 Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides information about share repurchases made by the Company of its common stock during the quarter ended September 30, 2022:

| Period | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of a Publicly Announced Program | Dollar Value of Shares that May Yet be Purchased Under the Program (In thousands) |
|--|----------------------------------|------------------------------|--|--|
| July 1, 2022 — July 31, 2022 | 5,317,032 | \$ 29.32 | 5,317,032 | \$ 978,316 |
| August 1, 2022 — August 31, 2022 | 641,296 | \$ 34.31 | 641,296 | \$ 956,313 |
| September 1, 2022 — September 30, 2022 | 4,044,806 | \$ 31.91 | 4,044,806 | \$ 827,257 |

The Company's Board of Directors authorized a \$2.0 billion stock repurchase plan in March 2022 and a \$3.0 billion stock repurchase plan in February 2020, and, in connection with repurchases made during the nine months ended September 30, 2022, the February 2020 \$3.0 billion stock repurchase plan was completed. Under the stock repurchase plans, the Company may repurchase shares from time to time in the open market or in privately negotiated agreements. Repurchases of common stock may also be made under a Rule 10b5-1 plan, which would permit common stock to be purchased when the Company might otherwise be precluded from doing so under insider trading laws. The timing, volume and nature of stock repurchases will be at the sole discretion of management, dependent on market conditions, applicable securities laws, and other factors, and may be suspended or discontinued at any time. All shares repurchased by the Company during the quarter ended September 30, 2022 were purchased pursuant to the Company's publicly announced stock repurchase plan and have been retired.

Item 6. Exhibits

| | |
|---------|---|
| *10.1 | <u>Employment Agreement, effective as of September 1, 2022, by and between the Company and William Hornbuckle (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on August 22, 2022).</u> |
| *10.2 | <u>Employment Agreement, effective as of September 1, 2022, by and between the Company and Corey Sanders (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed on August 22, 2022).</u> |
| *10.3 | <u>Employment Agreement, effective as of September 1, 2022, by and between the Company and Jonathan S. Halkyard (incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K filed on August 22, 2022).</u> |
| *10.4 | <u>Employment Agreement, effective as of September 1, 2022, by and between the Company and John McManus (incorporated by reference to Exhibit 10.4 of the Company's Current Report on Form 8-K filed on August 22, 2022).</u> |
| *10.5 | <u>Amended and Restated Change of Control Policy for Executive Officers, effective August 16, 2022 (incorporated by reference to Exhibit 10.5 of the Company's Current Report on Form 8-K filed on August 22, 2022).</u> |
| 22 | <u>Subsidiary Guarantors.</u> |
| 31.1 | <u>Certification of Chief Executive Officer of Periodic Report Pursuant to Rule 13a-14(a) and Rule 15d-14(a).</u> |
| 31.2 | <u>Certification of Chief Financial Officer of Periodic Report Pursuant to Rule 13a-14(a) and Rule 15d-14(a).</u> |
| 32.1 | <u>Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350.</u> |
| 32.2 | <u>Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350.</u> |
| 101.INS | Inline XBRL Instance Document – the 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 | The cover page from this Quarterly Report on Form 10-Q for the quarter ended September 30, 2022, has been formatted in Inline XBRL. |

* Management contract or compensatory plan or arrangement.

Certain long-term debt instruments of our consolidated subsidiaries, under which the total amount of securities authorized does not exceed 10 percent of our consolidated assets, are not filed as exhibits to this Quarterly Report on Form 10-Q. We will furnish a copy of these agreements to the SEC upon request.

In accordance with Rule 402 of Regulation S-T, the XBRL information included in Exhibit 101 and Exhibit 104 to this Form 10-Q shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

SIGNATURES

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.

Date: November 2, 2022

MGM Resorts International
By: /s/ WILLIAM J. HORNBUCKLE
William J. Hornbuckle
Chief Executive Officer and President (Principal Executive Officer)

Date: November 2, 2022

/s/ JONATHAN S. HALKYARD
Jonathan S. Halkyard
Chief Financial Officer and Treasurer (Principal Financial Officer)

List of Guarantor Subsidiaries of MGM Resorts International

The subsidiaries of MGM Resorts International (the “Company”) listed below have fully and unconditionally guaranteed the Company’s (i) 6.000% senior notes due 2023, (ii) 5.750% senior notes due 2025, (iii) 6.75% senior notes due 2025, (iv) 4.625% senior notes due 2026, (v) 5.500% senior notes due 2027, and (vi) 4.75% senior notes due 2028 (collectively, the “MGM Notes”). In addition, Mandalay Resort Group, LLC, a wholly owned subsidiary of the Company, is the issuer of 7.0% Debentures due 2036 (the “Mandalay Notes”), and the Company and the other subsidiaries listed below are guarantors of the Mandalay Notes.

| Name of Subsidiary | Issuer/Guarantor Status |
|--|-------------------------|
| 550 Leasing Company II, LLC | (1) |
| AC Holding Corp. | (1) |
| AC Holding Corp. II | (1) |
| Arena Land Holdings, LLC | (1) |
| Aria Resort & Casino Holdings, LLC | (1) |
| Aria Resort & Casino, LLC, dba Aria Resort & Casino | (1) |
| Beau Rivage Resorts, LLC, dba Beau Rivage Resort & Casino | (1) |
| Bellagio, LLC, dba Bellagio | (1) |
| Cedar Downs OTB, LLC | (1) |
| Circus Circus Casinos, Inc. | (1) |
| Circus Circus Holdings, Inc. | (1) |
| CityCenter Boutique Hotel Holdings, LLC | (1) |
| CityCenter Boutique Residential Development, LLC | (1) |
| CityCenter Facilities Management, LLC | (1) |
| CityCenter Harmon Development, LLC | (1) |
| CityCenter Harmon Hotel Holdings, LLC | (1) |
| CityCenter Holdings, LLC | (1) |
| CityCenter Land, LLC | (1) |
| CityCenter Realty Corporation | (1) |
| CityCenter Retail Holdings, LLC | (1) |
| CityCenter Retail Holdings Management, LLC | (1) |
| CityCenter Vdara Development, LLC | (1) |
| CityCenter Veer Towers Development, LLC | (1) |
| Destron, Inc. | (1) |
| Grand Garden Arena Management, LLC | (1) |
| Grand Laundry, Inc. | (1) |
| Las Vegas Arena Management, LLC | (1) |
| LV Concrete Corp. | (1) |
| MAC, CORP. | (1) |
| Mandalay Bay, LLC, dba Mandalay Bay Resort & Casino | (1) |
| Mandalay Employment, LLC | (1) |
| Mandalay Place, LLC | (1) |
| Mandalay Resort Group, LLC | (2) |
| Marina District Development Company, LLC, dba The Borgata Hotel Casino & Spa | (1) |
| Marina District Development Holding Co., LLC | (1) |
| Metropolitan Marketing, LLC | (1) |
| MGM CC, LLC | (1) |
| MGM CC Holdings, Inc. | (1) |
| MGM Dev, LLC | (1) |

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|---|-----|
| MGM Detroit Holdings, LLC | (1) |
| MGM Grand Hotel, LLC, dba MGM Grand Hotel & Casino | (1) |
| MGM Hospitality, LLC | (1) |
| MGM International, LLC | (1) |
| MGM Lessee, LLC | (1) |
| MGM Lessee II, LLC | (1) |
| MGM Lessee III, LLC | (1) |
| MGM MA Sub, LLC | (1) |
| MGM Public Policy, LLC | (1) |
| MGM Resorts Advertising, Inc. | (1) |
| MGM Resorts Arena Holdings, LLC | (1) |
| MGM Resorts Aviation Corp. | (1) |
| MGM Resorts Corporate Services | (1) |
| MGM Resorts Design & Development | (1) |
| MGM Resorts Development, LLC | (1) |
| MGM Resorts Festival Grounds, LLC | (1) |
| MGM Resorts Festival Grounds II, LLC | (1) |
| MGM Resorts Global Development, LLC | (1) |
| MGM Resorts Interactive, LLC | (1) |
| MGM Resorts International Marketing, Inc. | (1) |
| MGM Resorts International Operations, Inc. | (1) |
| MGM Resorts Land Holdings, LLC | (1) |
| MGM Resorts Manufacturing Corp. | (1) |
| MGM Resorts Mississippi, LLC, dba Gold Strike Tunica | (1) |
| MGM Resorts Regional Operations, LLC | (1) |
| MGM Resorts Retail | (1) |
| MGM Resorts Satellite, LLC | (1) |
| MGM Resorts Sub 1, LLC | (1) |
| MGM Resorts Sub B, LLC | (1) |
| MGM Resorts Venue Management, LLC | (1) |
| MGM Yonkers, Inc., dba Empire City Casino | (1) |
| MH, Inc., dba Shadow Creek | (1) |
| Mirage Laundry Services Corp. | (1) |
| Mirage Resorts, LLC | (1) |
| MMNY Land Company, Inc. | (1) |
| Nevada Property 1 LLC, dba The Cosmopolitan of Las Vegas | (1) |
| Nevada Restaurant Venture 1 LLC | (1) |
| Nevada Retail Venture 1 LLC | (1) |
| New Castle, LLC, dba Excalibur Hotel & Casino | (1) |
| New York-New York Hotel & Casino, LLC, dba New York-New York Hotel & Casino | (1) |
| New York-New York Tower, LLC | (1) |
| Northfield Park Associates LLC, dba MGM Northfield Park | (1) |
| NP1 Pegasus LLC | (1) |
| Park District Holdings, LLC | (1) |
| Park MGM, LLC, dba Park MGM Las Vegas | (1) |
| Park Theater, LLC | (1) |
| PRMA, LLC | (1) |
| PRMA Land Development Company | (1) |
| Project CC, LLC | (1) |
| Ramparts, LLC, dba Luxor Hotel & Casino | (1) |

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|---|-----|
| Signature Tower I, LLC | (1) |
| Signature Tower 2, LLC | (1) |
| Signature Tower 3, LLC | (1) |
| The Mirage Casino-Hotel, LLC, dba The Mirage Casino-Hotel | (1) |
| The Signature Condominiums, LLC | (1) |
| Tower B, LLC | (1) |
| Tower C, LLC | (1) |
| Vdara Condo Hotel, LLC | (1) |
| Vendido, LLC | (1) |
| VidiAd | (1) |
| Vintage Land Holdings, LLC | (1) |

(1) Guarantor of the MGM Notes and the Mandalay Notes.

(2) Issuer of the Mandalay Notes and guarantor of the MGM Notes.

CERTIFICATION

I, William J. Hornbuckle, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MGM Resorts International;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 2, 2022

/s/ WILLIAM J.
HORNBUCKLE

William J. Hornbuckle
Chief Executive Officer and
President

CERTIFICATION

I, Jonathan S. Halkyard, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MGM Resorts International;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 2, 2022

/s/ JONATHAN S.
HALKYARD

Jonathan S. Halkyard
Chief Financial Officer and
Treasurer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of MGM Resorts International (the "Company") on Form 10-Q for the period ending September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William J. Hornbuckle, Chief Executive Officer and President of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ WILLIAM J. HORNBUCKLE

William J. Hornbuckle

Chief Executive Officer and President

November 2, 2022

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of MGM Resorts International (the “Company”) on Form 10-Q for the period ending September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jonathan S. Halkyard, Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ JONATHAN S. HALKYARD

Jonathan S. Halkyard

Chief Financial Officer and Treasurer

November 2, 2022

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.