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Wynn Macau, Limited
永利澳門有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1128 and Debt Stock Codes: 5279, 5280, 40102, 40259, 40357)

INSIDE INFORMATION

ANNUAL REPORT FOR THE FISCAL YEAR ENDED 31 DECEMBER 2022 OF OUR CONTROLLING SHAREHOLDER, WYNN RESORTS, LIMITED

This announcement is issued pursuant to Rules 13.09 and 37.47B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and under Part XIVA of the Securities and Futures Ordinance (Cap. 571).

Our controlling shareholder, Wynn Resorts, Limited has, on or about 27 February 2023 (1:55 p.m., Las Vegas time), released its annual report for the fiscal year ended 31 December 2022.

This announcement is issued by Wynn Macau, Limited (“**we**” or our “**Company**”) pursuant to Rules 13.09 and 37.47B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and under Part XIVA of the Securities and Futures Ordinance (Cap. 571).

Our Company’s controlling shareholder, Wynn Resorts, Limited, is a company listed on the National Association of Securities Dealers Automatic Quotation System (“**NASDAQ**”) Global Select Market in the United States. As at the date of this announcement, Wynn Resorts, Limited beneficially owns approximately 72% of the issued share capital of our Company.

Reference is made to our announcement on 9 February 2023 (the “**WRL Earnings Release Announcement**”) in respect of the release by our controlling shareholder, Wynn Resorts, Limited, of its unaudited financial results for the fourth quarter and year end of fiscal year ended 31 December 2022. Unless otherwise defined in this announcement, terms defined in the WRL Earnings Release Announcement have the same meaning when used in this announcement.

* For identification purposes only.

Further to the WRL Earnings Release Announcement, Wynn Resorts, Limited has, on or about 27 February 2023 (1:55 p.m., Las Vegas time), released its audited annual report for the fiscal year ended 31 December 2022 (“**WRL Annual Report**”). If you wish to review the WRL Annual Report prepared by Wynn Resorts, Limited and as filed with the U.S. Securities and Exchange Commission, please visit <https://www.sec.gov/Archives/edgar/data/1174922/000117492223000048/0001174922-23-000048-index.htm>. The WRL Annual Report contains segment financial information about Wynn Resorts, Limited’s Macau operations, which are owned by our Company. The WRL Annual Report is also available in the public domain.

The financial results of Wynn Resorts, Limited, including those contained in the WRL Annual Report, have been prepared in accordance with the Generally Accepted Accounting Principles of the United States (“**U.S. GAAP**”), which are different from the International Financial Reporting Standards (“**IFRS**”) that we use to prepare and present our financial information. As such, the financial information in the WRL Annual Report is not directly comparable to the financial results our Company discloses. Consequently, we offer no indication or assurance that the financial results of our Group for the fourth quarter and year end of the fiscal year ended 31 December 2022 will be the same as that presented in the WRL Annual Report. In the WRL Earnings Release Announcement, we announced our unaudited financial results for the fourth quarter ended 31 December 2022 prepared in accordance with IFRS.

To ensure that all shareholders and potential investors of our Company have equal and timely access to the information pertaining to our Company, set forth below are the key highlights of financial information and other information published by Wynn Resorts, Limited in the WRL Annual Report that relate to our Company and our operations in Macau (unless otherwise provided, all dollar amounts in the WRL Annual Report are denominated in United States dollars), some of which may constitute material inside information of the Company:

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

For the fiscal year ended December 31, 2022

Item 1. Business

Recent Developments

COVID-19 Update

Macau Operations

Since the outbreak of COVID-19, visitation to Macau has fallen significantly, driven by the strong deterrent effect of the COVID-19 pandemic on travel and social activities, quarantine measures put in place in Macau and elsewhere, travel and entry restrictions and conditions in Macau, the People’s Republic of China (the “PRC”), Hong Kong and Taiwan involving COVID-19 testing and mandatory quarantine, among other things, periods of mandatory closure of certain businesses and facilities, including gaming operations, and the suspension or reduced accessibility of transportation to and from Macau. Over the course of December 2022 and January 2023, Macau authorities relaxed or eliminated most COVID-19 related protective measures, and as of February 27, 2023, there are no remaining entry restrictions or mandatory quarantine requirements in place for travelers to Macau, and testing requirements for inbound travelers from the PRC, Hong Kong, and Taiwan have been discontinued. Nevertheless, given the inherent uncertainty around the likelihood, extent, and timing of a potential reimposition of restrictions on the general public, travel, or certain activities, management is unable to reasonably predict whether such restrictions would impact our properties in the future, or the extent such restrictions, if reimposed, would impact our results of operations, cash flows, or financial condition.

Liquidity

As of December 31, 2022, the Company had total cash and cash equivalents, excluding restricted cash, of \$3.65 billion, and had access to \$837.0 million of available borrowing capacity from the WRF Revolver (as defined in Item 8 — “Financial Statements and Supplementary Data,” Note 7, “Long-Term Debt”). As of December 31, 2022, the WM Cayman II Revolver (as defined in Item 8 — “Financial Statements and Supplementary Data,” Note 7, “Long-Term Debt”) was fully drawn. As a result of the negative impact the COVID-19 pandemic has had, and may continue to have, on our operating income, the Company has suspended its dividend program. Given the Company’s liquidity position as of December 31, 2022, the Company believes it will be able to support continuing operations and respond to a potential reimposition of COVID-19 related restrictions on the general public, travel, or certain activities and their related economic disruptions.

Our Strategy

Our Commitment to Corporate Social Responsibility

In Macau and across the Greater Bay Area, which is the region encompassing Macau, Hong Kong, and southern Guangdong Province, we strive to drive reinvestment in our community, encourage volunteerism, and promote responsible gaming through our Wynn Care program. Since launching this program, we have centralized our community-focused initiatives under one umbrella and meaningfully increased our involvement in various volunteer activities and community events in Macau, the Greater Bay Area, and beyond. We are also fully committed to supporting the sustainable development of Macau and endeavor to provide our guests with a premium experience while remaining environmentally conscious by monitoring and reducing inefficient energy and resource consumption and embracing technologies that help us to responsibly use our resources. In addition, we provide our employees in Macau with numerous professional development and training opportunities to elevate core and leadership skills.

Executing on Our Strategy

Reflecting our strategic focus, our values, and our commitment to delivering world-class, five-star service within luxury integrated resorts, the Company has received the following recognition:

- Wynn Las Vegas and Encore at Wynn Las Vegas have each earned Five-Star status on the 2023 Forbes Travel Guide (“FTG”) Star Rating list and are the largest and second largest FTG Five-Star resorts in the world, respectively. Wynn Palace, originally earning FTG Five-Star status in 2018, is the third largest.*
- Collectively, Wynn Resorts earned more FTG Five-Star awards than any other independent hotel company in the world in 2023.*
- Wynn Palace garnered seven individual FTG Five-Star awards in 2023.*
- Wynn Macau continues to be the only resort in the world with eight individual FTG Five-Star awards in 2023.*
- Wynn Macau and Wynn Palace are the most decorated integrated resort brands in Asia with fifteen FTG Five-Star awards combined.*

Our Resorts

We present the operating results of our four resorts in the following segments: Wynn Palace, Wynn Macau, Las Vegas Operations, and Encore Boston Harbor. We generally experience fluctuations in revenues and cash flows from month to month, including from such factors as the timing of major conventions and holidays; however, we do not believe that our business is materially impacted by seasonality.

Wynn Palace

We opened Wynn Palace in August 2016, on Macau’s Cotai Strip, conveniently located minutes from both Macau International Airport and the Macau Taipa Ferry Terminal and directly adjacent to a stop serviced by Macau’s light rail system. The property features approximately 468,000 square feet of casino space with 287 table games and 560 slot machines, as well as private gaming salons and sky casinos. Wynn Palace also features a luxury hotel tower with a total of 1,706 guest rooms, suites, and villas, offering a health club, spa, salon, and pool. In addition, Wynn Palace offers 14 food and beverage outlets, approximately 107,000 square feet of high-end, brand-name retail space, and approximately 37,000 square feet of meeting and convention space. The property’s signature public attractions and entertainment offerings include a performance lake, a gondola ride offering convenient street-level access, and an exceptional display of Western and Asian art.

We are in the design stages of developing the next phase of Wynn Palace. We currently expect that the next phase at Wynn Palace will incorporate an array of amenities such as theater and event space, interactive entertainment installations, food and beverage features, and other non-gaming offerings.

Wynn Macau

We opened Wynn Macau in September 2006, and Encore, an expansion of Wynn Macau, in April 2010. Located in the heart of downtown Macau, the property features approximately 294,000 square feet of casino space with 276 table games and 567 slot machines, as well as private gaming salons, sky casinos, and a poker room. Wynn Macau also features two luxury hotel towers with a total of 1,010 guest rooms and suites, offering two health clubs, two spas, a salon and a pool. In addition, Wynn Macau offers 14 food and beverage outlets, approximately 64,300 square feet of high-end, brand-name retail space, and approximately 31,000 square feet of meeting and convention space. Wynn Macau’s signature attractions include a performance lake and a rotunda show featuring a Chinese zodiac-inspired ceiling along with gold “tree of prosperity” and “dragon of fortune” features.

Market and Competition

The casino resort industry is highly competitive. We compete with other high-quality resorts on the basis of the range of amenities, level of service, price, location, entertainment, themes and size, among other factors. We seek to differentiate our integrated resorts by delivering superior design and customer service.

Macau

Macau, located in the Greater Bay Area, is governed as a special administrative region of China and is located approximately 37 miles southwest of Hong Kong. Following the cessation of certain COVID-19 pandemic-related travel restrictions in January 2023, the journey between Macau and Hong Kong takes approximately 15 minutes by helicopter, 30 minutes by road via the Hong Kong-Zhuhai-Macau Bridge, and one hour by jetfoil ferry. Macau, which has been a casino destination for more than 50 years, consists principally of a peninsula on

mainland China and two neighboring islands, Taipa and Coloane, between which the Cotai area is located. In addition to Wynn Resorts (Macau) S.A. (“Wynn Macau SA”), SJM Resorts, S.A. (“SJM”), Galaxy Casino, S.A. (“Galaxy”), Venetian Macau, S.A. (“Venetian Macau”), Melco Resorts (Macau) Limited (“Melco”), and MGM Grand Paradise Limited (“MGM Macau”) are permitted to operate casinos in Macau, with a total of 30 casinos currently in operation.

Macau’s gaming market is primarily dependent on tourists, typically traveling from nearby destinations in Asia. Visitation to Macau grew significantly in the years leading up to the outbreak of COVID-19 in December 2019, but has since fallen meaningfully, primarily due to certain border control and other travel related restrictions which were in place throughout the years ended December 31, 2022 and 2021 as a result of the pandemic. According to the Macau Statistics and Census Service Monthly Bulletin of Statistics, tourist arrivals in Macau decreased 85.5% in 2022 compared to 2019, and 26.0% in 2022 compared to 2021.

We believe that the Macau region hosts one of the world’s largest concentrations of potential gaming and tourism customers. According to Macau Statistical Information, annual gaming revenues were \$36.5 billion in 2019, before falling to \$7.6 billion in 2020, \$10.8 billion in 2021 and \$5.3 billion in 2022, due to various quarantine measures and travel and entry restrictions and conditions since the outbreak of COVID-19. We continue to believe that, despite the recent challenges posed by the COVID-19 pandemic, Macau’s stated goal of becoming a world-class tourism destination will continue to drive additional visitation to the market and create future opportunities for us to invest and grow.

Our Macau Operations face competition primarily from the 28 other casinos located throughout Macau in addition to casinos located throughout the world, including Singapore, South Korea, the Philippines, Vietnam, Cambodia, Malaysia, Australia, Las Vegas, cruise ships in Asia that offer gaming, and other casinos throughout Asia. Additionally, certain other Asian countries and regions have legalized or in the future may legalize gaming, such as Japan, Taiwan, and Thailand, which could increase competition for our Macau Operations.

Regulation and Licensing

Macau

On December 16, 2022, Wynn Macau SA, an indirect subsidiary of the Company, entered into a definitive gaming concession contract (the “Gaming Concession Contract”) with the Macau government, pursuant to which Wynn Macau SA was granted a 10-year gaming concession commencing on January 1, 2023 and expiring on December 31, 2032, to operate games of chance at Wynn Palace and Wynn Macau.

As a casino concessionaire, Wynn Macau SA is subject to the regulatory control of the government of Macau. The government has adopted Laws and Administrative Regulations governing the operation of casinos in Macau. Only concessionaires are permitted to operate casinos. Each concessionaire was required to enter into a concession agreement with the Macau government which, together with the Law and Administrative Regulations, form the framework for the regulation of the activities of the concessionaire.

Under the Law and Administrative Regulations, concessionaires are subject to suitability requirements relating to background, associations and reputation, as are stockholders of 5% or more of a concessionaire's equity securities, officers, directors and key employees. The same requirements apply to any entity engaged by a concessionaire to manage casino operations. Concessionaires are required to satisfy minimum capitalization requirements, demonstrate and maintain adequate financial capacity to operate the concession and submit to continuous monitoring of their casino operations by the Macau government. Concessionaires also are subject to periodic financial reporting requirements and reporting obligations with respect to, among other things, certain contracts, financing activities and transactions with directors, financiers and key employees. Transfers or the encumbering of interests in concessionaires must be reported to the Macau government and are ineffective without government approval.

Each concessionaire is required to engage a managing director who must be a permanent resident of Macau and the holder of at least 15% of the capital stock of the concessionaire. The appointment of the managing director and of any successor is ineffective without the approval of the Macau government. All contracts placing the management of a concessionaire's casino operations with a third party also are ineffective without the approval of the Macau government.

Concessionaires are subject to a special gaming tax of 35% of gross gaming revenue, and must also make an annual contribution of up to 5% of gross gaming revenue for the promotion of public interests, social security, infrastructure and tourism. Concessionaires are obligated to withhold applicable taxes, according to the rate in effect as set by the government, from any commissions paid to gaming promoters. The withholding rate may be adjusted from time to time.

The Gaming Concession Contract between Wynn Macau SA and the Macau government requires Wynn Macau SA to operate two casinos: "Casino Wynn Macau" and "Casino Wynn Palace."

Under the Gaming Concession Contract, Wynn Macau SA provided a first demand bank guarantee of MOP1.00 billion (approximately \$124.5 million) in favor of the Macau government to support Wynn Macau SA's legal and contractual obligations, from January 1, 2023 until one hundred and eighty days after the term of the Gaming Concession Contract expires or the rescission of the concession.

Pursuant to the Gaming Concession Contract and applicable Macau laws, Macau government may rescind the gaming concession if Wynn Macau SA fails to fulfill its obligations under the Macau law or the Gaming Concession Contract, including in the circumstances of (i) endangerment to the national security of mainland China or Macau, (ii) failure on the part of Wynn Macau SA to perform its obligations under the Gaming Concession Contract, (iii) public interest, and (iv) Wynn Macau SA ceasing to be eligible for the gaming concession under the Macau gaming law. If the Macau government rescinds the Gaming Concession Contract due to Wynn Macau SA's non-fulfilment, or perceived non-fulfillment, of its obligations, Wynn Macau SA will be required to transfer to the Macau government, free from any encumbrance or lien and without compensation, all of its casinos, gaming assets and equipment and ownership rights to its casino areas in Macau. Beginning in the eighth year of Wynn Macau SA's concession, the Macau government may exercise its right to redeem the

concession by providing Wynn Macau SA with at least one-year prior written notice. In such event, Wynn Macau SA would be entitled to fair and equitable compensation pursuant to the Macau gaming law. The amount of such compensation relating to the projects agreed with the Macau government would be determined based on the earnings of these projects, before interest, depreciation and amortization for the fiscal year immediately preceding the date the redemption is declared, multiplied by the number of years remaining on the term of the Gaming Concession Contract. The government of Macau may assume temporary custody and control over the operation of a concession in certain circumstances. During any such period, the costs of operations must be borne by the concessionaire.

Wynn Macau SA is required to obtain prior approval from the relevant Macau authorities or officials for various corporate changes and actions, including expansion of its business scope, issuance of shares, transfer of or creation of any encumbrances over its shares, issuance of debt securities, change of its managing director or the authority delegated thereto, change of its articles of association, certain transfers of property rights and creditor's rights, entering into a consumer loan contract or similar contract with a value equal to or exceeding MOP100.0 million (approximately US\$12.5 million), and granting of a loan to any of its directors, shareholders or key employees. Wynn Macau SA is required to notify the Macau government of certain other changes, including any loan, mortgage, claim for obligation, guarantee or the assumption of any debt for financing its business with a value that equals to or exceeds MOP16.0 million (approximately US\$2.0 million). In particular, Wynn Macau SA is required to notify the Chief Executive of Macau at least five working days in advance prior to making financial decisions (i) related to the transfer of funds within Wynn Macau SA which exceeds 50% of its share capital, (ii) related to employee salaries, remuneration or benefits which exceed 10% of its share capital, and (iii) not related to above items (i) and (ii), whose value exceeding 10% of its share capital.

Pursuant to the Gaming Concession Contract, Wynn Macau SA is required to submit to the Macau government an annual execution proposal of the specific projects mentioned in the Investment Plan annexed to the Gaming Concession Contract which it intends to execute in the following year by September 30, of each calendar year, detailing each project it intends to invest, the investment amount and the execution schedule for the relevant year for the purpose of government approval. The annual execution proposal for the year 2023 should be submitted in March 2023. Within 60 days after submission of each annual execution proposal, the Macau government will decide on its approval, and may request adjustments to specific projects, the investment amount and the execution schedule. If any of our annual execution proposals or parts thereof are not approved by the Macau government, Wynn Macau SA is obliged to propose allocating the relevant funds to other projects related with its activity, which are also subject to acceptance by the Macau government. Wynn Macau SA is required to submit a report on the execution of the previous year's execution proposal by March 31st of each calendar year. In addition, Wynn Macau SA is subject to the supervision of the Macau government as regards the execution of development projects included in the Investment Plan, and Wynn Macau SA must submit regular progress reports every two months, and may be requested to submit exceptional detailed reports whenever the normal progress of any development project included in the Investment Plan is compromised.

Human Capital

As of December 31, 2022, we had approximately 27,000 employees (including approximately 11,500 in Macau and 15,500 in the United States).

Item 1A. Risk Factors

Risks Related to our Business

The COVID-19 pandemic has had and may continue to have an adverse effect on our business, operations, financial condition and operating results.

Since the outbreak of COVID-19, visitation to Macau has fallen significantly, driven by the strong deterrent effect of the COVID-19 pandemic on travel and social activities, quarantine measures put in place in Macau and elsewhere. Although these containment measures and restrictions had generally been lifted in the U.S. by early 2022, they remained in place in Macau, the PRC, Hong Kong and Taiwan for most of 2022. Over the course of December 2022 and January 2023, Macau authorities relaxed or eliminated most COVID-19 related protective measures, and as of February 27, 2023, there are no remaining entry restrictions or mandatory quarantine requirements in place for travelers to Macau, and testing requirements for inbound travelers from the PRC, Hong Kong, and Taiwan have been discontinued. Nevertheless, regional demand for casino resorts may remain weak for a significant length of time and inbound tourism to Macau may be slow to recover. As a result, we cannot predict when, or even if, operations at our properties in Macau will return to pre-pandemic levels.

Given ongoing uncertainty around the likelihood, extent, and timing of a potential reimposition of restrictions on the general public, travel or certain activities and their effect on our Macau Operations in the future, we are unable to reasonably estimate the impact on our financial condition, results of operations and cash flows. To the extent the reimposition of these conditions and/or a slow pace of recovery at our Macau Operations adversely affects our business, operations, financial condition and operating results, such factors also have the effect of heightening many of the other risks related to our business, including those relating to our ability to raise capital, our high level of indebtedness, our need to generate sufficient cash flows to service our indebtedness, and our ability to comply with the covenants or other restrictions contained in the agreements that govern our indebtedness.

We are subject to extensive state and local regulation, and licensing and gaming authorities have significant control over our operations. The cost of compliance or failure to comply with such regulations and authorities could have a negative effect on our business, and if we fail to obtain regulatory approvals to operate in new jurisdictions, our growth prospects may be limited.

The operations of our resorts and casino offerings are contingent upon our obtaining and maintaining all necessary licenses, permits, approvals, registrations, findings of suitability, orders and authorizations in the jurisdictions in which our resorts are located. The laws, regulations and ordinances requiring these licenses, permits and other approvals generally relate to the responsibility, financial stability and character of the owners and managers of gaming operations, as well as persons financially interested or involved in gaming operations.

Failure to adhere to the regulatory and gaming requirements in Macau could result in the revocation of our Macau Operations' concession or otherwise negatively affect our operations in Macau. Moreover, we are subject to the risk that U.S. regulators may not permit us to conduct operations in Macau in a manner consistent with the way in which we intend, or the applicable U.S. gaming authorities require us, to conduct our operations in the United States.

Each of these regulatory authorities has extensive power to license and oversee the operations of our casino resorts and has taken and could in the future take action against the Company and its related licensees, including actions that have and could further affect the ability or terms upon which our subsidiaries hold their gaming licenses and concessions, and the suitability of the Company to continue as a stockholder of those affiliates.

Investigations, litigation and other disputes could distract management, damage our reputation, and result in negative publicity and additional scrutiny from regulators.

The Company is subject to various investigations, litigation and other disputes related to our operations. These and any additional such matters that may arise in the future, even if routine, are expensive and divert management's attention from the operations of our businesses. In addition, improper conduct by our employees, agents or gaming promoters could damage our reputation and/or lead to litigation or legal proceedings that could result in civil or criminal penalties, including substantial monetary fines. In certain circumstances, it may not be economical to defend against such matters and/or our legal strategy may not ultimately result in us prevailing in a matter. Investigations, litigation and other disputes have in the past, and may in the future, lead to additional scrutiny from regulators, which could lead to investigations relating to, and possibly a negative impact on, the Company's gaming licenses and the Company's ability to bid successfully for new gaming market opportunities. In addition, publicity from these matters have, or in the future, could negatively impact our business, reputation and competitive position and reduce investor demand for shares of Wynn Resorts and WML and negatively impact the trading prices of those respective shares.

We depend on the continued services of key managers and employees. If we do not retain our key personnel or attract and retain other highly skilled employees, our business will suffer.

Our ability to maintain our competitive position is dependent to a large degree on the services of our senior management team. Our success depends upon our ability to attract, hire, and retain qualified operating, marketing, financial, and technical personnel in the future. Given the intense competition for qualified management personnel in our industry, we may not be able to hire or retain the required personnel. The loss of key management and operating personnel would likely have a material adverse effect on our business, prospects, financial condition, and results of operations.

Our business is particularly sensitive to reductions in discretionary consumer spending, and deterioration or a protracted extension of the current negative macroeconomic environment, including an economic downturn or recession, or geopolitical tensions could adversely impact our business, results of operations, financial condition and cash flows.

Our financial results have been, and are expected to continue to be, affected by the global and regional economies in which we have operations. Consumer demand for hotels, casino resorts, trade shows, conventions and the type of luxury amenities that we offer is particularly sensitive to downturns in the economies in which we operate, which could harm consumer confidence in the economy and adversely affect discretionary spending. Because a significant number of our customers come from the PRC, Hong Kong and Taiwan, the economic condition of Macau and its surrounding region, in particular, affects the gaming industry in Macau and our Macau Operations. As a result, changes in discretionary spending or consumer preferences brought about by factors such as perceived or actual negative general economic conditions, perceived or actual changes in disposable consumer income and wealth, inflationary pressures, economic recession, changes in consumer confidence, including fears of war and acts of terrorism could reduce customer demand for the luxury amenities and leisure activities we offer and may negatively impact our results of operations.

Current macroeconomic conditions, including historic levels of inflation and relatively low levels of unemployment, have led to rising interest rates, disruption and volatility within the capital markets, and fiscal and monetary policy uncertainty. As a result, our gaming revenues, financial condition, results of operations and cash flows could be adversely affected by a deterioration of the current macroeconomic environment, an economic slowdown or recession in the U.S. or global economy, or perception that any of these events may occur.

Demand for our products and services may be negatively impacted by geopolitical tensions, economic disruptions, visa and travel restrictions or difficulties, restrictions on international money transfers and other policies or campaigns implemented by regional governments.

Geopolitical tensions, notably with respect to international trade, including increases in tariffs and company and industry specific restrictions, in addition to changes in national security policies and other similar and geopolitical events, could cause economic disruption and adversely impact our business and results of operations. Various types of restrictions and sanctions have been placed by government agencies on targeted industries and companies which could potentially negatively impact the intended subject as well as other companies and persons sharing a common country of operations. These types of events have also caused significant volatility in global equity and debt capital markets which could trigger a severe contraction of liquidity in the global credit markets.

In addition, policies adopted from time to time by governments, including any visa and travel restrictions or difficulties faced by our customers such as restrictions on exit visas for travelers requiring them or restrictions on visitor entry visas for the jurisdictions in which we operate, have and may in the future decrease the number of visitors to our properties from those affected places, including from the PRC, Hong Kong and Taiwan. It is not known when, or if, policies restricting visitation by PRC citizens will be put in place and such policies may be adjusted,

without notice, in the future. Furthermore, anti-corruption campaigns may influence the behavior of certain of our customers and their spending patterns. Such campaigns, as well as monetary outflow policies, have specifically led to tighter monetary transfer regulations in a number of areas. These policies may affect and impact the number of visitors to our properties and the amount of money they are willing to spend. The overall effect of these campaigns and monetary transfer restrictions may negatively affect our revenues, results of operations and cash flows.

Our business is particularly sensitive to the willingness of our customers to travel to and spend time at our resorts. Acts or the threat of acts of terrorism, outbreak of infectious disease, regional political events and developments in certain countries could cause severe disruptions in air and other travel and may otherwise negatively impact tourists' willingness to visit our resorts. Such events or developments could reduce the number of visitors to our facilities, resulting in a material adverse effect on our business and financial condition, results of operations or cash flows.

We are dependent on the willingness of our customers to travel. Most of our revenue is from customers who travel to our properties. Acts of terrorism or concerns over the possibility of such acts have and may again severely disrupt domestic and international travel, which has and could in the future result in a decrease in customer visits to our properties. Regional conflicts could have a similar effect on domestic and international travel. Disruptions in air or other forms of travel as a result of any terrorist act, outbreak of hostilities, escalation of war or worldwide infectious disease outbreak have and could in the future have a material and adverse effect on our business and financial condition, results of operations and cash flows. In addition, governmental action and uncertainty resulting from global political trends and policies of major global economies, including potential barriers to travel, trade and immigration have reduced demand for hospitality products and services, including visitation to our resorts.

Our continued success depends on our ability to maintain the reputation of our resorts.

Our strategy and integrated resort business model rely on positive perceptions of our resorts and the level of service we provide. Any deterioration in our reputation could have a material adverse effect on our business, results of operations and cash flows. Our reputation could be negatively impacted by our failure to deliver the superior design and customer service for which we are known or by events that are beyond our control. Our reputation may also suffer as a result of negative publicity regarding the Company or our resorts, including as a result of social media reports, regardless of the accuracy of such publicity. The continued expansion of media and social media formats has compounded the potential scope of negative publicity and has made it more difficult to control and effectively manage negative publicity.

We are entirely dependent on a limited number of resorts for all of our cash flow, which subjects us to greater risks than a gaming company with more operating properties.

We are currently entirely dependent upon our Macau Operations, Las Vegas Operations and Encore Boston Harbor for all of our operating cash flow. As a result, we are subject to a greater degree of risk than a gaming company with more operating properties or greater geographic diversification. The risks to which we have a greater degree of exposure include

changes in local economic and competitive conditions; changes in local and state governmental laws and regulations, including gaming laws and regulations, and the way in which those laws and regulations are applied; natural and other disasters, including the potential effects of climate change such as severe storms, hurricanes, typhoons, rising sea levels, severe drought, or the outbreak of infectious diseases such as COVID-19; an increase in the cost of maintaining our properties; a decline in the number of visitors to Las Vegas, Macau or Boston; and a decrease in gaming and non-casino activities at our resorts. Any of these factors could negatively affect our results of operations and our ability to generate sufficient cash flow to make payments or maintain our covenants with respect to our debt.

We are a parent company and our primary source of cash is and will be distributions from our subsidiaries.

We are a parent company with limited business operations of our own. Our main asset is the capital stock of our subsidiaries. We conduct most of our business operations through our direct and indirect subsidiaries. Accordingly, our primary sources of cash are dividends and distributions with respect to our ownership interests in our subsidiaries that are derived from the earnings and cash flow generated by our operating properties. Our subsidiaries might not generate sufficient earnings and cash flow to pay dividends or distributions in the future. For example, WML's board of directors concluded not to recommend the payment of a dividend with respect to the years ended December 31, 2022, 2021 and 2020 due to the financial impact of the COVID-19 pandemic. If our Macau Operations' gaming business is slow to recover to pre-pandemic levels following the recent discontinuation of travel-related restrictions and conditions which materially impacted visitation to Macau, it may continue to have an adverse effect on our subsidiaries' results of operations and their ability to pay dividends or distributions to us in the future.

Our casino, hotel, convention and other facilities and offerings face intense competition, which may increase in the future.

General. The casino/hotel industry is highly competitive. Increased competition could result in a loss of customers which may negatively affect our cash flows and results of operations.

Macau Operations. We hold one of six gaming concessions authorized by the Macau government for the operation of casinos in Macau. If the Macau government were to allow additional competitors to operate in Macau, we would face additional competition, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. Several of the current concessionaires have opened facilities in the Cotai area over the past few years, which has significantly increased gaming and non-gaming offerings in Macau, with continued development expected in the near future.

Our Macau Operations face competition from casinos throughout the world, including Singapore, South Korea, the Philippines, Malaysia, Vietnam, Cambodia, Australia, Las Vegas, cruise ships in Asia that offer gaming and other casinos throughout Asia. Additionally, certain other Asian countries and regions have legalized or in the future may legalize gaming, such as Japan, Taiwan and Thailand, which could further increase competition for our Macau Operations.

Our business relies on premium customers. We often extend credit, and we may not be able to collect gaming receivables from our credit players or credit play may decrease.

Macau Operations. Although the law in Macau permits casino operators to extend credit to gaming customers, our Macau Operations may not be able to collect all of its gaming receivables from its credit players. We expect that our Macau Operations will be able to enforce these obligations only in a limited number of jurisdictions, including Macau. To the extent our gaming customers are visitors from other jurisdictions, we may not have access to a forum in which we will be able to collect all of our gaming receivables because, among other reasons, courts of many jurisdictions do not enforce gaming debts and we may encounter forums that will refuse to enforce such debts. Our inability to collect gaming debts could have a significant negative impact on our financial condition and results of operations.

Currently, the gaming tax in Macau is calculated as a percentage of gross gaming revenue, including the face value of credit instruments issued. The gross gaming revenues calculation in Macau does not include deductions for uncollectible gaming debts. As a result, if we extend credit to our customers in Macau and are unable to collect on the related receivables from them, we remain obligated to pay taxes on our winnings from these customers regardless of whether we collect on the credit instrument.

Any violation of applicable Anti-Money Laundering laws, regulations or the Foreign Corrupt Practices Act (“FCPA”) or sanctions could adversely affect our business, performance, prospects, value, financial condition, and results of operations.

We deal with significant amounts of cash in our operations and are subject to various jurisdictions’ reporting and anti-money laundering laws and regulations. Both U.S. and Macau governmental authorities focus heavily on the gaming industry and compliance with anti-money laundering laws and regulations. From time to time, the Company receives governmental and regulatory inquiries about compliance with such laws and regulations. The Company cooperates with all such inquiries. Any violation of anti-money laundering laws or regulations could adversely affect our business, performance, prospects, value, financial condition, and results of operations.

Further, we have operations, and a significant portion of our revenue is derived outside of the United States. We are therefore subject to regulations imposed by the FCPA and other anti-corruption laws that generally prohibit U.S. companies and their intermediaries from offering, promising, authorizing or making improper payments to foreign government officials for the purpose of obtaining or retaining business. Violations of the FCPA and other anti-corruption laws may result in severe criminal and civil sanctions as well as other penalties, and the SEC and U.S. Department of Justice have increased their enforcement activities with respect to such laws and regulations. The Office of Foreign Assets Control and the Commerce Department administer and enforce economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign states, organizations, and individuals. Failure to comply with these laws and regulations could increase our cost of operations, reduce our profits, or otherwise adversely affect our business, financial condition, and results of operations.

Internal control policies and procedures and employee training and compliance programs that we have implemented to deter prohibited practices may not be effective in prohibiting our and our affiliates' directors, employees, contractors or agents from violating or circumventing our policies and the law. If we or our affiliates, or either of our respective directors, employees or agents fail to comply with applicable laws or Company policies governing our operations, the Company may face investigations, prosecutions and other legal proceedings and actions, which could result in civil penalties, administrative remedies and criminal sanctions. Any such government investigations, prosecutions or other legal proceedings or actions could adversely affect our business, performance, prospects, value, financial condition, and results of operations.

Adverse incidents or adverse publicity concerning our resorts or our corporate responsibilities could harm our brand and reputation and negatively impact our financial results.

Our reputation and the value of our brand, including the perception held by our customers, business partners, other key stakeholders and the communities in which we do business, are important assets. Our business faces increasing scrutiny related to environmental, social and governance activities, and risk of damage to our reputation and the value of our brands if we fail to act responsibly in a number of areas, such as diversity and inclusion, environmental stewardship, supply chain management, sustainability, workplace conduct, human rights, philanthropy, and support for local communities. Any harm to our reputation could have a material adverse effect on our business, results of operations, and cash flows.

Compliance with evolving laws and regulations, and the interpretations thereof, is expensive and results in compliance risks.

Evolving laws and regulations create uncertainty for gaming companies. These evolving laws and regulations are subject to varying interpretations in many cases due to their complexity, ambiguity and/or lack of guidance. As a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. In addition, public companies, financial institutions, the gaming industry and casinos are highly regulated, and compliance with such regulations is costly and subjects us to liability if we are not, or are perceived to not be, compliant. This could result in continuing uncertainty and higher costs regarding compliance matters. Due to our commitment to maintain high standards of compliance with laws and public disclosure, our efforts to comply with evolving laws, regulations and standards have resulted in and are likely to continue to result in increased general and administrative expense.

System failure, information leakage and the cost of maintaining sufficient cybersecurity could adversely affect our business.

We rely on information technology and other systems (including those maintained by third parties with whom we contract to provide data services) to maintain and transmit large volumes of customer financial information, credit card settlements, credit card funds transmissions, mailing lists and reservations information and other personally identifiable information. We also maintain important internal company data such as personally identifiable information

about our employees and information relating to our operations. The systems and processes we have implemented to protect customers, employees and company information are subject to the ever-changing risk of compromised security. These risks include cyber and physical security breaches, system failure, computer viruses, and negligent or intentional misuse by customers, company employees, or employees of third-party vendors. The steps we take to deter and mitigate these risks may not be successful and our insurance coverage for protecting against cybersecurity risks may not be sufficient. Our third-party information system service providers face risks relating to cybersecurity similar to ours, and we do not directly control any of such parties' information security operations.

Despite the security measures we currently have in place, our facilities and systems and those of our third-party service providers may be vulnerable to security breaches, acts of vandalism, phishing attacks, computer viruses, misplaced or lost data, programming or human errors and other events. Cyber-attacks are becoming increasingly more difficult to anticipate and prevent due to their rapidly evolving nature and, as a result, the technology we use to protect our systems from being breached or compromised could become outdated due to advances in computer capabilities or other technological developments.

Any perceived or actual electronic or physical security breach involving the misappropriation, loss, or other unauthorized disclosure of confidential or personally identifiable information, including penetration of our network security, whether by us or by a third party, could disrupt our business, damage our reputation and our relationships with our customers or employees, expose us to risks of litigation, significant fines and penalties and liability, result in the deterioration of our customers' and employees' confidence in us, and adversely affect our business, results of operations and financial condition. Since we do not control third-party service providers and cannot guarantee that no electronic or physical computer break-ins and security breaches will occur in the future, any perceived or actual unauthorized disclosure of personally identifiable information regarding our employees, customers or website visitors could harm our reputation and credibility and reduce our ability to attract and retain employees and customers. As these threats develop and grow, we may find it necessary to make significant further investments to protect data and our infrastructure, including the implementation of new computer systems or upgrades to existing systems, deployment of additional personnel and protection-related technologies, engagement of third-party consultants, and training of employees. The occurrence of any of the cyber incidents described above could have a material adverse effect on our business, results of operations and cash flows.

The failure to protect the integrity and security of company employee and customer information could result in damage to reputation and/or subject us to fines, payment of damages, lawsuits or restrictions on our use or transfer of data.

Our business uses and transmits large volumes of employee and customer data, including credit card numbers and other personal information in various information systems that we maintain in areas such as human resources outsourcing, website hosting, and various forms of electronic communications. Our customers and employees have a high expectation that we will adequately protect their personal information. Our collection and use of personal data are governed by privacy laws and regulations, and privacy law is an area that changes often and varies significantly by jurisdiction.

Our business could suffer if our computer systems and websites are disrupted or cease to operate effectively.

We are dependent on our computer systems to record and process transactions and manage and operate our business, including processing payments, accounting for and reporting financial results, and managing our employees and employee benefit programs. Given the complexity of our business, it is imperative that we maintain uninterrupted operation of our computer hardware and software systems. Despite our preventative efforts, our systems are vulnerable to damage or interruption from, among other things, security breaches, computer viruses, technical malfunctions, inadequate system capacity, power outages, natural disasters, and usage errors by our employees or third-party consultants. If our information technology systems become damaged or otherwise cease to function properly, we may have to make significant investments to repair or replace them. Additionally, confidential or sensitive data related to our customers or employees could be lost or compromised. Any material disruptions in our information technology systems could have a material adverse effect on our business, results of operations, and financial condition.

If a third party successfully challenges our ownership of, or right to use, the Wynn-related trademarks and/or service marks, our business or results of operations could be harmed.

Our intellectual property assets, especially the logo version of “Wynn,” are among our most valuable assets. We have filed applications with the U.S. Patent and Trademark Office (“PTO”) and with various foreign patent and trademark registries including registries in Macau, China, Hong Kong, Singapore, Taiwan, Japan, certain European countries and various other jurisdictions throughout the world, to register a variety of WYNN-related trademarks and service marks in connection with a variety of goods and services. Some of the applications are based upon ongoing use and others are based upon a bona fide intent to use the marks in the future.

A common element of most of these marks is the use of the surname “WYNN.” As a general rule, a surname (or the portion of a mark primarily constituting a surname) is not eligible for registration unless the surname has acquired “secondary meaning.” To date, we have been successful in demonstrating to the PTO such secondary meaning for the WYNN marks, in certain of the applications, based upon factors including the Company’s long-term use, advertising and promotional efforts related to the marks and the level of international fame achieved by the marks, but we cannot assure you that we will be successful with the other pending applications.

Federal registrations are not completely dispositive of the right to such marks. Third parties who claim prior rights with respect to similar marks may nonetheless challenge our right to obtain registrations or our use of the marks and seek to overcome the presumptions afforded by such registrations.

Furthermore, due to the increased use of technology in computerized gaming machines and in business operations generally, other forms of intellectual property rights (such as patents and copyrights) are becoming of increased relevance. It is possible that, in the future, third parties might assert superior intellectual property rights or allege that their intellectual property rights cover some aspect of our operations. The defense of such allegations may result in substantial expenses, and, if such claims are successfully prosecuted, may have a material impact on

our business. There has been an increase in the international operation of fraudulent online gambling and investment websites attempting to scam and defraud members of the public. Websites offering these or similar activities and opportunities that use our names or similar names or images in likeness to ours, are doing so without our authorization and possibly unlawfully and with criminal intent. If our efforts to cause these sites to be shut down through civil action and by reporting these sites to the appropriate authorities (where applicable) are unsuccessful or not timely completed, these unauthorized activities may continue and harm our reputation and negatively affect our business. Efforts we take to acquire and protect our intellectual property rights against unauthorized use throughout the world may be costly and may not be successful in protecting and preserving the status and value of our intellectual property assets.

Risks Associated with our Macau Operations

Our Macau Operations may be affected by adverse political and economic conditions.

Our Macau Operations are subject to significant political, economic and social risks inherent in doing business in an emerging market. The future success of our Macau Operations depends on political and economic conditions in Macau and PRC. For example, fiscal decline, international relations, and civil, domestic or international unrest in Macau, China or the surrounding region could significantly harm our business, not only by reducing customer demand for casino resorts, but also by increasing the risk of imposition of taxes and exchange controls or other governmental restrictions, laws or regulations that might impede our Macau Operations or our ability to repatriate funds.

The smoking control legislation in Macau could have an adverse effect on our business, financial condition, results of operations and cash flows.

Under the Macau Smoking Prevention and Tobacco Control Law, as of January 1, 2019, smoking on casino premises is only permitted in authorized segregated smoking lounges with no gaming activities and such smoking lounges are required to comply with the conditions set out in the regulations. The existing smoking legislation, and any smoking legislation intended to fully ban all smoking in casinos, may deter potential gaming customers who are smokers from frequenting casinos in Macau, which could have an adverse effect on our business, financial condition, results of operations and cash flows.

Extreme weather conditions have had and may in the future have an adverse impact on our Macau Operations.

Macau's subtropical climate and location on the South China Sea are subject to extreme weather conditions including typhoons and heavy rainstorms, such as Typhoon Mangkhut in 2018 and Typhoon Hato in 2017. Unfavorable weather conditions could negatively affect the profitability of our resorts and prevent or discourage guests from traveling to Macau. Flooding, unscheduled interruption in the technology or transportation services or interruption in the supply of public utilities may lead to a shutdown of any of our resorts in Macau. The occurrence and timing of such events cannot be predicted or controlled by us and may have a material adverse effect on our business, financial condition, results of operations, and cash flows.

If our Macau Operations fail to comply with the Gaming Concession Contract, or applicable Macau laws, the Macau government may rescind our concession without compensation to us, which would have a material adverse effect on our business and financial condition.

Pursuant to the Gaming Concession Contract and applicable Macau laws, the Macau government may rescind the gaming concession if Wynn Macau SA fails to fulfill its obligations under the Macau law or the Gaming Concession Contract, including in the circumstances of (i) endangerment to the national security of mainland China or Macau, (ii) failure on the part of Wynn Macau SA to perform its obligations under the Gaming Concession Contract, (iii) public interest, and (iv) Wynn Macau SA ceasing to be eligible for the gaming concession under the Macau gaming law. If the Macau government rescinds the Gaming Concession Contract due to the Wynn Macau SA's non-fulfilment, or perceived non-fulfillment, of its obligations, Wynn Macau SA will be required to transfer to the Macau government, free from any encumbrance or lien and without compensation, all of its casinos, gaming assets and equipment and ownership rights to its casino areas in Macau. Beginning in the eighth year of Wynn Macau SA's concession, the Macau government may exercise its right to redeem the concession by providing Wynn Macau SA with at least one-year prior written notice. In such event, Wynn Macau SA would be entitled to fair and equitable compensation pursuant to the Macau gaming law. The amount of such compensation relating to the projects agreed with the Macau government would be determined based on the earnings of these projects, before interest, depreciation and amortization for the fiscal year immediately preceding the date the redemption is declared, multiplied by the number of years remaining on the term of the Gaming Concession Contract. Wynn Macau SA is currently in its first year of concession. The loss of our concession would prohibit us from conducting gaming operations in Macau, which would have a material adverse effect on our business and financial condition.

Unfavorable changes in currency exchange rates may increase our Macau Operations' obligations under the concession agreement and cause fluctuations in the value of our investment in Macau.

The currency delineated in our Macau Operations' concession agreement with the government of Macau is the Macau pataca. The Macau pataca is linked to the Hong Kong dollar, and the two are often used interchangeably in Macau. The Hong Kong dollar is linked to the U.S. dollar and the exchange rate between these two currencies has remained relatively stable over the past several years.

If the Hong Kong dollar and the Macau pataca are no longer linked to the U.S. dollar, the exchange rate for these currencies may severely fluctuate. The current rate of exchange fixed by the applicable monetary authorities for these currencies may also change.

Many of our Macau Operations' payment and expenditure obligations are in Macau patacas. We expect that most of the revenues for any casino that we operate in Macau will be in Hong Kong dollars. As a result, we are subject to foreign exchange risk with respect to the exchange rate between Macau patacas and Hong Kong dollars and the Hong Kong dollar and the U.S. dollar. Because certain debt obligations of our Macau-related entities have incurred U.S. dollar-denominated debt, fluctuations in the exchange rates of the Macau pataca or the Hong Kong dollar, in relation to the U.S. dollar, could have adverse effects on our results of operations, financial condition and ability to service our debt.

Currency exchange controls and currency export restrictions could negatively impact our Macau Operations.

Currency exchange controls and restrictions on the export of currency by certain countries may negatively impact the success of our Macau Operations. For example, there are currently existing currency exchange controls and restrictions on the export of the renminbi, the currency of the PRC. Restrictions on the export of the renminbi may impede the flow of gaming customers from the PRC to Macau, inhibit the growth of gaming in Macau and negatively impact our Macau Operations.

Conflicts of interest may arise because certain of our directors and officers are also directors of Wynn Macau, Limited.

Wynn Macau, Limited, an indirect majority owned subsidiary of Wynn Resorts and the developer, owner and operator of Wynn Macau and Wynn Palace, listed its ordinary shares of common stock on The Stock Exchange of Hong Kong Limited in October 2009. As of December 31, 2022, Wynn Resorts owns approximately 72% of Wynn Macau, Limited's ordinary shares of common stock. As a result of Wynn Macau, Limited having stockholders who are not affiliated with us, we and certain of our officers and directors who also serve as officers and/or directors of Wynn Macau, Limited may have conflicting fiduciary obligations to our stockholders and to the minority stockholders of Wynn Macau, Limited. Decisions that could have different implications for Wynn Resorts and Wynn Macau, Limited, including contractual arrangements that we have entered into or may in the future enter into with Wynn Macau, Limited, may give rise to the appearance of a potential conflict of interest.

The Macau government has established a maximum number of gaming tables that can be operated in Macau and has limited the number of new gaming tables at new gaming areas in Macau.

As of December 31, 2022, we had a total of 323 table games at Wynn Palace and 331 at Wynn Macau approved by the Macau's DICJ. We are approved by the Macau government to operate 570 gaming tables and 1,100 gaming machines at our Macau Operations currently. The mix of table games in operation at Wynn Palace and Wynn Macau changes from time to time as a result of marketing and operating strategies in response to changing market demand and industry competition. Failure to shift the mix of our table games in anticipation of market demands and industry trends may negatively impact our operating results.

Risks Related to our Indebtedness

We are highly leveraged and future cash flow may not be sufficient for us to meet our obligations, and we might have difficulty obtaining more financing.

We have a substantial amount of consolidated debt in relation to our equity.

Failure to meet our payment obligations or other obligations could result in acceleration of our indebtedness, foreclosure upon our assets that serve as collateral or bankruptcy and trigger cross defaults under other agreements. Servicing our indebtedness requires a substantial

portion of our cash flow from our operations and reduces the amount of available cash, if any, to fund working capital and other cash requirements or pay for other capital expenditures. We may not be able to obtain additional financing, if needed. The applicable rates with respect to a portion of the interest we pay will fluctuate with market rates and, accordingly, our interest expense will increase if market interest rates increase.

The interest rates of certain of our credit agreements are tied to the London Interbank Offered Rate, or LIBOR. On March 5, 2021, the United Kingdom Financial Conduct Authority announced that LIBOR would cease as a benchmark rate by June 30, 2023. Accordingly, we will need to renegotiate our credit agreements extending beyond June 30, 2023 that utilize LIBOR as a factor in determining the interest rate to replace LIBOR with a new reference rate, such as the Secured Overnight Financing Rate (“SOFR”).

We are permitted to incur additional indebtedness if certain conditions are met, including conditions under our WM Cayman II Revolver, our WRF Credit Facilities, and our indentures. If we incur additional indebtedness, the risks described above will be exacerbated.

Item 2. Properties

The following table presents our significant land holdings. We own or have obtained the right to use these properties. We also own or lease various other improved and unimproved properties which may be used for development projects.

Property	Approximate Acres	Location
Macau Operations⁽¹⁾		
Wynn Palace	51	Located in the Cotai area of Macau.
Wynn Macau	16	Located in downtown Macau’s inner harbor.
	67	

(1) The government of Macau owns most of the land in Macau. In most cases, private interests in real property located in Macau are obtained through long-term leases known as concessions and other grants of rights to use land from the government. Wynn Palace and Wynn Macau are built on land leased under land concession contracts each with terms of 25 years from May 2012 and August 2004, respectively, which may be renewed with government approval for successive periods.

Item 3. Legal Proceedings

We are occasionally party to lawsuits. As with all litigation, no assurance can be provided as to the outcome of such matters and we note that litigation inherently involves significant costs. For information regarding the Company's legal proceedings see Item 8 — "Financial Statements and Supplementary Data," Note 17, "Commitments and Contingencies — Litigation" in this Annual Report on Form 10-K, which is incorporated herein by reference, and Item 1A — "Risk Factors" in this Annual Report on Form 10-K.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

Through our approximately 72% ownership of Wynn Macau, Limited ("WML"), our concessionaire Wynn Resorts (Macau) S.A. ("Wynn Macau SA") operates two integrated resorts in the Macau Special Administrative Region ("Macau") of the People's Republic of China ("PRC"), Wynn Palace and Wynn Macau (collectively, our "Macau Operations").

Recent Developments

COVID-19 Update

Since the outbreak of COVID-19, visitation to Macau has fallen significantly, driven by the strong deterrent effect of the COVID-19 pandemic on travel and social activities, quarantine measures put in place in Macau and elsewhere, travel and entry restrictions and conditions in Macau, the PRC, Hong Kong and Taiwan involving COVID-19 testing and mandatory quarantine, among other things, periods of mandatory closure of certain businesses and facilities, including gaming operations, and the suspension or reduced accessibility of transportation to and from Macau. Over the course of December 2022 and January 2023, Macau authorities relaxed or eliminated most COVID-19 related protective measures, and as of February 27, 2023, there are no remaining entry restrictions or mandatory quarantine requirements in place for travelers to Macau, and testing requirements for inbound travelers from the PRC, Hong Kong, and Taiwan have been discontinued. Nevertheless, given the inherent uncertainty around the likelihood, extent, and timing of a potential reimposition of restrictions on the general public, travel, or certain activities, management is unable to reasonably predict whether such restrictions would impact our properties in the future, or the extent such restrictions, if reimposed, would impact our results of operations, cash flows, or financial condition.

Key Operating Measures

Certain key operating measures specific to the gaming industry are included in our discussion of our operational performance for the periods for which the Consolidated Statements of Operations are presented. These key operating measures are presented as supplemental disclosures because management and/or certain investors use these measures to better understand period-over-period fluctuations in our casino and hotel operating revenues. These key operating measures are defined below:

- Table drop in mass market for our Macau Operations is the amount of cash that is deposited in a gaming table's drop box plus cash chips purchased at the casino cage.*
- Rolling chips are non-negotiable identifiable chips that are used to track turnover for purposes of calculating incentives within our Macau Operations' VIP program.*
- Turnover is the sum of all losing rolling chip wagers within our Macau Operations' VIP program.*
- Table games win is the amount of table drop or turnover that is retained and recorded as casino revenues. Table games win is before discounts, commissions and the allocation of casino revenues to rooms, food and beverage and other revenues for services provided to casino customers on a complimentary basis. Table games win does not include poker rake.*
- Slot machine win is the amount of handle (representing the total amount wagered) that is retained by us and is recorded as casino revenues. Slot machine win is after adjustment for progressive accruals and free play, but before discounts and the allocation of casino revenues to rooms, food and beverage and other revenues for services provided to casino customers on a complimentary basis.*
- Average daily rate ("ADR") is calculated by dividing total room revenues, including complimentaries (less service charges, if any), by total rooms occupied.*
- Revenue per available room ("REVPAR") is calculated by dividing total room revenues, including complimentaries (less service charges, if any), by total rooms available.*
- Occupancy is calculated by dividing total occupied rooms, including complimentary rooms, by the total rooms available.*

Below is a discussion of the methodologies used to calculate win percentages at our resorts.

In our VIP operations in Macau, customers primarily purchase rolling chips from the casino cage and can only use them to make wagers. Winning wagers are paid in cash chips. The loss of the rolling chips in the VIP operations is recorded as turnover and provides a base for calculating VIP win percentage. It is customary in Macau to measure VIP play using this rolling chip method. We typically expect our win as a percentage of turnover from these operations to be within the range of 3.1% to 3.4%; however, reduced gaming volumes as a result of COVID-19 containment measures implemented in Macau may cause volatility in our Macau Operations' VIP win percentages.

In our mass market operations in Macau, customers may purchase cash chips at either the gaming tables or at the casino cage. The measurements from our VIP and mass market operations are not comparable as the measurement method used in our mass market operations tracks the initial purchase of chips at the table and at the casino cage, while the measurement method from our VIP operations tracks the sum of all losing wagers. Accordingly, the base measurement from the VIP operations is much larger than the base measurement from the mass market operations. As a result, the expected win percentage with the same amount of gaming win is lower in the VIP operations when compared to the mass market operations.

Results of Operations

Summary annual results

The decrease in operating revenues for the year ended December 31, 2022 was primarily driven by decreases of \$472.7 million and \$314.8 million at Wynn Palace and Wynn Macau, respectively, resulting from decreased gaming volumes due to certain travel-related restrictions and conditions, including COVID-19 testing and other procedures related to the COVID-19 pandemic.

Financial results for the year ended December 31, 2022 compared to the year ended December 31, 2021.

Operating revenues

The following table presents our operating revenues (dollars in thousands):

	<u>Year Ended December 31,</u>		<u>Increase/</u>	<u>Percent</u>
	<u>2022</u>	<u>2021</u>	<u>(Decrease)</u>	<u>Change</u>
Operating revenues				
<i>Macau Operations:</i>				
Wynn Palace	\$ 410,289	\$ 883,007	\$ (472,718)	(53.5)
Wynn Macau	<u>311,249</u>	<u>626,015</u>	<u>(314,766)</u>	(50.3)
Total Macau Operations	721,538	1,509,022	(787,484)	(52.2)

Casino revenues

Casino revenues decreased as a result of lower gaming volumes at our Macau Operations due to pandemic-related travel restrictions, offset by higher gaming volumes at our Las Vegas Operations and Encore Boston Harbor. The table below sets forth our casino revenues and associated key operating measures (dollars in thousands, except for win per unit per day):

	<i>Year Ended December 31,</i>		<i>Increase/ (Decrease)</i>	<i>Percent Change</i>
	<i>2022</i>	<i>2021</i>		
Macau Operations⁽¹⁾:				
<i>Wynn Palace:</i>				
<i>Total casino revenues</i>	\$255,886	\$677,917	\$(422,031)	(62.3)
<i>VIP:</i>				
<i>Average number of table games</i>	53	93	(40)	(43.0)
<i>VIP turnover</i>	\$2,641,321	\$6,435,947	\$(3,794,626)	(59.0)
<i>VIP table games win</i>	\$23,471	\$253,767	\$(230,296)	(90.8)
<i>VIP win as a % of turnover</i>	0.89%	3.94%	(3.05)	
<i>Table games win per unit per day</i>	\$1,259	\$7,443	\$(6,184)	(83.1)
<i>Mass market:</i>				
<i>Average number of table games</i>	229	229	—	—
<i>Table drop</i>	\$1,312,786	\$2,415,841	\$(1,103,055)	(45.7)
<i>Table games win</i>	\$282,138	\$540,234	\$(258,096)	(47.8)
<i>Table games win %</i>	21.5%	22.4%	(0.9)	
<i>Table games win per unit per day</i>	\$3,489	\$6,463	\$(2,974)	(46.0)
<i>Average number of slot machines</i>	623	710	(87)	(12.3)
<i>Slot machine handle</i>	\$732,197	\$1,454,577	\$(722,380)	(49.7)
<i>Slot machine win</i>	\$31,295	\$58,152	\$(26,857)	(46.2)
<i>Slot machine win per unit per day</i>	\$142	\$224	\$(82)	(36.6)
<i>Wynn Macau:</i>				
<i>Total casino revenues</i>	\$216,639	\$476,999	\$(260,360)	(54.6)
<i>VIP:</i>				
<i>Average number of table games</i>	41	81	(40)	(49.4)
<i>VIP turnover</i>	\$1,771,143	\$5,488,118	\$(3,716,975)	(67.7)
<i>VIP table games win</i>	\$55,999	\$155,064	\$(99,065)	(63.9)
<i>VIP win as a % of turnover</i>	3.16%	2.83%	0.33	
<i>Table games win per unit per day</i>	\$3,828	\$5,250	\$(1,422)	(27.1)
<i>Mass market:</i>				
<i>Average number of table games</i>	235	240	(5)	(2.1)
<i>Table drop</i>	\$1,170,633	\$2,230,348	\$(1,059,715)	(47.5)
<i>Table games win</i>	\$189,769	\$412,753	\$(222,984)	(54.0)
<i>Table games win %</i>	16.2%	18.5%	(2.3)	
<i>Table games win per unit per day</i>	\$2,284	\$4,720	\$(2,436)	(51.6)
<i>Average number of slot machines</i>	646	587	59	10.1
<i>Slot machine handle</i>	\$895,466	\$1,057,303	\$(161,837)	(15.3)
<i>Slot machine win</i>	\$31,768	\$35,483	\$(3,715)	(10.5)
<i>Slot machine win per unit per day</i>	\$139	\$166	\$(27)	(16.3)

(1) *The results of our Macau Operations for the years ended December 31, 2022 and 2021 were negatively impacted by the closure of our casino operations in Macau for a 12-day period in July 2022 and certain travel-related restrictions and conditions, including COVID-19 testing and other mitigation procedures, related to the COVID-19 pandemic.*

Non-casino revenues

The table below sets forth our room revenues and associated key operating measures:

	<i>Year Ended December 31,</i>		<i>Increase/ (Decrease)</i>	<i>Percent Change</i>
	<i>2022</i>	<i>2021</i>		
<i>Macau Operations:</i>				
<i>Wynn Palace:</i>				
<i>Total room revenues</i>				
<i>(dollars in thousands)</i>	\$40,079	\$69,022	\$(28,943)	(41.9)
<i>Occupancy</i>	38.4%	58.5%	(20.1)	
<i>ADR</i>	\$156	\$182	\$(26)	(14.3)
<i>REVPAR</i>	\$60	\$107	\$(47)	(43.9)
<i>Wynn Macau:</i>				
<i>Total room revenues</i>				
<i>(dollars in thousands)</i>	\$25,691	\$50,492	\$(24,801)	(49.1)
<i>Occupancy</i>	41.1%	58.8%	(17.7)	
<i>ADR</i>	\$154	\$213	\$(59)	(27.7)
<i>REVPAR</i>	\$63	\$125	\$(62)	(49.6)

Operating expenses

Casino expenses decreased \$231.9 million and \$150.8 million at Wynn Palace and Wynn Macau, respectively. These decreases were primarily due to reductions in gaming tax expense driven by the declines in casino revenues at each of Wynn Palace and Wynn Macau, resulting from pandemic-related travel restrictions, partially offset by increased casino expenses of \$45.5 million and \$42.9 million at our Las Vegas Operations and Encore Boston Harbor, respectively, primarily due to increased operating costs, including gaming tax expense, driven by the increase in casino revenues.

General and administrative expenses increased primarily due to increases of \$44.5 million and \$30.4 million at our Las Vegas Operations and Encore Boston Harbor, respectively. These increases were attributable to increased payroll and operating costs resulting from higher business volumes, partially offset by decreased general and administrative expenses of \$19.1 million and \$17.3 million at Wynn Palace and Wynn Macau, respectively, due to decreased payroll and operating costs attributable to lower business volumes.

The provision for credit losses decreased \$17.3 million, \$14.0 million, and \$5.9 million at Wynn Palace, Wynn Macau, and our Las Vegas Operations, respectively. The decreases were primarily due to the impact of historical collection patterns and expectations of current and future collection trends, as well as the specific review of customer accounts, on our estimated credit loss for the respective periods.

Depreciation and amortization decreased \$37.8 million at Wynn Palace, primarily due to certain furniture, fixture and equipment assets reaching the end of their useful lives in the first quarter of 2022.

Property charges and other expenses for the year ended December 31, 2022 consisted primarily of restructuring costs incurred by Wynn Interactive, including contract termination costs of \$32.8 million and impairment of goodwill and other finite-lived intangible assets of \$37.8 million and \$10.3 million, respectively. In addition, we incurred asset abandonments of \$3.3 million, \$22.6 million, and \$1.3 million at our Las Vegas Operations, Wynn Palace, and Wynn Macau, respectively.

Our property charges and other expenses for the year ended December 31, 2021 consisted primarily of advocacy-related expenses of \$12.5 million and impairment of goodwill of \$10.3 million at Wynn Interactive, asset abandonments of \$9.7 million, \$4.2 million, \$2.3 million, and \$1.8 million at our Las Vegas Operations, Wynn Palace, Encore Boston Harbor, and Wynn Macau, respectively, and other contingency expenses of \$8.7 million at Wynn Macau.

Other non-operating income and expenses

We incurred a foreign currency remeasurement gain of \$5.8 million and a loss of \$23.9 million for the years ended December 31, 2022 and 2021, respectively. The impact of the exchange rate fluctuation of the Macau pataca, in relation to the U.S. dollar, on the remeasurements of U.S. dollar denominated debt and other obligations from our Macau-related entities drove the variability between periods.

We recorded a \$2.1 million loss on extinguishment of debt for the year ended December 31, 2021 related to full prepayments of the Wynn Macau Credit Facilities.

Income Taxes

For the years ended December 31, 2022 and 2021, we recorded an income tax expense of \$9.3 million and \$0.5 million, respectively. The 2022 income tax expense primarily relates to U.S. profitability and changes in U.S. deferred taxes. The 2021 income tax expense primarily relates to the Macau dividend tax agreement that provides for an annual payment of MOP 12.8 million (approximately \$1.6 million) as complementary tax otherwise due by stockholders of Wynn Macau SA partially offset by a decrease in foreign deferred tax liabilities related to intangibles.

In March 2021, the Company received an extension of its Macau dividend tax agreement, providing for a payment of MOP 12.8 million (approximately \$1.6 million) for 2021 and MOP 6.3 million (approximately \$0.8 million) for the period ending June 26, 2022. In December 2022, the Company applied for an extension of this agreement from June 27, 2022 through December 31, 2022, the date Concession Extension Agreement expired. The extension is subject to approval.

In April 2020, Wynn Macau SA received an extension of the exemption from Macau's 12% Complementary Tax on casino gaming profits earned from January 1, 2021 to June 26, 2022. In September 2022, Wynn Macau SA received an extension of the exemption from the Complementary Tax on casino gaming profits through December 31, 2022. For the years ended December 31, 2022 and 2021, we did not have any casino gaming profits exempt from the Macau Complementary Tax. Our non-gaming profits remain subject to the Macau Complementary Tax and casino winnings remain subject to the Macau special gaming tax and other levies together totaling 39% in accordance with our concession agreement.

In December 2022, the Company applied for an exemption from Complementary Tax on casino gaming profits commencing January 1, 2023. The application is subject to approval.

Net loss attributable to noncontrolling interests

Net loss attributable to noncontrolling interests was \$285.5 million for the year ended December 31, 2022, compared to net loss of \$256.2 million for the year ended December 31, 2021. These amounts are primarily related to the noncontrolling interests' share of net loss from WML.

Segment Information

As further described in Item 8 — “Financial Statements and Supplementary Data,” Note 19, “Segment Information,” we use Adjusted Property EBITDAR to manage the operating results of our segments. Adjusted Property EBITDAR is net income (loss) before interest, income taxes, depreciation and amortization, pre-opening expenses, gain on EBH Transaction, net, property charges and other, triple-net operating lease rent expense related to Encore Boston Harbor, management and license fees, corporate expenses and other (including intercompany golf course, meeting and convention, and water rights leases), stock-based compensation, change in derivatives fair value, loss on extinguishment of debt, and other non-operating income and expenses. Adjusted Property EBITDAR is presented exclusively as a supplemental disclosure because management believes that it is widely used to measure the performance, and as a basis for valuation, of gaming companies. Management uses Adjusted Property EBITDAR as a measure of the operating performance of its segments and to compare the operating performance of its properties with those of its competitors, as well as a basis for determining certain incentive compensation. We also present Adjusted Property EBITDAR because it is used by some investors to measure a company's ability to incur and service debt, make capital expenditures and meet working capital requirements. Gaming companies have historically reported EBITDAR as a supplement to GAAP. In order to view the operations of their casinos on a more stand-alone basis, gaming companies, including us, have historically excluded from their EBITDAR calculations preopening expenses, property charges, corporate expenses and stock-based compensation, that do not relate to the management of specific casino properties. However, Adjusted Property EBITDAR should not be considered as an alternative to operating income (loss) as an indicator of our performance, 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 GAAP. Unlike net income (loss), Adjusted Property EBITDAR does not include depreciation or interest expense and therefore does not reflect current or future capital expenditures or the cost of capital. We have significant uses of cash flows,

including capital expenditures, triple-net operating lease rent expense related to Encore Boston Harbor, interest payments, debt principal repayments, income taxes and other non-recurring charges, which are not reflected in Adjusted Property EBITDAR. Also, our calculation of Adjusted Property EBITDAR may be different from the calculation methods used by other companies and, therefore, comparability may be limited.

The following table summarizes Adjusted Property EBITDAR (in thousands) for Wynn Palace, Wynn Macau, Las Vegas Operations, and Encore Boston Harbor as reviewed by management and summarized in Item 8 — “Financial Statements and Supplementary Data,” Note 19, “Segment Information.” That footnote also presents a reconciliation of Adjusted Property EBITDAR to net loss attributable to Wynn Resorts, Limited.

	<u>Year Ended December 31,</u>		<u>Increase/ (Decrease)</u>
	<u>2022</u>	<u>2021</u>	
Wynn Palace	\$(96,557)	\$91,646	\$(188,203)
Wynn Macau	(124,047)	4,209	(128,256)

Adjusted Property EBITDAR at Wynn Palace and Wynn Macau decreased \$188.2 million and \$128.3 million for the year ended December 31, 2022, respectively, primarily due to a decrease in operating revenues, partially offset by a decrease in operating expenses. Our Macau Operations for the year ended December 31, 2022 continued to be negatively impacted by certain travel-related restrictions and conditions, including COVID-19 testing and other procedures related to the COVID-19 pandemic.

Liquidity and Capital Resources

Investing Activities

During the year ended December 31, 2022, we incurred capital expenditures of \$226.4 million at our Las Vegas Operations primarily related to the Wynn Las Vegas room remodel and theater reconfiguration, and \$20.2 million at Encore Boston Harbor, \$31.9 million at Wynn Palace, and \$13.0 million at Wynn Macau primarily related to maintenance capital expenditures.

During the year ended December 31, 2021, we incurred capital expenditures of \$168.8 million at our Las Vegas Operations primarily related to the Wynn Las Vegas room remodel, and \$38.7 million at Encore Boston Harbor, \$37.2 million at Wynn Palace, and \$25.2 million at Wynn Macau primarily related to maintenance capital expenditures.

Financing Activities

During the year ended December 31, 2022, we repurchased 2,956,331 shares of our common stock for approximately \$171.3 million under our equity repurchase program. We also borrowed \$211.4 million under the WM Cayman II Revolver and made quarterly amortization payments under the WRF Term Loan totaling \$50.0 million.

During the year ended December 31, 2021, we received proceeds of \$841.9 million from our February 2021 equity offering and used \$716.0 million of the proceeds from the equity offering to repay the outstanding borrowings under the WRF Revolver. We also paid \$464.7 million of outstanding principal owed under the Wynn Macau Term Loan and prepaid the outstanding \$1.26 billion of borrowings under the Wynn Macau Credit Facilities along with related financing costs, using proceeds from the borrowing of \$1.09 billion under the WM Cayman II Revolver along with \$200.0 million of cash. In addition, we borrowed \$200.4 million under the WM Cayman II Revolver, and made quarterly amortization payments under the WRF Term Loan totaling \$50.0 million.

Capital Resources

The COVID-19 pandemic has materially impacted and may continue to materially impact our Macau Operations' business, financial condition, and results of operations. While as of February 27, 2023, there are no remaining entry restrictions or mandatory quarantine requirements in place for travelers to Macau or elsewhere that directly impact visitation to our other properties, and we believe our unrestricted cash, cash flows from operations and revolver borrowing capacity will enable us to fund our current obligations for the next twelve months and beyond. Nevertheless, given the inherent uncertainty around the likelihood, extent, and timing of a potential reimposition of restrictions on the general public, travel, or certain activities, management is unable to reasonably predict whether such restrictions would impact our properties in the future, or the extent such restrictions, if reimposed, would impact our results of operations, cash flows, or financial condition and our ability to access capital.

The following table summarizes our unrestricted cash and cash equivalents and available revolver borrowing capacity, excluding capacity under intercompany loan agreements, presented by significant financing entity as of December 31, 2022 (in thousands):

	<i>Total Cash and Cash Equivalents</i>	<i>Revolver Borrowing Capacity</i>
<i>Wynn Macau, Limited and subsidiaries</i>	<i>\$951,901</i>	<i>\$—</i>

Wynn Macau, Limited and subsidiaries. WML generates cash from our Macau Operations and may utilize proceeds from the WM Cayman II Revolver and its intercompany revolving loan facility with Wynn Resorts, Limited to fund working capital requirements as needed. We expect to use this cash to fund working capital and capital expenditure requirements at WML and our Macau Operations, and to service our WML Senior Notes and WM Cayman II Revolver. WML paid no dividends during 2022 or 2021.

The borrowings under the WM Cayman II Revolver bear interest at LIBOR or HIBOR plus a margin of 2.625% per annum until June 30, 2022, the date from which the margin will be 1.875% to 2.875% per annum based on WM Cayman II's leverage ratio on a consolidated basis, subject to a floor on the interest rate margin of 2.625% per annum through June 30, 2023. The final maturity of all outstanding loans under the Revolving Facility is September 16, 2025.

On May 5, 2022, WM Cayman II and its lenders agreed to waive certain financial covenants in the facility agreement under the WM Cayman II Revolver in respect of the relevant periods ending on the following applicable test dates: (a) June 30, 2022; (b) September 30, 2022; (c) December 31, 2022; and (d) March 31, 2023; and to provide for a floor on the interest rate margin of 2.625% per annum through June 30, 2023. WML, as guarantor, may be subject to certain restrictions on payments of dividends or distributions to its shareholders, unless certain financial criteria have been satisfied through the facility agreement.

If our portion of our cash and cash equivalents were repatriated to the U.S. on December 31, 2022, it would be subject to minimal U.S. taxes in the year of repatriation.

Contractual Commitments

The following table summarizes our scheduled contractual commitments as of December 31, 2022 (in thousands):

	<i>Payments Due By Period</i>				<i>Total</i>
	<i>Less Than 1 Year</i>	<i>1 to 3 Years</i>	<i>4 to 5 Years</i>	<i>After 5 Years</i>	
Macau gaming premium ⁽²⁾	13,199	26,398	26,398	65,997	131,992
Macau Property Transfer Agreement payments ⁽³⁾	6,612	13,225	44,082	110,206	174,125

(2) Represents the fixed and minimum variable gaming premium amounts payable under the Gaming Concession Contract, based on the number and type of gaming tables and machines we operate.

(3) Represents amounts payable under the Property Transfer Agreements (as defined in Item 8 — "Financial Statements and Supplementary Data," Note 5, "Property and Equipment, net").

On December 16, 2022, Wynn Macau SA entered into a definitive gaming concession contract (the "Gaming Concession Contract") with the government of Macau, pursuant to which Wynn Macau SA was granted a 10-year gaming concession commencing on January 1, 2023 and expiring on December 31, 2032, to operate games of chance at Wynn Palace and Wynn Macau.

In addition to the Macau gaming premium and Property Transfer Agreements payment commitments included in the table above, Wynn Macau SA committed to pay a gaming tax assessed at the rate of 35% of gross gaming revenues, plus additional special levies equal to 5% of gross gaming revenues, throughout the term of the Gaming Concession Contract. Wynn Macau SA also committed to make certain non-gaming and gaming investments in the amount of MOP17.73 billion (approximately \$2.21 billion) over the course of the ten-year term of the Gaming Concession Contract. MOP16.50 billion (approximately \$2.05 billion) of the committed investment will be used for non-gaming capital projects and event programming in connection with, among others, attraction of foreign tourists, conventions and exhibitions, entertainment performances, sports events, culture and art, health and wellness, themed amusement, gastronomy, community tourism and maritime tourism. Wynn Macau SA will be required to increase its investment in non-gaming projects by 20% in the following year if market-wide gross gaming revenues increase to MOP180.00 billion (approximately \$22.41 billion) in any one year (the “Trigger Event”). The required increase will be reduced to 16%, 12%, 8%, 4% or 0%, respectively, if the Trigger Event occurs during the sixth, seventh, eighth, ninth or tenth year of the concession period, respectively.

See Item 8 — “Financial Statements and Supplementary Data,” Note 17, “Commitments and Contingencies,” for additional information regarding the amounts owed under the Gaming Concession Contract and Macau gaming law.

Critical Accounting Policies and Estimates

Allowance for Credit Losses

The following table presents key statistics related to our casino accounts receivable (dollars in thousands):

	<i>December 31,</i>	
	<u>2022</u>	<u>2021</u>
<i>Casino accounts receivable</i>	<i>\$171,893</i>	<i>\$199,030</i>

As of December 31, 2022 and 2021, 34.3% and 42.9%, respectively, of our outstanding casino accounts receivable balance originated at our Macau Operations.

Impairment of Long-lived Assets, Intangible assets, and Goodwill

During the year ended December 31, 2022, Wynn Palace and Wynn Macau continued to experience disruptions to their respective businesses as a result of the COVID-19 pandemic as noted in Note 1, “Organization and Business.” As a result, we concluded that a triggering event occurred at each of these asset groups. We tested our asset groups for recoverability as of December 31, 2022, and concluded no impairment existed at that date as the estimated undiscounted future cash flows exceeded the net carrying amount for each of the asset groups. The tests for recoverability include estimates of future cash flows and the useful lives of our primary assets. These estimates are subjective and may change should the COVID-19 pandemic, including travel restrictions and operating capacity limitations, persist longer than expected. Unfavorable changes in the Company’s estimates could require an impairment charge in the future.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Foreign Currency Risks

The currency delineated in Wynn Macau SA’s Gaming Concession Contract with the government of Macau is the Macau pataca (see Item 1 — “Business — Regulation and Licensing — Macau” for further discussion). The Macau pataca, which is not a freely convertible currency, is linked to the Hong Kong dollar, and in many cases the two are used interchangeably in Macau. The Hong Kong dollar is linked to the U.S. dollar and the exchange rate between these two currencies has remained relatively stable over the past several years. However, the exchange linkages of the Hong Kong dollar and the Macau pataca, and the Hong Kong dollar and the U.S. dollar, are subject to potential changes due to, among other things, changes in Chinese governmental policies and international economic and political developments.

If the Hong Kong dollar and the Macau pataca are not linked to the U.S. dollar in the future, severe fluctuations in the exchange rate for these currencies may result. We also cannot assure you that the current rate of exchange fixed by the applicable monetary authorities for these currencies will remain at the same level.

We expect most of the revenues and expenses for any casino that we operate in Macau will be denominated in Hong Kong dollars or Macau patacas; however, a significant portion of our Wynn Macau, Limited and Wynn Macau SA debt is denominated in U.S. dollars. Fluctuations in the exchange rates resulting in weakening of the Macau pataca or the Hong Kong dollar in relation to the U.S. dollar could have materially adverse effects on our results, financial condition, and ability to service debt. Based on our balances as of December 31, 2022, an assumed 1% change in the U.S. dollar/Hong Kong dollar exchange rate would cause a foreign currency transaction gain/loss of \$50.1 million.

Item 8. Financial Statements and Supplementary Data

WYNN RESORTS, LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — Organization and Business

Organization

Macau Operations

Wynn Palace features a luxury hotel tower with 1,706 guest rooms, suites and villas, approximately 468,000 square feet of casino space, 14 food and beverage outlets, approximately 37,000 square feet of meeting and convention space, approximately 107,000 square feet of retail space, public attractions including a performance lake and floral art displays, and recreation and leisure facilities.

Wynn Macau features two luxury hotel towers with a total of 1,010 guest rooms and suites, approximately 294,000 square feet of casino space, 14 food and beverage outlets, approximately 31,000 square feet of meeting and convention space, approximately 64,300 square feet of retail space, a performance lake, a rotunda show and recreation and leisure facilities.

On December 16, 2022, Wynn Resorts (Macau), S.A. (“Wynn Macau SA”), an indirect subsidiary of the Company, entered into a definitive gaming concession contract (the “Gaming Concession Contract”) with the Macau government, pursuant to which Wynn Macau SA was granted a 10-year gaming concession commencing on January 1, 2023 and expiring on December 31, 2032, to operate games of chance at Wynn Palace and Wynn Macau.

Recent Developments Related to COVID-19

Macau Operations

Since the outbreak of COVID-19, visitation to Macau has fallen significantly, driven by the strong deterrent effect of the COVID-19 pandemic on travel and social activities, quarantine measures put in place in Macau and elsewhere, travel and entry restrictions and conditions in Macau, the PRC, Hong Kong and Taiwan involving COVID-19 testing and mandatory quarantine, among other things, periods of mandatory closure of certain businesses and facilities, including gaming operations, and the suspension or reduced accessibility of transportation to and from Macau. Over the course of December 2022 and January 2023, Macau authorities relaxed or eliminated most COVID-19 related protective measures, and as of February 27, 2023, there are no remaining entry restrictions or mandatory quarantine requirements in place for travelers to Macau, and testing requirements for inbound travelers from the PRC, Hong Kong, and Taiwan have been discontinued. Nevertheless, given the inherent uncertainty around the likelihood, extent, and timing of a potential reimposition of restrictions on the general public, travel, or certain activities, management is unable to reasonably predict whether such restrictions would impact the Company's properties in the future, or the extent such restrictions, if reimposed, would impact the Company's results of operations, cash flows, or financial condition.

Liquidity

As of December 31, 2022, the Company had total cash and cash equivalents, excluding restricted cash, of \$3.65 billion, and had access to \$837.0 million of available borrowing capacity from the WRF Revolver. As of December 31, 2022, the WM Cayman II Revolver was fully drawn. As a result of the negative impact the COVID-19 pandemic has had, and may continue to have, on our operating income, the Company has suspended its dividend program. Given the Company's liquidity position as of December 31, 2022, the Company believes it will be able to support continuing operations and respond to any potential reimposition of COVID-19 related restrictions on the general public, travel, or certain activities and their related economic disruptions.

Note 2 — Basis of Presentation and Significant Accounting Policies

Cash, Cash Equivalents and Restricted Cash

Restricted cash consists of cash collateral associated with obligations and cash held in a trust in accordance with WML's share award plan, and as of December 31, 2022 includes an amount held in the form of a first demand bank guarantee in favor of the Macau government to support Wynn Macau SA's legal and contractual obligations under the Gaming Concession Contract.

Accounts Receivable and Credit Risk

Casino receivables primarily consist of credit issued to patrons in the form of markers.

Leases

Lessor Arrangements

The Company is the lessor under non-cancelable operating leases for retail and food and beverage outlet space at its integrated resorts, which represents approximately 105,000, 60,000, 174,000, and 39,000 square feet of space at Wynn Palace, Wynn Macau, Wynn Las Vegas, and Encore Boston Harbor, respectively.

Note 3 — Cash, Cash Equivalents and Restricted Cash

Cash, cash equivalents and restricted cash consisted of the following (in thousands):

	December 31,	
	2022	2021
Restricted cash ⁽³⁾	132,550	8,537

(3) Restricted cash consists of cash subject to certain contractual restrictions, cash collateral associated with obligations and cash held in a trust in accordance with WML's share award plan, and as of December 31, 2022 includes \$124.5 million in the form of a first demand bank guarantee in favor of the Macau government to support Wynn Macau SA's legal and contractual obligations through the term of the Gaming Concession Contract.

Note 5 — Property and Equipment, net

Macau Operations Property Transfer Agreements

In December 2022, in accordance with the requirements of the Macau Gaming Law, Wynn Macau SA and Palo Real Estate Company Limited ("Palo"), a subsidiary of Wynn Macau SA, entered into agreements (collectively, the "Property Transfer Agreements") with the Macau government, pursuant to which Wynn Macau SA and Palo transferred the casino areas and gaming equipment of the Company's Macau Operations to the Macau government without compensation on December 31, 2022, and the Macau government agreed to transfer such casino areas and gaming equipment back to Wynn Macau SA as of January 1, 2023, for its use in the operation of games of chance at Wynn Macau and Wynn Palace as permitted under the Gaming Concession Contract through December 31, 2032. In exchange for the use of such assets, Wynn Macau SA has agreed to make certain payments as outlined in Note 17, "Commitments and Contingencies." As the Company expects to continue to operate the casino areas and gaming equipment at its Macau Operations in the same manner as under the previous concession, obtain substantially all of the economic benefits, and bear all of the risks arising from the use of these assets, and believes it will be awarded a new concession upon the expiration of the Gaming Concession Contract, the Company will continue to recognize the casino areas and gaming equipment as property and equipment over their remaining estimated useful lives.

Note 6 — Goodwill and Intangible Assets, net

Goodwill and intangible assets, net consisted of the following (in thousands):

	<i>December 31,</i>	
	<u>2022</u>	<u>2021</u>
Finite-lived intangible assets:		
Macau gaming concession	\$48,304	\$42,300
Less: accumulated amortization	(48,304)	(41,114)
	—	1,186

Note 7 — Long-Term Debt

Long-term debt consisted of the following (in thousands):

	<i>December 31,</i>	
	<u>2022</u>	<u>2021</u>
Macau Related:		
WM Cayman II Revolver, due 2025 ⁽¹⁾	\$1,500,473	\$1,287,766
WML 4 7/8% Senior Notes, due 2024	600,000	600,000
WML 5 1/2% Senior Notes, due 2026	1,000,000	1,000,000
WML 5 1/2% Senior Notes, due 2027	750,000	750,000
WML 5 5/8% Senior Notes, due 2028	1,350,000	1,350,000
WML 5 1/8% Senior Notes, due 2029	1,000,000	1,000,000

(1) The borrowings under the WM Cayman II Revolver bear interest at LIBOR or HIBOR plus a margin of 1.875% to 2.875% per annum based on WM Cayman II's leverage ratio on a consolidated basis, subject to a floor on the interest rate margin of 2.625% per annum through June 30, 2023. Approximately \$312.5 million and \$1.19 billion of the WM Cayman II Revolver bears interest at a rate of LIBOR plus 2.875% per year and HIBOR plus 2.875% per year, respectively. As of December 31, 2022 and 2021, the weighted average interest rate was approximately 7.30% and 2.80%, respectively. As of December 31, 2022, the WM Cayman II Revolver was fully drawn.

Macau Related Debt

WM Cayman II Revolver

On September 16, 2021, WM Cayman Holdings Limited II, an indirect wholly owned subsidiary of WML, as borrower (“WM Cayman II”) and WML as guarantor, each an indirect subsidiary of Wynn Resorts, entered into a facility agreement with, among others, Bank of China Limited, Macau Branch as agent and a syndicate of lenders (the “Facility Agreement”), pursuant to which the lenders will make available in an aggregate amount of \$1.50 billion equivalent revolving unsecured credit facility consisting of one tranche in an amount of \$312.5 million and one tranche in an amount of HK\$9.26 billion (approximately \$1.19 billion) to WM Cayman II (the “WM Cayman II Revolver”). WM Cayman II has the ability to upsize the total WM Cayman II Revolver by an additional \$1.00 billion equivalent under the Facility Agreement and related agreements upon the satisfaction of various conditions.

The final maturity of all outstanding loans under the WM Cayman II Revolver is September 16, 2025, by which time any outstanding borrowings from the WM Cayman II Revolver must be repaid.

On May 5, 2022, WM Cayman II and its lenders agreed to waive certain financial covenants in the Facility Agreement under the WM Cayman II Revolver in respect of the relevant periods ending on the following applicable test dates: (a) June 30, 2022; (b) September 30, 2022; (c) December 31, 2022; and (d) March 31, 2023; and to provide for a floor on the interest rate margin of 2.625% per annum through June 30, 2023. WML, as guarantor, may be subject to certain restrictions on payments of dividends or distributions to its shareholders, unless certain financial criteria have been satisfied through the Facility Agreement.

WML Senior Notes

During 2020, WML issued \$1.00 billion of 5 1/2% Senior Notes due 2026 and \$1.35 billion of 5 5/8% Senior Notes due 2028 (the “2026 and 2028 WML Senior Notes” and collectively with the WML 4 7/8% Senior Notes, due 2024, the WML 5 1/2% Senior Notes, due 2027, and the WML 5 1/8% Senior Notes, due 2029, the “WML Senior Notes”). The Company used the proceeds from the 2026 and 2028 WML Senior Notes to facilitate repayments on the Wynn Macau Credit Facilities and for general corporate purposes. The WML Senior Notes bear interest at each of their respective interest rates and interest is payable semi-annually. In connection with the issuance of the 2026 and 2028 WML Senior Notes, the Company paid fees and expenses totaling \$20.7 million, which were recorded as debt issuance costs within the Consolidated Balance Sheets.

The WML Senior Notes are WML's general unsecured obligations and rank pari passu in right of payment with all of WML's existing and future senior unsecured indebtedness, will rank senior to all of WML's future subordinated indebtedness, if any; will be effectively subordinated to all of WML's future secured indebtedness to the extent of the value of the assets securing such debt; and will be structurally subordinated to all existing and future obligations of WML's subsidiaries, including the WM Cayman II Revolver. The WML Senior Notes are not registered under the Securities Act of 1933, as amended (the "Securities Act") and the WML Notes are subject to restrictions on transferability and resale.

The WML Senior Notes were issued pursuant to indentures between WML and Deutsche Bank Trust Company Americas, as trustee (the "WML Senior Notes Indentures"). The WML Senior Notes Indentures contain covenants limiting WML's (and certain of its subsidiaries') ability to, among other things: merge or consolidate with another company; transfer or sell all or substantially all of its properties or assets; and lease all or substantially all of its properties or assets. The WML Senior Notes Indentures also contain customary events of default. In the case of an event of default arising from certain events of bankruptcy or insolvency, all WML Senior Notes then outstanding will become due and payable immediately without further action or notice.

Upon the occurrence of (a) any event after which none of WML or any subsidiary of WML has the applicable gaming concessions or authorizations in Macau in substantially the same manner and scope as WML and its subsidiaries are entitled to at the date on which each of the WML Senior Notes are issued, for a period of 10 consecutive days or more, and such event has a material adverse effect on WML and its subsidiaries, taken as a whole; or (b) the termination or modification of any such concessions or authorizations which has a material adverse effect on WML and its subsidiaries, taken as a whole, each holder of the WML Senior Notes will have the right to require WML to repurchase all or any part of such holder's WML Senior Notes at a purchase price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest. If WML undergoes a Change of Control (as defined in the WML Senior Notes Indentures), it must offer to repurchase the WML Senior Notes at a price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest.

Note 8 — Stockholders' Equity (Deficit)

Noncontrolling Interests

Wynn Macau, Limited

The WML board of directors concluded not to recommend the payment of a dividend with respect to the years ended December 31, 2022, 2021, and 2020 due to the financial impact of the COVID-19 pandemic. As such, WML paid no dividends during 2022, 2021, and 2020.

Note 10 — Benefit Plans

Defined Contribution Plans

Wynn Macau SA also operates a defined contribution retirement benefit plan (the “Wynn Macau Plan”). Eligible employees are allowed to contribute 5% of their base salary to the Wynn Macau Plan and the Company matches any contributions. On July 1, 2019, the Company offered the option for the eligible Macau resident employees to join the non-mandatory central provident fund (the “CPF”) system. Eligible Macau resident employees joining the Company from July 1, 2019 onwards have the option of enrolling in the CPF system while the Company’s existing Macau resident employees who are currently members of the Wynn Macau Plan will be provided with the option of joining the CPF system or staying in the existing Wynn Macau Plan, which will continue to be in effect in parallel. The CPF system allows eligible employees to contribute 5% or more of their base salary to the CPF while the Company matches with a 5% of such salary as employer’s contribution to the CPF. The Company’s matching contributions vest to the employee at 10% per year with full vesting in ten years. The assets of the Wynn Macau Plan and the CPF are held separately from those of the Company in independently administered funds and overseen by the Macau government. Forfeitures of unvested contributions are used to reduce the Company’s liability for its contributions payable. During the years ended December 31, 2022, 2021 and 2020, the Company recorded matching contribution expenses of \$17.0 million, \$17.2 million, and \$19.5 million, respectively.

Note 12 — Stock-Based Compensation

Wynn Macau, Limited Share Option and Share Award Plans

The Company’s majority-owned subsidiary, WML, has two stock-based compensation plans that provide awards based on shares of WML’s common stock. The shares available for issuance under these plans are separate and distinct from the common stock of Wynn Resorts’ share plan and are not available for issuance for any awards under the Wynn Resorts share plan.

WML Share Option Plan (“WML Share Option Plan”)

WML adopted the WML Share Option Plan for the grant of stock options to purchase shares of WML to eligible directors and employees of WML and its subsidiaries. The WML Share Option Plan is administered by WML’s Board of Directors, which has the discretion on the vesting and service requirements, exercise price, performance targets to exercise if applicable and other conditions, subject to certain limits.

The WML Share Option Plan was adopted for a period of 10 years commencing from May 30, 2019. The maximum number of shares which may be issued pursuant to the WML Share Option Plan is 519,695,860 shares. As of December 31, 2022, there were 496,951,860 shares available for issuance under the WML Share Option Plan.

WML Employee Share Ownership Scheme (the “WML Share Award Plan”)

On June 30, 2014, WML adopted the WML Share Award Plan. The Share Award Plan allows for the grant of nonvested shares of WML’s common stock to eligible employees. The WML Share Award Plan has been mandated under the plan to allot, issue and process the transfer of a maximum of 75,000,000 shares. As of December 31, 2022, there were 16,196,672 shares available for issuance under the WML Share Award Plan.

Stock Options

The summary of stock option activity for the year ended December 31, 2022 is presented below:

	<u>Options</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Term (in years)</u>	<u>Aggregate Intrinsic Value</u>
WML Share Option Plan				
<i>Outstanding as of January 1, 2022</i>	28,523,400	\$1.87		
<i>Granted</i>	4,784,000	\$0.60		
<i>Exercised</i>	—	\$—		
<i>Forfeited or expired</i>	<u>(304,000)</u>	\$2.44		
<i>Outstanding as of December 31, 2022</i>	<u>33,003,400</u>	\$1.68	7.20	\$4,517,675
<i>Fully vested and expected to vest as of December 31, 2022</i>	<u>33,003,400</u>	\$1.68	7.20	\$4,517,675
<i>Exercisable as of December 31, 2022</i>	<u>14,549,600</u>	\$2.19	5.51	\$413,900

The following is provided for stock options under the Company's stock-based compensation plans (in thousands, except weighted average grant date fair value):

	<i>Year Ended December 31,</i>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>WML Share Option Plan</i> ⁽²⁾			
<i>Weighted average grant date fair value</i>	\$0.26	\$0.26	\$0.54
<i>Intrinsic value of stock options exercised</i>	\$—	\$—	\$57
<i>Cash received from the exercise of stock options</i>	\$—	\$—	\$70

(2) As of December 31, 2022, there was \$5.9 million of unamortized compensation expense related to stock options, which is expected to be recognized over a weighted average period of 2.40 years.

Option Valuation Inputs

The fair value of stock options granted under WML's Share Option Plan was estimated on the date of grant using the following weighted average assumptions:

	<i>Year Ended December 31,</i>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Expected dividend yield</i>	1.3%	2.9%	4.7%
<i>Expected volatility</i>	45.7%	46.4%	42.6%
<i>Risk-free interest rate</i>	3.2%	1.1%	1.0%
<i>Expected term (years)</i>	6.5	6.5	6.5

Nonvested and performance nonvested shares

The summary of nonvested and performance nonvested share activity under the Company's stock-based compensation plans for the year ended December 31, 2022 is presented below:

	<u>Shares</u>	<u>Weighted Average Grant Date Fair Value</u>
<i>WML Share Award Plan</i>		
<i>Nonvested as of January 1, 2022</i>	10,024,737	\$2.06
<i>Granted</i>	31,745,495	\$0.62
<i>Vested</i>	(18,604,189)	\$0.91
<i>Forfeited</i>	(2,847,597)	\$1.28
<i>Nonvested as of December 31, 2022</i>	<u>20,318,446</u>	<u>\$0.97</u>

The following is provided for the share awards under the Company's stock-based compensation plans (in thousands, except weighted average grant date fair value):

	<i>Year Ended December 31,</i>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>WML Share Award Plan</i>			
<i>Weighted average grant date fair value</i>	\$0.62	\$1.56	\$1.86
<i>Fair value of shares vested</i>	\$20,547	\$4,771	\$8,371

As of December 31, 2022, there was \$11.1 million of unamortized compensation expense, which is expected to be recognized over a weighted average period of 2.96 years under the WML Share Award Plan.

Note 13 — Income Taxes

Wynn Macau SA received a five year exemption from Macau's 12% Complementary Tax on casino gaming profits through December 31, 2020. In April 2020, Wynn Macau SA received an extension of the exemption from Macau's 12% Complementary Tax on casino gaming profits earned from January 1, 2021 to June 26, 2022. In September 2022, Wynn Macau SA received an extension of the exemption from the Complementary Tax on casino gaming profits through December 31, 2022. In December 2022, the Wynn Macau SA applied for an exemption from Complementary Tax on casino gaming profits commencing January 1, 2023. The application is subject to approval.

For the years ended December 31, 2022 and 2021, the Company did not have any casino gaming profits exempt from the Macau Complementary Tax. The Company's non-gaming profits remain subject to the Macau Complementary Tax and its casino winnings remain subject to the Macau special gaming tax and other levies in accordance with its concession agreement.

Wynn Macau SA also entered into an agreement with the Macau government that provides for an annual payment of MOP 12.8 million (approximately \$1.6 million) as complementary tax otherwise due by stockholders of Wynn Macau SA on dividend distributions through 2020. In March 2021, the Company received an extension of its Macau dividend tax agreement, providing for a payment of MOP 12.8 million (approximately \$1.6 million) for 2021 and MOP 6.3 million (approximately \$0.8 million) for the period ending June 26, 2022. In December 2022, Wynn Macau SA applied for an extension of this agreement from June 27, 2022 through December 31, 2022, the date Concession Extension Agreement expired. The extension is subject to approval. As a result of the stockholder dividend tax agreements, income tax expense includes \$1.6 million for each of the years ended December 31, 2022, 2021, and 2020.

The Company's 2018 to 2021 Macau income tax returns remain subject to examination by the Financial Services Bureau.

On December 31, 2020, 2021 and 2022, the statute of limitations for the 2015, 2016, and 2017 Macau Complementary tax return expired, respectively. As a result of the expiration of the statute of limitations for the Macau Complementary Tax return, the total amount of unrecognized tax benefits decreased by \$3.7 million, \$10.6 million, and \$15.0 million, respectively.

Note 15 — Leases

Ground Leases

Macau Land Concessions

Wynn Palace and Wynn Macau were built on land that is leased under Macau land concession contracts each with terms of 25 years from May 2012 and August 2004, respectively, which may be renewed with government approval for successive 10-year periods in accordance with Macau legislation. The land concession payments are expected to be \$1.6 million per year through 2027 and total payments of \$10.8 million thereafter through 2037. At December 31, 2022 and 2021, the total liability associated with these leases was \$13.6 million and \$14.5 million, respectively.

At December 31, 2022 and 2021, operating lease assets included \$154.1 million and \$166.7 million of leasehold interests in land related to the Wynn Palace and Wynn Macau land concessions. The Company expects that the amortization associated with these leasehold interests will be approximately \$12.5 million per year from 2023 through 2028 and approximately \$9.4 million per year thereafter through 2037.

Note 16 — Related Party Transactions

Home Purchase

In 2022, Linda Chen, President and Executive Director of Wynn Macau SA exercised an option to purchase a home provided by the Company for her use for no consideration, as provided by the terms of her employment agreement. Based on a third-party appraisal as of the date of option exercise, the estimated fair value of the home was \$6.4 million. The home purchase closed during the third quarter of 2022.

Note 17 — Commitments and Contingencies

Macau Gaming Concession

Wynn Macau SA committed to make the following payments throughout the term of the Gaming Concession Contract:

- (i) Gaming premium — The gaming premium is composed of (a) a fixed portion in an amount equal to MOP30.0 million (approximately \$3.7 million) per year; and (b) a variable annual portion of (1) MOP300,000 (approximately \$37 thousand) per gaming table located in special gaming halls reserved exclusively to particular games or players; (2) MOP150,000 (approximately \$19 thousand) per gaming table that is not reserved exclusively to particular games or players; and (3) MOP1,000 (approximately \$125) per gaming machine, including slot machines, operated by Wynn Macau SA. The amount of the variable portion of the premium cannot be less than the amount that would result from the permanent operation of 500 gaming tables and 1,000 gaming machines, i.e., MOP76.0 million (approximately \$9.5 million). A minimum average annual gross gaming revenue of MOP7.0 million (approximately \$0.9 million) per gaming table and MOP300,000 (approximately \$37 thousand) per gaming machine has been set by Macau government. If Wynn Macau SA fails to reach such minimum gross gaming revenue, Wynn Macau SA will be required to pay a special premium equal to the difference between the special gaming tax calculated based on the actual gross gaming revenue and that of such minimum gross gaming revenue;*
- (ii) Special levies, totaling 5% of gross gaming revenues. The Macau government may reduce the special levies payable by Wynn Macau SA (1) based on Wynn Macau SA's contribution to the attraction of tourists who enter Macau for tourism and business purposes and hold travel documents issued by countries or regions other than the People's Republic of China; (2) if Wynn Macau SA's operations are adversely affected by abnormal, unpredictable or force majeure circumstances associated with the prevailing economic conditions of Macau; or (3) factors as determined by the Chief Executive of Macau; and*
- (iii) Special gaming tax assessed at the rate of 35% of gross gaming revenues.*

In accordance with the terms of the Property Transfer Agreements (as defined in Note 5, "Property and Equipment, net"), Wynn Macau SA will pay the Macau government an annual amount of MOP53.1 million (approximately \$6.6 million) during each of the years ending December 31, 2023, 2024, and 2025, and an annual amount of MOP177.0 million (approximately \$22.0 million) during each of the remaining years of the term of the Gaming Concession Contract through December 31, 2032; subject to adjustment in each year based on the average price index in Macau. Pursuant to the Gaming Concession Contract, Wynn Macau SA will revert to Macau government the casino areas and gaming equipment, without compensation and free of encumbrance upon the rescission or termination of the gaming concession on December 31, 2032.

Wynn Macau SA also committed to make certain non-gaming and gaming investments in the amount of MOP17.73 billion (approximately \$2.21 billion) over the course of the ten-year term of the Gaming Concession Contract. MOP16.50 billion (approximately \$2.05 billion) of the committed investment will be used for non-gaming capital projects and event programming in connection with, among others, attraction of foreign tourists, conventions and exhibitions, entertainment performances, sports events, culture and art, health and wellness, themed amusement, gastronomy, community tourism and maritime tourism. Wynn Macau SA will be required to increase its investment in non-gaming projects by 20% in the following year if market-wide gross gaming revenues increase to MOP180.00 billion (approximately \$22.41 billion) in any one year (the “Trigger Event”). The required increase will be reduced to 16%, 12%, 8%, 4% or 0%, respectively, if the Trigger Event occurs during the sixth, seventh, eighth, ninth or tenth year of the concession period, respectively.

Litigation

Macau Litigation Related to Dore

Wynn Macau SA has been named as a defendant in lawsuits filed in the Macau Court of First Instance by individuals who claim to be investors in, or persons with credit in accounts maintained by, Dore Entertainment Company Limited (“Dore”), an independent, Macau registered and licensed company that operated a gaming promoter business at Wynn Macau. In connection with the alleged theft, embezzlement, fraud and/or other crime(s) perpetrated by a former employee of Dore (the “Dore Incident”), the plaintiffs of the lawsuits allege that Dore failed to honor withdrawal of funds deposited with Dore as investments or gaming deposits that allegedly resulted in certain losses for these individuals. The principal allegations common to the lawsuits are that Wynn Macau SA, as a gaming concessionaire, should be held responsible for Dore’s conduct on the basis that Wynn Macau SA is responsible for the supervision of Dore’s activities at Wynn Macau that resulted in the purported losses.

The Company believes these cases are without merit and unfounded and intends to vigorously defend against the remaining claims pleaded against Wynn Macau SA in these lawsuits. The Company has made estimates for potential litigation costs based upon its assessment of the likely outcome and has recorded provisions for such amounts in the accompanying consolidated financial statements. No assurances can be provided as to the outcome of the pending Dore cases, and actual results may differ from these estimates.

Note 19 — Segment Information

The Company has identified its reportable segments based on factors such as geography, regulatory environment, the information reviewed by its chief operating decision maker, and the Company’s organizational and management reporting structure.

The Company has identified the following reportable segments: (i) Wynn Macau, representing the aggregate of Wynn Macau and Encore, an expansion at Wynn Macau, which are managed as a single integrated resort; (ii) Wynn Palace; (iii) Las Vegas Operations, representing the aggregate of Wynn Las Vegas, Encore, an expansion at Wynn Las Vegas, and the Retail Joint Venture, which are managed as a single integrated resort; (iv) Encore Boston Harbor; and (v) Wynn Interactive. For geographical reporting purposes, Wynn Macau, Wynn Palace, and Other Macau (which represents the assets of the Company's Macau holding company and other ancillary entities) have been aggregated into Macau Operations.

The following tables present the Company's segment information (in thousands):

	<i>Year Ended December 31,</i>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Operating revenues</i>			
<i>Macau Operations:</i>			
<i>Wynn Palace</i>			
<i>Casino</i>	\$255,886	\$677,917	\$368,284
<i>Rooms</i>	40,079	69,022	46,110
<i>Food and beverage</i>	35,546	47,985	43,198
<i>Entertainment, retail and other⁽¹⁾</i>	78,778	88,083	47,828
	<u>410,289</u>	<u>883,007</u>	<u>505,420</u>
 <i>Wynn Macau</i>			
<i>Casino</i>	216,639	476,999	344,595
<i>Rooms</i>	25,691	50,492	39,111
<i>Food and beverage</i>	25,334	32,420	33,094
<i>Entertainment, retail and other⁽¹⁾</i>	43,585	66,104	57,857
	<u>311,249</u>	<u>626,015</u>	<u>474,657</u>
 <i>Total Macau Operations</i>	 <u>721,538</u>	 <u>1,509,022</u>	 <u>980,077</u>

	<i>Year Ended December 31,</i>		
	2022	2021	2020
Adjusted Property EBITDAR⁽²⁾			
<i>Macau Operations:</i>			
Wynn Palace	\$(96,557)	\$91,646	\$(149,647)
Wynn Macau	(124,047)	4,209	(87,189)
Total Macau Operations	(220,604)	95,855	(236,836)

(1) *Includes lease revenue accounted for under lease accounting guidance.*

(2) *“Adjusted Property EBITDAR” is net income (loss) before interest, income taxes, depreciation and amortization, pre-opening expenses, gain on EBH Transaction, net, property charges and other, triple-net operating lease rent expense related to Encore Boston Harbor, management and license fees, corporate expenses and other (including intercompany golf course, meeting and convention, and water rights leases), stock-based compensation, change in derivatives fair value, loss on extinguishment of debt, and other non-operating income and expenses. We use Adjusted Property EBITDAR to manage the operating results of our segments. Adjusted Property EBITDAR is presented exclusively as a supplemental disclosure because management believes that it is widely used to measure the performance, and as a basis for valuation, of gaming companies. Management uses Adjusted Property EBITDAR as a measure of the operating performance of its segments and to compare the operating performance of its properties with those of its competitors, as well as a basis for determining certain incentive compensation. The Company also presents Adjusted Property EBITDAR because it is used by some investors to measure a company’s ability to incur and service debt, make capital expenditures and meet working capital requirements. Gaming companies have historically reported EBITDAR as a supplement to GAAP. In order to view the operations of their casinos on a more stand-alone basis, gaming companies, including us, have historically excluded from their EBITDAR calculations preopening expenses, property charges, corporate expenses and stock-based compensation, that do not relate to the management of specific casino properties. However, Adjusted Property EBITDAR should not be considered as an alternative to operating income (loss) as an indicator of the Company’s performance, 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 GAAP. Unlike net income (loss), Adjusted Property EBITDAR does not include depreciation or interest expense and therefore does not reflect current or future capital expenditures or the cost of capital. The Company has significant uses of cash flows, including capital expenditures, triple-net operating lease rent expense related to Encore Boston Harbor, debt principal repayments, income taxes and other non-recurring charges, which are not reflected in Adjusted Property EBITDAR. Also, the Company’s calculation of Adjusted Property EBITDAR may be different from the calculation methods used by other companies and, therefore, comparability may be limited.*

	<i>Year Ended December 31,</i>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Capital expenditures</i>			
<i>Macau Operations:</i>			
<i>Wynn Palace</i>	\$31,946	\$37,169	\$46,717
<i>Wynn Macau</i>	13,003	25,249	49,845
	<hr/>	<hr/>	<hr/>
<i>Total Macau Operations</i>	44,949	62,418	96,562
	<i>December 31,</i>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Assets</i>			
<i>Macau Operations:</i>			
<i>Wynn Palace</i>	\$2,884,073	\$3,122,424	\$3,393,790
<i>Wynn Macau</i>	1,430,051	1,032,521	1,202,709
<i>Other Macau</i>	268,017	1,173,913	2,026,098
	<hr/>	<hr/>	<hr/>
<i>Total Macau Operations</i>	4,582,141	5,328,858	6,622,597
	<i>December 31,</i>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Long-lived assets</i>			
<i>Macau</i>	\$3,382,284	\$3,678,236	\$3,989,797”

This announcement contains forward-looking statements. Such forward-looking statements are subject to important risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, such results may differ from those expressed in any forward-looking statements made by us. The risks and uncertainties include, but are not limited to, adverse macroeconomic conditions and their impact on levels of income and consumer discretionary spending, changes in interest rates, inflation, a decline in general economic activity or recession in the U.S. and/or global economies, the COVID-19 pandemic and the reimposition of restrictions on the general public or certain activities, extensive regulation of our business, pending or future legal proceedings, ability to maintain gaming licenses and concessions, dependence on key employees, general global political conditions, adverse tourism trends, dependence on a limited number of resorts, competition in the casino/hotel and resort industries, uncertainties over the development and success of new gaming and resort properties, construction risks, cybersecurity risk and our leverage and debt service. Additional information concerning potential factors that could affect our Company's financial results are included in our published interim and annual reports. We are under no obligation to (and expressly disclaim any such obligation to) update the forward-looking statements as a result of new information, future events or otherwise, except as required by law.

Our shareholders and potential investors are advised not to place undue reliance on the WRL Annual Report and to exercise caution in dealing in securities in our Company.

By order of the Board
Wynn Macau, Limited
Dr. Allan Zeman
Chairman

Hong Kong, 28 February 2023

As at the date of this announcement, the Board of Directors of the Company comprises Craig S. Billings, Ian Michael Coughlan and Frederic Jean-Luc Luvisutto (as Executive Directors); Linda Chen (as Executive Director and Vice Chairman); Ellen F. Whittemore (as Non-Executive Director); Allan Zeman (as Independent Non-Executive Director and Chairman); and Lam Kin Fung Jeffrey, Bruce Rockowitz, Nicholas Sallnow-Smith and Leah Dawn Xiaowei Ye (as Independent Non-Executive Directors).