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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The Board of Directors of Wynn Macau, Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2021 as follows.

FINANCIAL HIGHLIGHTS

	For the year ended 31 December	
	2021	2020
	HK\$	HK\$
	<i>(in thousands, except for per Share amounts or otherwise stated)</i>	
Casino revenues	8,973,480	5,538,696
Other revenues	2,751,946	2,073,716
Adjusted EBITDA	383,800	(2,063,836)
Loss attributable to owners	(5,179,295)	(7,216,872)
Loss per Share — basic and diluted	(1.00)	(1.39)

* For identification purpose only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the year ended 31 December	
		2021	2020
		HK\$	HK\$
		<i>(in thousands, except for per Share amounts)</i>	
	<i>Notes</i>		
Operating revenues			
Casino		8,973,480	5,538,696
Rooms		928,717	661,625
Food and beverage		624,907	592,052
Retail and other		1,198,322	820,039
		<u>11,725,426</u>	<u>7,612,412</u>
Operating costs and expenses			
Gaming taxes and premiums		4,863,197	3,429,055
Staff costs		4,134,401	4,230,793
Other operating expenses	4	2,649,895	2,249,534
Depreciation		2,624,970	2,915,423
Property charges and other		104,412	186,201
		<u>14,376,875</u>	<u>13,011,006</u>
Operating loss		<u>(2,651,449)</u>	<u>(5,398,594)</u>
Finance revenues		19,857	84,828
Finance costs	5	(2,341,597)	(1,952,448)
Net foreign currency differences		(175,677)	97,784
Loss on extinguishment of debt		(18,002)	(36,015)
		<u>(2,515,419)</u>	<u>(1,805,851)</u>
Loss before tax		<u>(5,166,868)</u>	<u>(7,204,445)</u>
Income tax expense	6	12,427	12,427
Net loss and total comprehensive loss attributable to owners of the Company		<u>(5,179,295)</u>	<u>(7,216,872)</u>
Basic and diluted loss per Share	7	<u>(1.00)</u>	<u>(1.39)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2021	2020
		<i>HK\$</i>	<i>HK\$</i>
	<i>Notes</i>	<i>(in thousands)</i>	
Non-current assets			
Property and equipment and construction in progress		26,486,155	28,560,638
Right-of-use assets		1,495,132	1,651,637
Goodwill		398,345	398,345
Deposits for acquisition of property and equipment		4,593	6,592
Other non-current assets		762,915	572,232
Restricted cash and cash equivalents		8,827	12,437
Total non-current assets		29,155,967	31,201,881
Current assets			
Inventories		296,165	286,808
Trade and other receivables	9	498,444	1,047,020
Prepayments and other current assets		101,050	100,772
Amounts due from related companies		177,725	183,222
Restricted cash and cash equivalents		3,546	5,380
Cash and cash equivalents		11,664,100	18,831,109
Total current assets		12,741,030	20,454,311
Current liabilities			
Accounts payable	10	393,618	438,472
Interest-bearing borrowings	11	—	4,236,095
Lease liabilities		52,595	68,160
Construction payables and accruals		243,496	295,300
Other payables and accruals	12	4,285,475	6,139,307
Amounts due to related companies		46,125	46,705
Income tax payables		12,427	12,427
Other current liabilities		56,780	127,306
Total current liabilities		5,090,516	11,363,772
Net current assets		7,650,514	9,090,539
Total assets less current liabilities		36,806,481	40,292,420

		As at 31 December	
		2021	2020
		HK\$	HK\$
	<i>Notes</i>	<i>(in thousands)</i>	
Non-current liabilities			
Interest-bearing borrowings	<i>11</i>	46,537,145	44,963,402
Lease liabilities		162,087	205,560
Construction retentions payable		1,978	1,182
Other payables and accruals	<i>12</i>	—	70,157
Other long-term liabilities		127,870	108,541
		<hr/>	<hr/>
Total non-current liabilities		46,829,080	45,348,842
		<hr/>	<hr/>
Net liabilities		(10,022,599)	(5,056,422)
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Equity			
Deficiency in assets attributable to owners of the Company			
Issued capital		5,206	5,197
Share premium account		393,901	386,521
Shares held for employee ownership scheme		(31,785)	(117,327)
Deficit		(10,389,921)	(5,330,813)
		<hr/>	<hr/>
Total deficiency in assets		(10,022,599)	(5,056,422)
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NOTES TO FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Impact of COVID-19

In early January 2020, an outbreak of a respiratory illness caused by a novel coronavirus was identified and the disease has since spread rapidly across the world causing the World Health Organization to declare the outbreak a pandemic on 12 March 2020 (the “**COVID-19 Pandemic**”). The COVID-19 Pandemic has had and will likely continue to have an adverse effect on the Group’s results of operations. Given the evolving conditions created by and in response to the COVID-19 Pandemic, measures that have been lifted may be reintroduced if there are adverse developments in the COVID-19 situation in Macau and other regions with access to Macau, the Group is currently unable to determine when COVID-19 specific protective measures and the suspension of certain offerings in effect at our Macau Operations will be lifted. Given the uncertainty around the extent and timing of the potential future spread or mitigation of the COVID-19 Pandemic and around the imposition or relaxation of protective measures, management cannot reasonably estimate the impact to the Group’s future results of operations, cash flows, or financial condition.

Concession Agreement

The term of the Group’s Concession Agreement with the Macau government ends on 26 June 2022. If the term of this Concession Agreement is not extended or renewed or is not replaced by a new gaming concession, all of the Group’s gaming operations and related equipment in Macau will be automatically transferred to the Macau government without compensation on that date and the Group will cease to generate gaming revenues from its Macau Operations. In addition, under the indentures governing the Company’s HK\$36.65 billion aggregate principal amount of WML Senior Notes and the facility agreement governing the WM Cayman II Revolver, upon the occurrence of any event after which the Group does not own or manage casino or gaming areas or operate casino games of fortune and chance in Macau in substantially the same manner and scope as of the issue date of the respective senior notes or the date of the facility agreement, for a period of 10 consecutive days or more in the case of the WML Senior Notes or a period of 30 consecutive days or more in the case of the WM Cayman II Revolver, and such event has a material adverse effect on the financial condition, business, properties or results of operations of WML and its subsidiaries, taken as a whole, holders of the WML Senior Notes can require the Company to repurchase all or any part of the WML Senior Notes at par, plus any accrued and unpaid interest (the “**Special Put Option**”), and any amounts owed under the WM Cayman II Revolver may become immediately due and payable (the “**Property Mandatory Prepayment Event**”).

In January 2022, the Macau government published a draft of its proposed revisions to the gaming law which is currently under review by the Macau Legislative Assembly. On 3 March 2022, the Macau government announced its intention to extend the term of Macau's six concession and subconcession contracts until 31 December 2022 in order to ensure sufficient time to complete the amendment to the Macau gaming law and conduct a public tender for the awarding of new gaming concessions. The Macau government invited WRM to submit a formal request for an extension along with a commitment to pay the Macau government approximately MOP47.0 million (approximately HK\$45.6 million) and provided a bank guarantee to secure the fulfillment of WRM's payment obligations towards its employees should WRM be unsuccessful in tendering for a new concession contract after its concession expires. WRM submitted its request for an extension on 11 March 2022. The extension of WRM's concession is subject to approval by the Macau government. The Group is monitoring developments with respect to the Macau government's concession extension and renewal process, and at this time believes that its concession will be extended and renewed beyond 26 June 2022. The failure to extend or renew the Group's concession or obtain a new concession and the resulting ability of the WML Senior Notes holders to exercise the Special Put Option and triggering of the Property Mandatory Prepayment Event would have a material adverse effect on the Group's business, financial condition, results of operations, and cash flows.

2. BASIS OF PREPARATION AND PRESENTATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board (“**IASB**”). These financial statements also comply with the accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements. They have been prepared on a historical cost basis and on a going concern basis. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

As at 31 December 2021, the Group was in a deficiency in assets of HK\$10.02 billion, however, the Group had total cash and cash equivalents, excluding restricted cash, of HK\$11.66 billion, and had access to approximately HK\$1.66 billion of available borrowing capacity from the WM Cayman II Revolver. In addition, the Group has undertaken various cost containment initiatives to manage through the current environment. Given the Group's liquidity position as at 31 December 2021 and the steps the Group has taken as further described in the section headed “Liquidity and Capital Resources”, the Group believes it is able to support continuing operations and respond to the COVID-19 Pandemic challenges. Moreover, the Group is monitoring developments with respect to the Macau government's concession extension and renewal process as described in note 1, and at this time believes that its concession will be extended and renewed beyond 26 June 2022.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

The subsidiaries are fully consolidated from the date on which control is transferred to the Group, and will continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

On 15 May 2014, the Board of Directors approved an employee ownership scheme under which shares may be awarded to employees of the Group in accordance with the related terms and conditions. Pursuant to the rules of the employee ownership scheme, the Group has set up a Trust for the purpose of administering the employee ownership scheme and holding the awarded shares before they vest.

In August 2020, WRM set up a charitable foundation, “Wynn Care Foundation”. Through Wynn Care Foundation, we continue to broaden our efforts in pursuing positive social impact and supporting charitable development within Macau and the PRC. As the Group has control over the Trust and the foundation, the Directors of the Company consider that it is appropriate to consolidate these structured entities.

All intra-group balances, equity, income, expenses and cash flows relating to transactions between group companies are eliminated in full on consolidation. Unrealized gains and losses resulting from transactions between group companies are eliminated, except where unrealized losses provide evidence of an impairment of the asset transferred.

Application of revised IFRSs

The Group has adopted the following revised standards for the first-time for the current year’s financial statements:

Amendments to IFRS 9, *Interest Rate Benchmark Reform — Phase 2*
IAS 39, IFRS 7, IFRS 4
and IFRS 16

Amendments to IFRS 16 *Covid-19-Related Rent Concessions*

The adoption of these revised standards did not have a material impact on the consolidated financial statements of the Group.

3. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments and making strategic decisions. For management purposes, during the year ended 31 December 2021, the Group reviewed Wynn Palace and Wynn Macau as two reportable segments. Refer to note 13 for segment information.

4. OTHER OPERATING EXPENSES

	For the year ended	
	31 December	
	2021	2020
	HK\$	HK\$
	<i>(in thousands)</i>	
License fees	385,171	309,445
Advertising and promotions	362,729	155,907
Repairs and maintenance	355,967	336,820
Utilities and fuel	293,619	267,443
Cost of sales	276,715	261,743
Operating supplies and equipment	218,921	179,306
Provision for credit losses, net	184,968	237,560
Contracted services	163,424	152,809
Corporate support services and other	44,027	46,194
Other support services	40,859	37,161
Auditor's remuneration	7,812	7,879
Short-term leases expenses	2,006	1,381
Other expenses	313,677	255,886
	<u>2,649,895</u>	<u>2,249,534</u>

5. FINANCE COSTS

	For the year ended	
	31 December	
	2021	2020
	HK\$	HK\$
	<i>(in thousands)</i>	
Interest expense	2,218,666	1,807,787
Amortization of debt financing costs and premiums	90,759	117,956
Bank fees for unused facilities	21,413	5,952
Interest expense on lease liabilities	10,759	20,753
	<u>2,341,597</u>	<u>1,952,448</u>

6. INCOME TAX EXPENSE

The major components of the income tax expense for the years ended 31 December 2021 and 2020 were:

	For the year ended 31 December	
	2021	2020
	HK\$	HK\$
	<i>(in thousands)</i>	
Income tax expense:		
Current — overseas	<u>12,427</u>	<u>12,427</u>

No provision for Hong Kong profits tax for the year ended 31 December 2021 has been made as there was no assessable profit generated in Hong Kong (2020: nil). Taxation for overseas jurisdictions is charged at the appropriate prevailing rates ruling in the respective jurisdictions and the maximum rate is 12% (2020: 12%).

The tax position for the years ended 31 December 2021 and 2020 reconciles to loss before tax as follows:

	For the year ended 31 December			
	2021		2020	
	HK\$	%	HK\$	%
	<i>(in thousands, except for percentages)</i>			
Loss before tax	<u>(5,166,868)</u>		<u>(7,204,445)</u>	
Tax at the applicable income tax rate	(620,024)	12.0	(864,533)	12.0
Income not subject to tax	—	0.0	(66,388)	0.9
Gaming loss not deductible	70,983	(1.4)	359,559	(5.0)
Macau dividend tax	12,427	(0.2)	12,427	(0.2)
Deferred tax not recognized	267,172	(5.2)	376,255	(5.2)
Others	281,869	(5.4)	195,107	(2.7)
Effective tax expense for the year	<u>12,427</u>	<u>(0.2)</u>	<u>12,427</u>	<u>(0.2)</u>

The Group incurred Macau tax losses of approximately HK\$1.85 billion, HK\$2.38 billion and HK\$1.83 billion during the tax years ended 31 December 2021, 2020 and 2019, respectively. These tax losses will expire in 2024, 2023 and 2022, respectively. As at 31 December 2021, the Group's deferred tax assets relating to the pre-opening costs and other, University of Macau Development Foundation contribution, share-based payment plan, executive compensation, fixed assets, tax loss carryforwards and others amounting to HK\$1.30 billion (2020: HK\$1.35 billion) were not recognized as the Group determined it was not probable that future taxable profits will be available against which the deferred tax assets could be utilized.

On 15 October 2015, WRM received a 5-year exemption from Macau's 12% Complementary Tax on casino gaming profits (the "**Tax Holiday**") effective through 31 December 2020. In April 2020, WRM received an extension of the exemption through 26 June 2022, the date on which the Concession Agreement expires. For the year ended 31 December 2021, the Group did not have any casino gaming profits which would otherwise have been exempted from the Macau's 12% Complementary Tax (2020: nil). The Group's non-gaming profits remain subject to the Macau's 12% Complementary Tax and its casino winnings remain subject to the Macau special gaming tax and other levies in accordance with its Concession Agreement.

In August 2016, WRM renewed the WRM Shareholder Dividend Tax Agreement with the Macau Special Administrative Region that provided for annual payments of MOP12.8 million (approximately HK\$12.4 million) to the Macau Special Administrative Region in lieu of Complementary Tax on dividend distributions to its shareholders from gaming profits for each of the years 2016 through 2020. In March 2021, an extension was granted with a payment of MOP12.8 million (approximately HK\$12.4 million) for year 2021 and MOP6.3 million (approximately HK\$6.1 million) for the period ending 26 June 2022, the date on which the Concession Agreement expires.

The Group is exempted from income tax in the Isle of Man and the Cayman Islands. The Group's subsidiaries file income tax returns in Macau and various foreign jurisdictions as required by law. The Group's income tax returns are subject to examination by tax authorities in the locations where it operates. The Group's 2017 to 2020 Macau Complementary Tax returns remain subject to examination by the Financial Services Bureau of the Macau Special Administrative Region (the "**Financial Services Bureau**"). In January 2020, the Financial Services Bureau commenced examination of Palo's 2015 and 2016 Macau Complementary Tax returns. In July 2020, the Financial Services Bureau issued final tax assessments for Palo for the years 2015 and 2016 and the examination resulted in no change to the tax returns. In July 2020, the Financial Services Bureau issued final tax assessments for WRM for the years 2015 and 2016, while no additional tax was due, adjustments were made to WRM's tax loss carryforwards. In March 2021, Palo received final tax assessments from the Financial Services Bureau for the years 2017 and 2018 and there is no change to the tax returns. In January 2022, the Financial Services Bureau issued final tax assessments for WRM for the years 2017 and 2018, while no additional tax was due, adjustments were made to WRM's tax loss carryforwards. In March 2022, the Financial Services Bureau commenced examination of Palo's 2019 and 2020 Macau Complementary Tax returns.

Quarterly, the Group undertakes reviews for any potentially unfavorable tax outcomes and when an unfavorable outcome is identified as being probable and can be reasonably estimated, the Group then establishes a tax reserve for such possible unfavorable outcome. Estimating potential tax outcomes for any uncertain tax issues is highly judgmental and may not be indicative of the ultimate settlement with the tax authorities.

The Group considered whether it has any uncertain tax positions and concluded that it is not probable that the tax authorities will accept certain tax positions taken by the Group. As at 31 December 2021, the Group had unrecognized tax losses of HK\$6.06 billion (2020: HK\$6.88 billion) and the Group believes that these unrecognized tax losses are adequate to offset any adjustments that might be proposed by the Macau tax authority. The Group believes that it has adequately provided reasonable reserves for prudent and foreseeable outcomes related to uncertain tax matters.

7. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per Share for the year ended 31 December 2021 is based on the consolidated net loss attributable to owners of the Company and on the weighted average number of Shares in issue of 5,191,307,258 during the year (2020: 5,185,949,947), excluding Shares issued, purchased and reserved for the Company's employee ownership scheme. No Shares (2020: nil) were purchased and reserved and 8,943,000 Shares (2020: 180,000) were issued and reserved for the Company's employee ownership scheme during the year. 4,934,549 of awarded non-vested shares vested under the Company's employee ownership scheme during the year. The Company also awarded 1,115,309 immediate vested Shares during the year.

No adjustment had been made to the basic loss per Share amount presented for the year ended 31 December 2021 and 2020 in respect of a dilution as the impact of the share options and vesting of awards had an anti-dilutive effect on the basic loss per Share amount presented.

8. DIVIDEND

No dividend was declared for the year ended 31 December 2021 (2020: nil).

9. TRADE AND OTHER RECEIVABLES

Trade and other receivables consisted of the following as at 31 December 2021 and 2020:

	As at 31 December	
	2021	2020
	HK\$	HK\$
	<i>(in thousands)</i>	
Casino	665,261	804,830
Retail leases	116,268	242,350
Hotel	10,694	4,629
	<hr/>	<hr/>
Trade receivables	792,223	1,051,809
Other receivables	206,429	326,926
Less: allowance for credit losses	(500,208)	(331,715)
	<hr/>	<hr/>
Total trade and other receivables, net	<u>498,444</u>	<u>1,047,020</u>

An aged analysis of trade receivables is as follows:

	As at 31 December	
	2021	2020
	HK\$	HK\$
	<i>(in thousands)</i>	
Within 30 days	114,634	167,125
31 to 90 days	59,048	218,844
91 to 365 days	246,734	257,782
Over 365 days	371,807	408,058
	<hr/>	<hr/>
Trade receivables	792,223	1,051,809
Other receivables	206,429	326,926
Less: allowance for credit losses	(500,208)	(331,715)
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Total trade and other receivables, net	498,444	1,047,020
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The advanced commissions included in the trade and other receivables are settled shortly after each month end. As of 31 December 2021, the Group had no agreements in place with gaming promoters. Except for the advanced commissions, the trade and other receivables are generally repayable within 14 days. Movements in the provision for impairment of receivables of the Group, which were collectively impaired, are as follows:

	HK\$
	<i>(in thousands)</i>
As at 1 January 2020	93,324
Charge for the year, net	237,560
Reversal of amounts written off, net	831
	<hr/>
As at 31 December 2020 and 1 January 2021	331,715
Charge for the year, net	184,968
Amounts written off, net	(16,475)
	<hr/>
As at 31 December 2021	500,208
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Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Within 30 days HK\$	31 to 90 days HK\$	91 to 365 days HK\$	Over 365 days HK\$	Total HK\$
	<i>(in thousands, except for percentages)</i>				
As at 31 December 2021					
Gross trade receivables	114,634	59,048	246,734	371,807	792,223
Provision for impairment	(1,313)	(405)	(204,072)	(294,418)	(500,208)
Expected credit loss rate	1.1%	0.7%	82.7%	79.2%	63.1%
As at 31 December 2020					
Gross trade receivables	167,125	218,844	257,782	408,058	1,051,809
Provision for impairment	(971)	(3,644)	(83,277)	(243,823)	(331,715)
Expected credit loss rate	0.6%	1.7%	32.3%	59.8%	31.5%

10. ACCOUNTS PAYABLE

During 2021 and 2020, the Group normally received credit terms of 30 days. An aged analysis of accounts payable as at 31 December 2021 and 2020, based on the invoice dates, is as follows:

	As at 31 December	
	2021	2020
	HK\$	HK\$
	<i>(in thousands)</i>	
Within 30 days	170,937	236,570
31 to 60 days	113,782	90,959
61 to 90 days	51,876	37,119
Over 90 days	57,023	73,824
	<u>393,618</u>	<u>438,472</u>

11. INTEREST-BEARING BORROWINGS

	As at 31 December	
	2021	2020
	HK\$	HK\$
	<i>(in thousands)</i>	
Bank loans	10,041,953	12,989,897
Senior notes	36,650,417	36,437,321
	<u>46,692,370</u>	<u>49,427,218</u>
Unamortized debt financing costs and premiums, net	(155,225)	(227,721)
Total interest-bearing borrowings	<u>46,537,145</u>	<u>49,199,497</u>

As at 31 December 2021, the Group had approximately HK\$1.66 billion in funding available under WM Cayman II Revolver.

12. OTHER PAYABLES AND ACCRUALS

Other payables and accruals consisted of the following:

	As at 31 December		As at 1 January
	2021	2020	2020
	HK\$	HK\$	HK\$
	<i>(in thousands)</i>		
Current:			
Customer deposits ⁽¹⁾	1,948,882	2,236,167	1,833,253
Gaming taxes payable	472,740	460,450	1,227,614
Outstanding chip liabilities ⁽²⁾	293,690	1,939,193	3,478,348
Loyalty program and related liabilities ⁽³⁾	96,063	86,209	86,781
Donation payable	81,872	89,586	83,249
Other gaming-related liabilities ⁽⁴⁾	5,300	5,368	18,271
Others	1,386,928	1,322,334	1,042,308
	<u>4,285,475</u>	<u>6,139,307</u>	<u>7,769,824</u>
Non-current:			
Donation payable	—	70,157	144,297
Total	<u>4,285,475</u>	<u>6,209,464</u>	<u>7,914,121</u>

In providing goods and services to its customers, there is often a timing difference between the Group receiving cash and the Group recording revenue for providing services or holding events. The Group's primary liabilities associated with customer contracts are customer deposits, outstanding chip liabilities, loyalty program and related liabilities and other gaming-related liabilities.

- (1) Customer deposits include casino front money deposits and advance room and other deposits. Casino front money deposits represent funds deposited by customers before gaming play occurs. Such amounts may be recognized as revenue or will be redeemed for cash in the future. The advance room and other deposits represent cash received in advance for goods and services to be provided in the future. These amounts will be recognized as revenue when the goods and services are provided. Decreases in this balance generally represent the recognition of revenue and increases in the balance represent additional deposits made by customers. The deposits are expected to be primarily recognized as revenue within one year.
- (2) Outstanding chips generally represent amounts owed to gaming promoters and customers for chips in their possession. The amounts may be recognized as revenue or will be redeemed for cash in the future. As of 31 December 2021, the Group had no agreements in place with gaming promoters.
- (3) Loyalty program and related liabilities represent the deferral of revenue until the loyalty points or other complimentary are redeemed. The amounts are expected to be recognized as revenue within one year from being earned by customers.
- (4) Other gaming-related liabilities generally represent unpaid wagers primarily in the form of unredeemed slot tickets.

13. SEGMENT INFORMATION

The Group's principal operating activities occur in Macau, which is the sole geographic area in which the Group is domiciled. The Group reviews the results of operations for each of its operating segments. Wynn Palace, which opened on 22 August 2016, is managed as an operating segment and a reportable segment. Wynn Macau and Encore at Wynn Macau are managed as a single integrated resort and are aggregated as one operating segment, which is also a reportable segment ("Wynn Macau"). The Group identifies each integrated resort as a reportable segment considering operations within each integrated resort have similar economic characteristics, type of customers, types of services and products, the regulatory environment of the operations and the Group's organizational and management reporting structure. Other Macau primarily represents cash and cash equivalents held by the Company.

	For the year ended	
	31 December	
	2021	2020
	HK\$	HK\$
	<i>(in thousands)</i>	
Wynn Palace:		
Casino	5,267,310	2,861,588
Rooms	536,350	358,029
Food and beverage	372,902	335,262
Retail and other	684,634	371,223
Wynn Macau:		
Casino	3,706,170	2,677,108
Rooms	392,367	303,596
Food and beverage	252,005	256,790
Retail and other	513,688	448,816
	<hr/>	<hr/>
Total operating revenues	<u>11,725,426</u>	<u>7,612,412</u>

		For the year ended	
		31 December	
		2021	2020
		<i>HK\$</i>	<i>HK\$</i>
	<i>Notes</i>	<i>(in thousands)</i>	
Adjusted EBITDA			
Wynn Palace		502,460	(1,274,060)
Wynn Macau		(118,660)	(789,776)
		<u>383,800</u>	<u>(2,063,836)</u>
Other operating costs and expenses			
Depreciation		2,624,970	2,915,423
Pre-opening costs		6,969	11,108
Property charges and other		104,412	186,201
Share-based payments		224,257	162,707
Wynn Macau, Limited corporate expenses		74,641	59,319
		<u>(2,651,449)</u>	<u>(5,398,594)</u>
Non-operating income and expenses			
Finance revenues		19,857	84,828
Finance costs	5	(2,341,597)	(1,952,448)
Net foreign currency differences		(175,677)	97,784
Loss on extinguishment of debt		(18,002)	(36,015)
		<u>(5,166,868)</u>	<u>(7,204,445)</u>
Loss before tax		<u>(5,166,868)</u>	<u>(7,204,445)</u>
Income tax expense	6	<u>12,427</u>	<u>12,427</u>
Net loss attributable to owners of the Company		<u><u>(5,179,295)</u></u>	<u><u>(7,216,872)</u></u>

For the year ended
31 December
2021 2020
HK\$ *HK\$*
(in thousands)

Capital expenditures

Wynn Palace	274,426	378,228
Wynn Macau	201,596	370,920
	<hr/>	<hr/>
Total	476,022	749,148
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December
2021 2020
HK\$ *HK\$*
(in thousands)

Total assets

Wynn Palace	24,335,693	26,295,571
Wynn Macau	8,478,839	9,745,737
Other Macau	9,082,465	15,614,884
	<hr/>	<hr/>
Total	41,896,997	51,656,192
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December
2021 2020
HK\$ *HK\$*
(in thousands)

Non-current assets

Macau	29,155,554	31,197,709
Foreign countries	413	4,172
	<hr/>	<hr/>
Total	29,155,967	31,201,881
	<hr/> <hr/>	<hr/> <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

We are a developer, owner and operator of two integrated destination casino resorts, Wynn Palace and Wynn Macau, located in the Greater Bay Area region of the People's Republic of China. Our resorts in Macau include world-class hotel facilities, a variety of regional and international dining options, retail outlets and an array of one-of-a-kind entertainment options, many of which are free to the general public.

Our strategy in the Greater Bay Area encompasses investment in our integrated resorts, in our people and in the broader community. To attract and retain our customers, we design and continually make enhancements to refresh, improve and expand our resorts. We have continued with the design stages of developing the second phase of expansion of Wynn Palace. We currently expect that the next phase of our development at Wynn Palace will become a unique world-class cultural destination, incorporating an array of non-gaming amenities such as event space, interactive entertainment installations, food and beverage offerings, and additional hotel rooms. We also maintain numerous programs to invest in our approximately 12,250 Macau-based employees. Through a robust emphasis on human resources and staff training, we provide opportunities for movement within our Group to ensure employees can pursue their career goals with us and to elevate their functional and leadership skills. Through our "Wynn Care" program, we facilitate reinvestment in our community, encourage volunteerism and promote responsible gaming. Since launching this program, we have centralized our community-focused initiatives under one umbrella and expanded our efforts from various volunteer activities and community events in Macau into the Greater Bay Area and beyond. Through our charitable foundation "Wynn Care Foundation", we continue to broaden our efforts in pursuing positive social impact and supporting charitable development within Macau and the PRC. We are also fully committed to supporting sustainable development for the benefit of Macau and the planet by monitoring and reducing inefficient energy and resource consumption and embracing technologies that help us to responsibly use our resources.

Wynn Palace

Wynn Palace, a 6 million square foot integrated resort, was opened to the public on 22 August 2016 in the Cotai area of Macau, 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.

We have continued with the design stages of developing the second phase of expansion of Wynn Palace. We currently expect that the next phase of our development at Wynn Palace will become a unique world-class cultural destination, incorporating an array of non-gaming amenities such as event space, interactive entertainment installations, food and beverage offerings, and additional hotel rooms.

Wynn Palace features:

- Approximately 424,000 square feet of casino space with up to 323 table games and 1,035 slot machines available, of which 676 are currently in use, offering 24-hour gaming and a full range of games, including private gaming salons and sky casinos;

- Free public entertainment attractions including an 8-acre performance lake, animated floral art displays and fine art displays;
- A luxury hotel with a total of 1,706 spacious rooms, suites and villas;
- 14 food and beverage outlets;
- Approximately 107,000 square feet of high-end, brand-name retail shopping;
- Recreation and leisure facilities, including a cable car (“**SkyCab**”) ride, health club, spa, salon and pool; and
- Approximately 37,000 square feet of meeting and convention space.

Wynn Macau

Wynn Macau, a 3 million square foot integrated resort, was opened to the public on 6 September 2006 in the heart of the Macau Peninsula. We completed expansion works at Wynn Macau in December 2007 and November 2009, which added more gaming space and additional food and beverage and retail amenities. Encore at Wynn Macau, a further expansion of Wynn Macau that added hotel accommodations and a range of gaming and non-gaming amenities, opened in April 2010. In 2019, we refreshed 410 rooms in Encore tower.

In November 2019, we opened the first phase of our “Lakeside Casino” expansion at Wynn Macau which features 44 mass market table games and a refurbished high-limit slot area. We substantially completed the second phase, which will include two new restaurants and approximately 7,000 square feet of additional retail space, in December 2019, and expect to open portions of the second phase in the near future, depending on market conditions and other factors.

Wynn Macau features:

- Approximately 252,000 square feet of casino space with up to 331 table games and 818 slot machines available, of which 583 are currently in use, offering 24-hour gaming and a full range of games, including private gaming salons, sky casinos and a poker pit;
- Free public entertainment attractions including a rotunda show featuring a Chinese zodiac-inspired ceiling along with gold “tree of prosperity” and “dragon of fortune” attractions and a performance lake;
- Two luxury hotel towers with a total of 1,010 spacious rooms and suites;
- 12 food and beverage outlets;
- Approximately 59,000 square feet of high-end, brand-name retail shopping;
- Recreation and leisure facilities, including two health clubs and spas, a salon and a pool; and
- Approximately 31,000 square feet of meeting and convention space.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Set forth below are the key factors affecting our results of operations and financial condition. There are also risks and uncertainties inherent in our operations, many of which are beyond our control.

Visitation to Macau has fallen significantly since the outbreak of COVID-19, 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, among other things, and the suspension or reduced accessibility of transportation to and from Macau. Beginning in June 2020 certain restrictions and conditions have eased to allow for visitation to Macau as some regions continue to recover from the COVID-19 Pandemic. Quarantine-free travel, subject to COVID-19 safeguards such as testing and the usual visa requirements, has been reintroduced between Macau and most areas and cities within the PRC, and in September 2020, the PRC authorities fully resumed the Individual Visit Scheme (“IVS”) exit visa program, which permits individual PRC citizens from nearly 50 PRC cities to travel to Macau for tourism purposes. Given the evolving conditions created by and in response to the COVID-19 Pandemic, measures that have been lifted may be reintroduced if there are adverse developments in the COVID-19 situation in Macau and other regions with access to Macau, and the Group is currently unable to determine when protective measures and the suspension of certain offerings in effect at our Macau Operations will be lifted. Given the uncertainty around the extent and timing of the potential future spread or mitigation of COVID-19 and around the imposition or relaxation of protective measures, management cannot reasonably estimate the impact to the Group’s future results of operations, cash flows, or financial condition.

For further details, see the section headed “Material Risk Factors” of this announcement.

Macau Gaming Concession

The term of the Group’s Concession Agreement with the Macau government ends on 26 June 2022. If the term of this Concession Agreement is not extended or renewed or is not replaced by a new gaming concession, all of the Group’s gaming operations and related equipment in Macau will be automatically transferred to the Macau government without compensation on that date and the Group will cease to generate gaming revenues from its Macau Operations. In addition, under the indentures governing the Company’s HK\$36.65 billion aggregate principal amount of WML Senior Notes and the facility agreement governing the WM Cayman II Revolver, upon the occurrence of any event after which the Group does not own or manage casino or gaming areas or operate casino games of fortune and chance in Macau in substantially the same manner and scope as of the issue date of the respective senior notes or the date of the facility agreement, for a period of 10 consecutive days or more in the case of the WML Senior Notes or a period of 30 consecutive days or more in the case of the WM Cayman II Revolver, and such event has a material adverse effect on the financial condition, business, properties or results of operations of WML and its subsidiaries, taken as a whole, holders of the WML Senior Notes can require the Company to repurchase all or any part of the WML Senior Notes at par, plus any accrued and unpaid interest (the “**Special Put Option**”), and any amounts owed under the WM Cayman II Revolver may become immediately due and payable (the “**Property Mandatory Prepayment Event**”).

In January 2022, the Macau government published a draft of its proposed revisions to the gaming law which is currently under review by the Macau Legislative Assembly. On 3 March 2022, the Macau government announced its intention to extend the term of Macau's six concession and subconcession contracts until 31 December 2022 in order to ensure sufficient time to complete the amendment to the Macau gaming law and conduct a public tender for the awarding of new gaming concessions. The Macau government invited WRM to submit a formal request for an extension along with a commitment to pay the Macau government approximately MOP47.0 million (approximately HK\$45.6 million) and provided a bank guarantee to secure the fulfillment of WRM's payment obligations towards its employees should WRM be unsuccessful in tendering for a new concession contract after its concession expires. WRM submitted its request for an extension on 11 March 2022. The extension of WRM's concession is subject to approval by the Macau government. The Group is monitoring developments with respect to the Macau government's concession extension and renewal process, and at this time believes that its concession will be extended and renewed beyond 26 June 2022. The failure to extend or renew the Group's concession or obtain a new concession and the resulting ability of the WML Senior Notes holders to exercise the Special Put Option and triggering of the Property Mandatory Prepayment Event would have a material adverse effect on the Group's business, financial condition, results of operations, and cash flows.

Macau

Macau, which was a territory under Portuguese administration for approximately 450 years, was transferred from Portuguese to Chinese political control in December 1999. Macau is governed as a special administrative region of China and is located in the Greater Bay Area and approximately 37 miles southwest of Hong Kong. Notwithstanding certain COVID-19 Pandemic-related travel restrictions that remain in place, the journey between Macau and Hong Kong takes approximately 15 minutes by helicopter, 30 minutes by road via the opening of the Hong Kong-Zhuhai-Macau Bridge and one hour by jetfoil ferry. Macau, which has been a casino destination for more than 55 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 WRM, SJM, Galaxy, Venetian Macau, Melco and MGM Macau are permitted to operate casinos in Macau.

We believe that Macau is located in one of the world's largest concentrations of potential gaming customers. Since the introduction of new casinos starting in 2004, the Macau market has experienced a significant increase in annual gaming revenue. According to Macau statistical information, the annual gaming revenues grew from HK\$21.53 billion in 2002 to HK\$283.94 billion in 2019, before falling to HK\$58.68 billion in 2020 and HK\$84.33 billion in 2021, respectively, 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 current 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 40 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.

Tourism

The levels of tourism and overall gaming activities in Macau are key drivers of our business. Both the Macau gaming market and visitation to Macau grew significantly from liberalization in 2002 to 2019, but has fallen meaningfully since the outbreak of COVID-19, primarily due to certain border control and other travel related restrictions put in place as a result of the COVID-19 Pandemic. According to the Macau Statistics and Census Service Monthly Bulletin of Statistics, tourist arrivals in Macau decreased 80.4% in 2021 compared to 2019. Beginning in June 2020 certain restrictions and conditions have eased to allow for visitation to Macau as some regions continue to recover from the COVID-19 Pandemic. Visitation to Macau increased by 30.7% from 5.9 million in 2020 to 7.7 million in 2021. While total visitation from PRC to Macau increased meaningfully in 2021 compared to 2020, total visitation from PRC to Macau remained 74.8% below 2019 levels.

Tourism levels in Macau are affected by a number of factors which are beyond our control. Factors affecting tourism levels in Macau may include, among others: the prevailing economic conditions in the PRC and Asia; restrictions, conditions or other factors which affect visitation by citizens of the PRC and other regions to Macau; various countries' policies on currency exchange controls, currency export, currency withdrawal, credit and debit card usage and travel restrictions or policies impacting the issuance of travel visas that may be in place from time to time; and competition from other destinations which offer gaming and/or leisure activities.

Natural and man-made disasters, extreme weather conditions (such as typhoons and heavy rainstorms), outbreaks of highly infectious diseases (including the COVID-19 Pandemic), public incidents of violence, security alerts, riots and demonstrations, war and other events, particularly in Macau and nearby regions, may result in decreases to visitor arrivals to Macau from the PRC and elsewhere and disrupt travel to and between our resorts. Any of these events may also interfere with our operations and could have a material adverse effect on our business, financial condition and results of operations.

Although we have insurance coverage with respect to some of these events, we cannot assure you that any such coverage will be sufficient to indemnify us fully against all direct and indirect costs, including any loss of business that could result from substantial damage to, or partial or complete destruction of, any of our properties. For details of the COVID-19 Pandemic, see "Material Risk Factors — The COVID-19 Pandemic has had and will likely continue to have an adverse effect on our business, operations, financial condition and operating results, and the ability of our subsidiaries to pay dividends and distributions." of this announcement.

Premium Credit Play

We selectively extend credit to certain customers contingent upon our marketing team's knowledge of the customers, their financial background and payment history. We follow a series of credit procedures and require various signed documents from each credit recipient that are intended to ensure that, among other things, if permitted by applicable law, the debt can be legally enforced in the jurisdiction where the customer resides. In the event the customer does not reside in a jurisdiction where gaming debts are legally enforceable, we can attempt to assert jurisdiction over assets the customer maintains in jurisdictions where the debt is recognized. In addition, we typically require a check in the amount of the applicable credit line from credit customers, collateralizing the credit we grant.

Number and Mix of Table Games and Slot Machines

The mix of VIP table games, mass table games and slot machines in operation at our resorts changes from time to time as a result of marketing and operating strategies in response to changing market demand and industry competition. The shift in the mix of our games may affect casino profitability.

Renovation, Development and Construction Projects

Our current and future renovation, development and construction projects are and will be subject to significant development and construction risks. Such risks include unanticipated costs or cost increases, shortages in qualified labor, changes in laws and regulations and unforeseen engineering problems. Construction, equipment or staffing problems or difficulties in obtaining the requisite licenses, permits and authorizations from regulatory or governmental authorities could increase the total cost, delay or prevent the construction or opening or otherwise affect the project's design and features, which may adversely impact the success of the project. There can be no assurance that our proposed plans and specifications will not change, and we cannot guarantee that our proposed projects will be approved, commenced or completed as contemplated by us. Failure to complete the projects on schedule or within budget may also have a significant negative effect on us and on our ability to make payments on our debt.

ADJUSTED EBITDA

Adjusted EBITDA is earnings or losses before finance costs, finance revenues, net foreign currency differences, loss on extinguishment of debt, income taxes, depreciation, pre-opening costs, property charges and other, share-based payments, Wynn Macau, Limited corporate expenses, and other non-operating income and expenses. Adjusted EBITDA is presented exclusively as a supplemental disclosure because our Directors believe that it is widely used to measure the performance, and as a basis for valuation, of gaming companies. Our Adjusted EBITDA presented herein also differs from the Adjusted Property EBITDA presented by Wynn Resorts, Limited for its Macau segments in its filings with the SEC, primarily due to the inclusion of license fees, adjustments for IFRS differences with U.S. GAAP, corporate support and other support services in arriving at operating loss.

The following table sets forth a quantitative reconciliation of Adjusted EBITDA to its most directly comparable IFRS measurement and operating loss.

	For the year ended	
	31 December	
	2021	2020
	HK\$	HK\$
	<i>(in thousands)</i>	
Operating loss	(2,651,449)	(5,398,594)
Add		
Depreciation	2,624,970	2,915,423
Pre-opening costs	6,969	11,108
Property charges and other	104,412	186,201
Share-based payments	224,257	162,707
Wynn Macau, Limited corporate expenses	74,641	59,319
Adjusted EBITDA	383,800	(2,063,836)

REVIEW OF HISTORICAL OPERATING RESULTS

Summary Breakdown Table

The following table presents certain selected consolidated statement of profit or loss and other comprehensive income line items and certain other data.

	For the year ended	
	31 December	
	2021	2020
	HK\$	HK\$
	<i>(in thousands)</i>	
Wynn Palace:		
Casino ⁽¹⁾	5,267,310	2,861,588
Rooms	536,350	358,029
Food and beverage	372,902	335,262
Retail and other	684,634	371,223
Wynn Macau:		
Casino ⁽¹⁾	3,706,170	2,677,108
Rooms	392,367	303,596
Food and beverage	252,005	256,790
Retail and other	513,688	448,816
Total operating revenues	<u>11,725,426</u>	<u>7,612,412</u>

For the year ended
31 December
2021 2020
HK\$ **HK\$**
(in thousands, except for averages, win per unit per day figures and number of tables and slot machines)

Wynn Palace:

VIP:		
VIP table games turnover	49,991,814	74,808,668
VIP table games win ⁽¹⁾	1,970,828	1,310,420
VIP table games win as a percentage of turnover	3.94%	1.75%
Average number of gaming tables ⁽²⁾	93	99
Table games win per unit per day ⁽³⁾	57,806	37,731
Mass market:		
Mass market table drop	18,774,101	9,643,647
Mass market table games win ⁽¹⁾	4,198,287	2,323,246
Mass market table games win percentage	22.36%	24.09%
Average number of gaming tables ⁽²⁾	229	212
Table games win per unit per day ⁽³⁾	50,223	31,135
Slot machine handle	11,302,943	7,764,571
Slot machine win ⁽¹⁾	451,867	304,230
Average number of slots ⁽²⁾	710	591
Slot machine win per unit per day ⁽³⁾	1,743	1,463

For the year ended
31 December
2021 2020
HK\$ **HK\$**
(in thousands, except for averages, win per unit per day figures and number of tables and slot machines)

Wynn Macau:

VIP:		
VIP table games turnover	42,629,913	45,375,588
VIP table games win ⁽¹⁾	1,204,336	1,438,161
VIP table games win as a percentage of turnover	2.83%	3.17%
Average number of gaming tables ⁽²⁾	81	89
Table games win per unit per day ⁽³⁾	40,778	46,043
Mass market:		
Mass market table drop	17,331,890	10,751,051
Mass market table games win ⁽¹⁾	3,207,517	2,014,224
Mass market table games win percentage	18.51%	18.74%
Average number of gaming tables ⁽²⁾	240	225
Table games win per unit per day ⁽³⁾	36,681	25,462
Slot machine handle	8,215,746	6,451,128
Slot machine win ⁽¹⁾	275,678	241,864
Average number of slots ⁽²⁾	587	504
Slot machine win per unit per day ⁽³⁾	1,286	1,365

Notes:

- (1) Total casino revenues do not equal the sum of “VIP table games win”, “mass market table games win” and “slot machine win” primarily because casino revenues are reported net of the relevant commissions and others (including complimentary revenues allocated from casino revenues to rooms, food and beverage, retail and other revenues). The following table presents a reconciliation of the sum of “VIP table games win”, “mass market table games win” and “slot machine win” to total casino revenues.

	For the year ended	
	31 December	
	2021	2020
	HK\$	HK\$
	<i>(in thousands)</i>	
VIP table games win	3,175,164	2,748,581
Mass market table games win	7,405,804	4,337,470
Slot machine win	727,545	546,094
Poker revenues	—	16,209
Commissions and others (including complimentary revenues allocated from casino revenues to rooms, food and beverage, retail and other revenues)	<u>(2,335,033)</u>	<u>(2,109,658)</u>
Total casino revenues	<u>8,973,480</u>	<u>5,538,696</u>

- (2) For purposes of this table, we calculate average number of gaming tables and average number of slots as the average numbers of gaming tables and slot machines in service on each day in the year.
- (3) Table games win per unit per day and slot machine win per unit per day are presented in this table on the basis of the average number of gaming tables and average number of slots, respectively, over the number of days Wynn Palace, Wynn Macau and Encore were open in the applicable year.

Discussion of Results of Operations

Financial results for the year ended 31 December 2021 compared to financial results for the year ended 31 December 2020

Operating Revenues

Total operating revenues increased by 54.0% from HK\$7.61 billion in 2020 to HK\$11.73 billion in 2021, primarily due to an increase in mass market table games win driven by an increase in mass market table drop at both Wynn Palace and Wynn Macau.

Casino Revenues

Casino revenues increased from HK\$5.54 billion (72.8% of total operating revenues) in 2020 to HK\$8.97 billion (76.5% of total operating revenues) in 2021. Our casino operations in Macau were closed for a 15-day period in February 2020, and have since reopened with certain COVID-19 specific protective measures in place. The components of casino revenues are as follows:

VIP casino gaming operations. VIP table games win increased by 15.5%, from HK\$2.75 billion in 2020 to HK\$3.18 billion in 2021. The increase was primarily driven by an increase in VIP table games win as a percentage of turnover at Wynn Palace from 1.75% in 2020 to 3.94% in 2021, partially offset by the lower VIP gaming volumes of both Wynn Palace and Wynn Macau, with total VIP table games turnover down 22.9%, from HK\$120.18 billion in 2020 to HK\$92.62 billion in 2021.

Mass market casino gaming operations. Mass market table games win increased by 70.7%, from HK\$4.34 billion in 2020 to HK\$7.41 billion in 2021. The increase was driven by an increase in business volumes of both Wynn Palace and Wynn Macau, with total mass market table drop up 77.0% from HK\$20.39 billion in 2020 to HK\$36.11 billion in 2021, partially offset by a decrease in mass market table games win percentage at both Wynn Palace and Wynn Macau.

Slot machine gaming operations. Slot machine win increased by 33.2% from HK\$546.1 million in 2020 to HK\$727.5 million in 2021. The increase was primarily driven by an increase in business volumes of both Wynn Palace and Wynn Macau, with total slot machine handle increasing 37.3% from HK\$14.22 billion in 2020 to HK\$19.52 billion in 2021.

Non-casino Revenues

Net non-casino revenues, which include rooms, food and beverage and retail and other revenues, increased by 32.7% from HK\$2.07 billion (27.2% of total operating revenues) in 2020 to HK\$2.75 billion (23.5% of total operating revenues) in 2021.

Rooms. Our room revenues increased by 40.4% from HK\$661.6 million in 2020 to HK\$928.7 million in 2021, primarily due to higher occupancy rates at both Wynn Palace and Wynn Macau.

The following table presents additional information about our room revenues for Wynn Palace and Wynn Macau:

Room revenues information

	For the year ended	
	31 December	
	2021	2020
Wynn Palace:		
Average Daily Rate	HK\$1,416	HK\$1,828
Occupancy ⁽¹⁾	58.5%	29.8%
REVPAR	HK\$828	HK\$545
Wynn Macau:		
Average Daily Rate	HK\$1,659	HK\$2,146
Occupancy ⁽¹⁾	58.8%	34.8%
REVPAR	HK\$975	HK\$747

Note:

(1) Occupancy is the number of total hotel room nights occupied as a percentage of the number of total hotel room nights available in the applicable year. Available hotel rooms exclude those rooms out of service during the applicable year.

Food and beverage. Food and beverage revenues increased by 5.5% from HK\$592.1 million in 2020 to HK\$624.9 million in 2021, primarily due to increased covers at restaurants at Wynn Palace.

Retail and other. Our retail and other revenues increased by 46.1% from HK\$820.0 million in 2020 to HK\$1.20 billion in 2021, primarily due to an increase in visitation at both Wynn Palace and Wynn Macau.

Operating Costs and Expenses

Gaming taxes and premiums. Gaming taxes and premiums increased by 41.8% from HK\$3.43 billion in 2020 to HK\$4.86 billion in 2021. The increase was driven by the increase in casino revenues. WRM is subject to a 35% gaming tax on gross gaming win. In addition, WRM is also required to pay 4% of its gross gaming win as contributions for public development and social facilities.

Staff costs. Staff costs decreased by 2.3% from HK\$4.23 billion in 2020 to HK\$4.13 billion in 2021. The decrease was mainly due to the implementation of cost saving initiatives undertaken as a result of the COVID-19 Pandemic.

Other operating expenses. Other operating expenses increased by 17.8% from HK\$2.25 billion in 2020 to HK\$2.65 billion in 2021, driven mainly by increases in advertising and promotions expenditures, licenses fees, operating supplies and equipment costs, utilities and fuel and other expenses, partially offset by the decrease in provision for credit losses. The provision for credit losses decreased from HK\$237.6 million in 2020 to HK\$185.0 million in 2021, 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 years.

Depreciation. Depreciation decreased by 10.0% from HK\$2.92 billion in 2020 to HK\$2.62 billion in 2021. The decrease was primarily driven by the result of certain assets at both Wynn Palace and Wynn Macau being fully depreciated.

Property charges and other. Property charges and other decreased from HK\$186.2 million in 2020 to HK\$104.4 million in 2021. The decrease was mainly driven by the decrease in net loss on the sale of equipment as well as costs related to assets retired or abandoned. The decrease was partially offset by an increase in other contingency expenses.

As a result of the foregoing, total operating costs and expenses increased by 10.5%, from HK\$13.01 billion in 2020 to HK\$14.38 billion in 2021.

Finance Revenues

Finance revenues decreased from HK\$84.8 million in 2020 to HK\$19.9 million in 2021. The decrease was primarily due to holding lower average cash balances in 2021 compared to 2020. During 2021 and 2020, our short-term investment strategy has been to preserve capital while retaining sufficient liquidity. The majority of our cash equivalents were primarily in time deposits and fixed deposits with a maturity of three months or less.

Finance Costs

Finance costs increased by 19.9% from HK\$1.95 billion in 2020 to HK\$2.34 billion in 2021. The increase was mainly due to an increase in average interest-bearing borrowing balances in 2021 compared to 2020 as a result of issuances of WML senior notes during 2020, partially offset by the prepayments and contractual amortization payments of the Wynn Macau Credit Facilities during 2020 and 2021.

Income Tax Expense

Income tax expense was HK\$12.4 million in 2020 and 2021. Our income tax expense relates to the current tax expense recorded by our subsidiaries owning WRM's shares under the WRM Shareholder Dividend Tax Agreement.

Net Loss Attributable to Owners of the Company

As a result of the foregoing, net loss attributable to owners of the Company decreased by 28.2% from HK\$7.22 billion in 2020 to HK\$5.18 billion in 2021.

LIQUIDITY AND CAPITAL RESOURCES

Capital Resources

The COVID-19 Pandemic has impacted and is likely to continue to impact, materially, our business, financial condition and results of operations. While we believe our strong liquidity position will enable us to fund our current obligations for the foreseeable future, COVID-19 has resulted in significant disruption, which has had and will likely continue to have a negative impact on our operating profit and could have a negative impact on our ability to access capital in the future. We continue to monitor the rapidly evolving situation and guidance from international and domestic authorities.

Our cash and cash equivalents balance as at 31 December 2021 were approximately HK\$11.66 billion. This cash is available for operations, new development activities, enhancements to our operating properties, debt service and retirement, and general corporate purposes. The Company paid no dividends during 2021 or 2020.

On 16 September 2021, WM Cayman II, an indirect wholly owned subsidiary of WML, entered into an unsecured revolving credit facility agreement in an aggregate principal amount of HK\$11.70 billion consisting of one tranche in an amount of US\$312.5 million (approximately HK\$2.44 billion) and one tranche in an amount of HK\$9.26 billion. WM Cayman II has the ability to upsize the total revolving credit facility by an additional HK\$7.80 billion equivalent under the facility agreement and related agreements upon the satisfaction of various conditions. During the first half of 2021, the Group voluntarily prepaid approximately HK\$3.20 billion equivalent and made contractual amortization payments of HK\$405.0 million equivalent of the term loan facility of the Wynn Macau Credit Facilities. In September 2021, borrowings of HK\$8.48 billion under the WM Cayman II Revolver, along with HK\$1.56 billion of cash, were used to facilitate the prepayment of the outstanding HK\$9.79 billion of borrowings under the Wynn Macau Credit Facilities and to pay related fees and expenses. The borrowings under the WM Cayman II Revolver bear interest at LIBOR or HIBOR, as applicable, plus a margin of 2.625% per annum until 30 June 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. The final maturity of all outstanding loans under the revolving facility is 16 September 2025. As at 31 December 2021, the Group had approximately HK\$1.66 billion of available borrowing capacity under the WM Cayman II Revolver.

During 2020, the Company issued US\$1.00 billion (approximately HK\$7.80 billion) of 5.500% senior notes due 2026 and US\$1.35 billion (approximately HK\$10.53 billion) of 5.625% senior notes due 2028. On 17 December 2019, the Company completed the issuance of 5.125% senior notes due 2029 with an aggregate principal amount of US\$1.00 billion (approximately HK\$7.80 billion). Certain amounts from the net proceeds were used to facilitate repayments of the Wynn Macau Credit Facilities and the Company expects to use the remaining proceeds for general corporate purposes.

Gearing Ratio

The gearing ratio is a key indicator of our Group's capital structure. The gearing ratio is net debt divided by total capital deficiency plus net debt. The table below presents the calculation of our gearing ratio.

	As at 31 December	
	2021	2020
	HK\$	HK\$
	<i>(in thousands, except for percentages)</i>	
Interest-bearing borrowings	46,537,145	49,199,497
Accounts payable	393,618	438,472
Construction payables and accruals and construction retentions payable	245,474	296,482
Other payables and accruals	4,285,475	6,209,464
Amounts due to related companies	46,125	46,705
Other liabilities	184,650	235,847
Lease liabilities	214,682	273,720
Less: cash and cash equivalents restricted cash and cash equivalents	(11,664,100) (12,373)	(18,831,109) (17,817)
Net debt	<u>40,230,696</u>	<u>37,851,261</u>
Deficiency in assets	<u>(10,022,599)</u>	<u>(5,056,422)</u>
Total capital deficiency	<u>(10,022,599)</u>	<u>(5,056,422)</u>
Capital and net debt	<u>30,208,097</u>	<u>32,794,839</u>
Gearing ratio	<u>133.2%</u>	<u>115.4%</u>

Cash Flows

The following table presents a summary of the Group's cash flows.

	For the year ended	
	31 December	
	2021	2020
	HK\$	HK\$
	<i>(in millions)</i>	
Net cash used in operating activities	(1,212.4)	(3,708.2)
Net cash used in investing activities	(453.9)	(642.8)
Net cash (used in)/generated from financing activities	(5,565.1)	9,128.4
Net (decrease)/increase in cash and cash equivalents	(7,231.4)	4,777.4
Cash and cash equivalents at beginning of year	18,831.1	14,087.5
Effect of foreign exchange rate changes, net	64.4	(33.8)
Cash and cash equivalents at end of year	11,664.1	18,831.1

Net cash used in operating activities

Our net cash used in operating activities is primarily driven by changes in our working capital and operating loss generated by our Macau Operations. Net cash used in operating activities was HK\$1.21 billion in 2021, compared to HK\$3.71 billion in 2020. As a result of COVID-19 Pandemic, operating loss was HK\$2.65 billion in 2021, compared to HK\$5.40 billion in 2020. The decrease in net cash used in operating activities was primarily due to the decreased operating loss and partially offset by changes in working capital accounts, including a decrease in other payables and accruals primarily due to withdrawals by gaming promoters. As of 31 December 2021, the Group did not have any agreements in place with gaming promoters. In 2020, the decrease in net cash from operating activities was primarily due to the adverse effects of the COVID-19 Pandemic.

Net cash used in investing activities

Net cash used in investing activities was HK\$453.9 million in 2021, compared to HK\$642.8 million in 2020. Net cash used in 2021 included HK\$476.0 million of costs, primarily related to maintenance capital expenditures, partially offset by HK\$17.9 million of interest receipts and HK\$4.2 million of proceeds from insurance claims. Net cash used in 2020 included HK\$749.1 million of costs, primarily related to maintenance capital expenditures, partially offset by HK\$89.9 million of interest receipts and HK\$16.6 million of proceeds from insurance claims.

Net cash used in financing activities

Net cash used in financing activities was HK\$5.57 billion in 2021, compared to net cash of HK\$9.13 billion generated from financing activities in 2020. During 2021, net cash used in financing activities was primarily due to HK\$13.40 billion in repayments of the Wynn Macau Credit Facilities, HK\$2.26 billion of interest payments and HK\$250.4 million payments on debt financing costs, partially offset by HK\$10.04 billion proceeds from WM Cayman II Revolver and HK\$388.6 million proceeds from the revolving credit facility of Wynn Macau Credit Facilities. During 2020, net cash generated from financing activities was primarily due to receipts of HK\$18.40 billion proceeds from issuance of WML 2026 Notes and WML 2028 Notes and HK\$438.5 million net proceeds from our revolving credit facility of the Wynn Macau Credit Facilities, partially offset by HK\$8.06 billion in repayments of our term loan facility of the Wynn Macau Credit Facilities, HK\$1.50 billion of interest payments and HK\$153.1 million payments on debt financing costs.

Indebtedness

The following table presents a summary of our indebtedness.

Indebtedness information

	As at 31 December	
	2021	2020
	HK\$	HK\$
	<i>(in thousands)</i>	
Bank loans	10,041,953	12,989,897
Senior notes	36,650,417	36,437,321
Unamortized debt financing costs and premiums, net	(155,225)	(227,721)
Total interest-bearing borrowings	<u>46,537,145</u>	<u>49,199,497</u>

WM Cayman II Revolver

On 16 September 2021, WM Cayman II, an indirect wholly owned subsidiary of WML, as borrower and WML as guarantor, entered into a facility agreement with, among others, Bank of China Limited, Macau Branch as agent and a syndicate of lenders, pursuant to which the lenders will make available in an aggregate amount of HK\$11.70 billion equivalent revolving unsecured credit facility consisting of one tranche in an amount of US\$312.5 million (approximately HK\$2.44 billion) and one tranche in an amount of HK\$9.26 billion to WM Cayman II. WM Cayman II has the ability to upsize the total WM Cayman II Revolver by an additional HK\$7.80 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 16 September 2025 (or if 16 September 2025 is not a business day, the next business day in the relevant calendar month), by which time any outstanding borrowings from the WM Cayman II Revolver must be repaid.

Each loan under the revolving facility, consisting of both United States dollar and Hong Kong dollar tranches, will bear interest at LIBOR or HIBOR, as applicable, plus a margin of 2.625% per annum until 30 June 2022, the date from which the margin will be 1.875% to 2.875% per annum based on the leverage ratio of WM Cayman II on a consolidated basis.

Borrowings of HK\$8.48 billion under the WM Cayman II Revolver, along with HK\$1.56 billion of cash, were used to facilitate the prepayment of the outstanding HK\$9.79 billion of borrowings under the Wynn Macau Credit Facilities, and to pay related fees and expenses. As at 31 December 2021, the Group had approximately HK\$1.66 billion in funding available under WM Cayman II Revolver.

The facility agreement contains representations, warranties, covenants and events of default customary for similar financings, including, but not limited to, restrictions on indebtedness to be incurred by WM Cayman II or its group members and restrictions on creating security over the assets of WM Cayman II or by its group members. The facility agreement also requires WM Cayman II to maintain a certain leverage ratio and interest coverage ratio from time to time as provided under the facility agreement. The facility agreement also contains certain events of default (some of which are subject to grace and remedy periods and materiality qualifiers). It is a property mandatory prepayment event under the facility agreement if there is a loss of gaming operation or Concession Agreement by the Group. Customary fees and expenses were paid by WM Cayman II in connection with the facility agreement and related agreements. It is a mandatory prepayment event under the facility agreement if Wynn Resorts, Limited ceases to legally and beneficially own and control, directly or indirectly, more than 50% of the outstanding share capital of WM Cayman II through the Company measured by voting power.

As at 31 December 2021, the Directors confirmed that there was no non-compliance with covenants contained in the WM Cayman II Revolver.

Wynn Macau Credit Facilities

As at 31 December 2020, the Group's Wynn Macau Credit Facilities consisted of an approximately HK\$9.83 billion equivalent senior secured term loan facility (the "**Wynn Macau Term Loan**") and an approximately HK\$5.82 billion equivalent senior secured revolving credit facility. The borrower was WRM, an indirect subsidiary of the Company.

The borrowings under the Wynn Macau Credit Facilities bear interest at LIBOR or HIBOR plus a margin of 1.50% to 2.25% per annum based on WRM's leverage ratio. Customary fees and expenses were paid by WRM in connection with the Wynn Macau Credit Facilities.

During 2020, the Group prepaid HK\$7.28 billion equivalent, excluding contractual amortization payments of HK\$780.5 million equivalent, on the Wynn Macau Term Loan using the proceeds from issuances of WML senior notes and operating cash. In January 2021, the Group prepaid HK\$3.20 billion equivalent of the Wynn Macau Term Loan, and accordingly, has presented that amount as a current liability on the accompanying consolidated statement of financial position as of 31 December 2020.

As discussed above, in September 2021, the Wynn Macau Credit Facilities were prepaid in full along with related financing costs.

WML Senior Notes

On 20 September 2017, the Company completed the issuance of WML 2024 Notes and WML 2027 Notes. The Company used the net proceeds from the WML 2024 Notes and WML 2027 Notes and cash on hand to fund the cost of extinguishing the WML 2021 Notes. Interest on the WML 2024 Notes and WML 2027 Notes is payable semi-annually in arrears on 1 April and 1 October of each year, beginning on 1 April 2018. The WML 2024 Notes and WML 2027 Notes, which are listed on the Hong Kong Stock Exchange, mature on 1 October 2024 and 1 October 2027, respectively.

On 17 December 2019, the Company completed the issuance of WML 2029 Notes. Interest on the WML 2029 Notes is payable semi-annually in arrears on 15 June and 15 December of each year, beginning on 15 June 2020. The WML 2029 Notes, which are listed on the Hong Kong Stock Exchange, mature on 15 December 2029. During 2020, the Company completed the issuance of WML 2026 Notes and WML 2028 Notes. Interest on the WML 2026 Notes is payable semi-annually in arrears on 15 January and 15 July of each year, beginning on 15 January 2021. Interest on the WML 2028 Notes is payable semi-annually in arrears on 26 February and 26 August of each year, beginning on 26 February 2021. The WML 2026 Notes and WML 2028 Notes, which are listed on the Hong Kong Stock Exchange, mature on 15 January 2026 and 26 August 2028 respectively. Certain amounts from the net proceeds were used to facilitate repayments of the Wynn Macau Credit Facilities and the Company expects to use the remaining proceeds for general corporate purposes.

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 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 (1) any event after which none of the Company or any of its subsidiaries have such licenses, concessions, subconcessions or other permits or authorizations as necessary to conduct gaming activities in substantially the same manner and scope as it does on the date on which each of the WML Senior Notes are issued, for a period of ten consecutive days or more, and such event has a material adverse effect on the financial condition, business, properties, or results of operations of WML and its subsidiaries, taken as a whole, or (2) the termination, rescission, revocation or modification of any such licenses, concessions, subconcessions or other permits or authorizations which has had a material adverse effect on the financial condition, business, properties, or results of operations of the Company and its subsidiaries, taken as a whole, each holder of the WML Senior Notes will have the right to require the Company 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 the Company 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. Under the indentures of the WML 2024 Notes and WML 2027 Notes, the circumstances that will constitute a Change of Control include, among others, the sale, transfer, conveyance or other disposition of all or substantially all of the properties or assets of the Group to any person other than to the Company's former Chairman and Chief Executive Officer or a related party of the Company's former Chairman and Chief Executive Officer, the consummation of any transaction that results in any party other than the Company's former Chairman and Chief Executive Officer and his related parties becoming the direct or indirect owner of more than 50% of the outstanding voting stock of WRL and the first day on which a majority of the members of the Board are not continuing directors. Under the indentures of the WML 2026 Notes, WML 2028 Notes and WML 2029 Notes, respectively, the circumstances that will constitute a Change of Control include, among others, the consummation of any transaction that results in any party other than WRL or any affiliate of WRL becoming the beneficial owner, directly or indirectly, of more than 50% of the outstanding voting stock of the Company, measured by voting power rather than number of equity interests.

OFF BALANCE SHEET ARRANGEMENTS

We have not entered into any transactions with special purpose entities nor do we engage in any transactions involving derivatives. We do not have any retained or contingent interest in assets transferred to an unconsolidated entity.

OTHER LIQUIDITY MATTERS

We expect to fund our operations and capital expenditure requirements from cash on hand, availability under our credit facilities, new borrowings and operating cash flows. However, we cannot be sure that operating cash flows will be sufficient for those purposes. We may refinance all or a portion of our indebtedness on or before maturity. We cannot be sure that we will be able to refinance any of the indebtedness on acceptable terms or at all.

New business developments or other unforeseen events, including related to COVID-19, may occur, resulting in the need to raise additional funds. There can be no assurances regarding the business prospects with respect to any other opportunity. Any other development would require us to obtain additional financing.

In the ordinary course of business, in response to market demands and client preferences, and in order to increase revenues, we have made and will continue to make enhancements and refinements to our resorts. We have incurred and will continue to incur capital expenditures related to these enhancements and refinements.

Taking into consideration our financial resources, including our cash and cash equivalents, availability under our credit facilities, proceeds from notes issuance and internally generated funds, we believe that we have sufficient liquid assets to meet our current and anticipated working capital and operating requirements.

RELATED PARTY TRANSACTIONS

Our Directors have confirmed that all related party transactions have complied with the requirements under Chapter 14A of the Listing Rules, and have been conducted on normal commercial terms, and that their terms are fair and reasonable.

MATERIAL RISK FACTORS

There are certain risks and uncertainties involved in our operations, some of which are beyond our control. Set forth below are the material risk factors involved in our operations, which have been broadly categorized into: (i) risks related to our business; (ii) risks associated with our operations in Macau; and (iii) risks related to our indebtedness. Additional risks and uncertainties not currently known to us or that we currently consider to be immaterial may also have a material adverse impact on our business, financial condition, results of operations and cash flows.

Risks Related to our Business

The COVID-19 Pandemic has had and will likely continue to have an adverse effect on our business, operations, financial condition and operating results, and the ability of our subsidiaries to pay dividends and distributions.

In January 2020, an outbreak of a new strain of coronavirus, COVID-19, was identified and has since then spread around the world. The COVID-19 Pandemic and the spread, and risk of resurgence, of COVID-19 and related variants may continue to negatively impact many aspects of our business and the ability and desire of people to travel and participate in activities at crowded indoor places, such as those we offer at our properties.

In response to and as part of a continuing effort to reduce the initial spread of COVID-19, our casino operations in Macau were closed temporarily pursuant to government directives. Since reopening, we have implemented certain COVID-19 specific protective measures. Currently, measures such as limiting the number of seats per table game, increasing the space between slot machines, temperature checks, and mask protection, health declarations and proof of negative COVID-19 test results for travelers seeking entry to Macau remain in effect at the present time. Although all of our properties are currently open, we cannot predict whether future closures, in full or in part, will occur.

Visitation to Macau and gross gaming revenues in Macau significantly decreased following the outbreak of COVID-19, driven by the strong deterrent effect of the COVID-19 Pandemic on travel and social activities, broad quarantine measures and travel restrictions and advisories, and in Macau, the suspension or reduced availability of the IVS, group tour scheme and other travel visas for visitors. While some of the initial protective measures and restrictions have eased since their initial implementation, certain border control, travel-related restrictions and conditions, including COVID-19 testing and other procedures remain in place. Given the evolving conditions created by and in response to the COVID-19 Pandemic, we are currently unable to determine when all travel-related restrictions and conditions will be fully lifted. Measures that have been lifted may also be reintroduced if there are adverse developments in the COVID-19 situation. Moreover, once travel advisories and restrictions are fully lifted, demand for casino resorts may remain weak for a significant length of time and inbound tourism to Macau may be slow to recover. We cannot predict when, or even if, operating results at our properties will return to pre-outbreak levels. In particular, consumer behavior related to discretionary spending and traveling, including demand for casino resorts may be negatively impacted by the adverse changes in the perceived or actual economic climate, including higher unemployment rates, declines in income levels and loss of personal wealth resulting from the impact of the COVID-19 Pandemic. In addition, we cannot predict the impact that the COVID-19 Pandemic will have on our partners, such as tenants, travel agencies, suppliers and other vendors, which may adversely impact our operations or planned development projects.

Given the uncertainty around the extent and timing of the potential future spread or mitigation of COVID-19 and around the imposition or relaxation of containment measures, the impact on our results of operations, cash flows and financial condition in 2022 and potentially thereafter may be material, but cannot be reasonably estimated at this time. To the extent the COVID-19 Pandemic adversely affects our business, operations, financial condition and operating results, it may 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. In addition, the COVID-19 Pandemic has significantly increased global economic and demand uncertainty. Global recovery from the economic fallout of the COVID-19 Pandemic could take many years, which could continue to adversely impact our financial condition and operations.

If we are unable to secure an extension or renewal of our concession, or a new concession, by 26 June 2022, our business and financial condition would experience material adverse effects.

The term of our Concession Agreement with the Macau government ends on 26 June 2022. Unless the term of our Concession Agreement is extended or renewed or we receive a new gaming concession or other right to operate gaming at our resorts in Macau, subject to any separate arrangement with the Macau government, all of our gaming operations and related equipment in Macau will be automatically transferred to the Macau government without compensation to us and we will cease to generate any revenues from these operations at the end of the term of our Concession Agreement. The failure to extend or renew our concession or obtain a new concession would have a material adverse effect on our results of operations.

In addition, under the indentures governing the Company's HK\$36.65 billion aggregate principal amount of WML Senior Notes and the facility agreement governing the WM Cayman II Revolver, upon the occurrence of any event after which the Group does not own or manage casino or gaming areas or operate casino games of fortune and chance in Macau in substantially the same manner and scope as of the issue date of the respective senior notes or the date of the facility agreement, for a period of 10 consecutive days or more in the case of the WML Senior Notes or a period of 30 consecutive days or more in the case of the WM Cayman II Revolver, and such event has a material adverse effect on the financial condition, business, properties or results of operations of WML and its subsidiaries, taken as a whole, holders of the WML Senior Notes can exercise the Special Put Option, and the WM Cayman II Revolver would incur a Property Mandatory Prepayment Event. In such event, there is no certainty that we would be able to secure financing to repay the WML Senior Notes and the WM Cayman II Revolver on acceptable terms or at all. Such repayment would have a material adverse effect on our financial condition and results of operations.

Laws and regulations in the jurisdictions in which we operate can be changed or interpreted differently in the future.

Our operations are exposed to the risk of changes in laws and policies of the jurisdictions in which we operate. In addition, those laws and regulations could be interpreted differently in the future. We cannot predict the future likelihood or outcome of legislation or referendums in jurisdictions where we operate or the impact of those changes on our business, financial condition, results of operations and cash flows. For example, on 18 January 2022, the Macau authorities published proposed amendments to the Macau gaming law. These amendments contemplate, for example, the awarding of up to six gaming concessions with a term up to ten years with a maximum three-year extension possible, and an increase in the minimum capital requirement applicable to concession holders to MOP5.00 billion (approximately HK\$4.85 billion), and a prohibition on revenue sharing arrangements between gaming promoters and concession holders. Until the adoption of final revisions to the Macau gaming law by the Macau authorities, we cannot predict the amendments that will ultimately be adopted and whether such amendments will have a material impact on our business, financial condition, results of operations, and cash flows.

We are subject to Macau Laws and Regulations. The cost of compliance or failure to comply with such regulations and authorities could have a negative effect on our business.

The operations of our resorts are contingent upon us maintaining all regulatory licenses, permits, approvals, registrations, findings of suitability, orders and authorizations pursuant to Macau laws and regulations. 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 the gaming operations, as well as persons financially interested or involved in gaming operations.

WRM and its directors, key employees, managing companies and shareholders who own 5% or more of WRM's shares must be found suitable and are subject to the continuous monitoring and supervision of the Macau government for the term of the Concession Agreement to ensure that they are suitable to conduct a gaming business in Macau. The objectives of the Macau government's supervision are to preserve the conduct of gaming in Macau in a fair and honest manner and to safeguard and protect the interests of Macau in receiving taxes from the operation of casinos in the jurisdiction.

Our activities are also subject to administrative review and approval by various agencies of the Macau government, including DICJ, Health Bureau, Labour Affairs Bureau, Land, Public Works and Transport Bureau, Fire Services Bureau, Financial Services Bureau (including the Tax Department), Monetary Authority of Macau, Financial Intelligence Office and Macau Government Tourism Office. We cannot assure you that we will be able to maintain all necessary approvals and licenses, and our failure to do so may materially affect our business and operations.

Failure to comply with the terms of the Concession Agreement and adapt to the regulatory and gaming requirements in Macau could result in the revocation of the Concession Agreement or otherwise negatively affect our operations in Macau. Developments in the regulation of the gaming industry could be difficult to comply with and significantly increase our costs, which could adversely affect our business.

Moreover, we are a subsidiary of WRL and therefore 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.

Our business is particularly sensitive to reductions in discretionary consumer spending, including as a result of economic downturns or increasing geopolitical tensions.

Our financial results have been, and are expected to continue to be, affected by the global and regional economy. Any severe or prolonged slowdown in the global or regional economy may materially and adversely affect our business, results of operations and financial condition.

Recently there have also been heightened tensions in international relations, notably with respect to international trade, including increases in tariffs and company and industry specific restrictions. These issues, in addition to changes in national security policies and geopolitical issues, can impact the global and regional economy and impact our business in a negative fashion. Various types of restrictions 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.

Consumer demand for hotels, casino resorts, trade shows, conventions and for the type of luxury amenities that we offer is particularly sensitive to downturns in the economy, which adversely affect discretionary spending on leisure activities. Because a significant number of our customers come from the PRC, Hong Kong and Taiwan, the economic condition of our surrounding region, in particular, affects the gaming industry in Macau and our business. Changes in discretionary consumer spending or consumer preferences brought about by factors such as perceived or actual general economic conditions, high unemployment, perceived or actual changes in disposable consumer income and wealth, inflationary pressure, economic recession, changes in consumer confidence in the economy, 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 operating results.

Ongoing investigations, litigation and other disputes could distract management and result in negative publicity and additional scrutiny from regulators.

We are subject to various claims related to our operations. These foregoing investigations, litigation and other disputes and any additional such matters that may arise in the future, can be expensive and may divert management's attention from the operations of our businesses. The investigations, litigation and other disputes may also lead to additional scrutiny from regulators, which could lead to investigations relating to, and possibly a negative impact on, our gaming licenses and our ability to bid successfully for new gaming market opportunities. In addition, the actions, litigation and publicity could negatively impact our business, reputation and competitive position and could reduce demand for our shares and thereby have a negative impact on the trading prices of our 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. We rely on the continued services of key managers and an adequate number of qualified employees to achieve our goals and to deliver our high service standards. There is intense competition for labor resources in Macau due to the limited supply of local-Macau labor and imported-labor restrictions and quotas. Competition in Macau for key managers and qualified employees is further exacerbated by the labor needs of large-scale resorts that have recently opened or are expected to open in the future and other opportunities for local-Macau labor. If we are unable to obtain, attract, retain and train key managers and an adequate number of qualified employees, and obtain any required visas or work permits for our staff, our ability to adequately manage and staff our operations and development projects could be impaired, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. 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.

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

A significant amount of our gaming revenues is generated from customers arriving from the PRC, Hong Kong and Taiwan. Strained international relations, economic disruption and other similar events could negatively impact the number of visitors to our facilities and the amount they spend. 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 jurisdiction in which we operate, could disrupt 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 and the amount of money they spend. The overall effect of these campaigns and monetary transfer restrictions may negatively affect our revenues and results of operations.

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. Only a small amount of our business is and will be generated by local residents. Most of our customers travel to reach our Macau properties. Acts of terrorism or concerns over the possibility of such acts may severely disrupt domestic and international travel, which would result in a decrease in customer visits to Macau, including 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 would have an 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 and restrictions to travel, trade and immigration can reduce demand for our hospitality products and services, and reduce 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 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 the following:

- changes in local economic and competitive conditions;
- the impact on the travel and leisure industry from factors such as an outbreak of an infectious disease, including the COVID-19 Pandemic, public incidents of violence, riots, demonstrations, extreme weather patterns or natural disasters, military conflicts, civil unrest, and any future security alerts and/or terrorist attacks in Macau and nearby regions;
- changes in local governmental laws and regulations, or interpretations thereof, including gaming laws and regulations, anti-smoking legislation and travel and visa policies;
- extensive regulation of our business and the cost of compliance or failure to comply with applicable laws and regulations;
- restrictions or conditions on visitation by citizens of the PRC, Hong Kong or Taiwan to Macau, including as a result of the COVID-19 Pandemic and certain initiatives impacting applicable visa issuance for prospective travelers to Macau in place from time to time;
- increased government oversight with respect to international financial transactions;
- shortages of skilled and unskilled labor affecting construction, development and/or operations;
- an increase in the cost of maintaining our properties;
- a decline in the number of visitors to Macau; and
- a decrease in gaming and non-casino activities at our resorts.

Any of the factors outlined above 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.

The Company is a holding company and our main operating subsidiary, WRM, owns and operates the destination casino resorts “Wynn Palace” in the Cotai area of Macau and “Wynn Macau” on the Macau peninsula. 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, the Board concluded not to recommend the payment of a dividend with respect to the years ended 31 December 2021, 2020 and 2019 due to the financial impact of the COVID-19 Pandemic. Currently, there is no certainty as to whether the Board will recommend a payment of dividend for 2022. If the COVID-19 Pandemic continues to interrupt our gaming operations or visitation to Macau or if the outbreak escalates, 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 face intense competition, which may further intensify in the future.

The casino/hotel industry is highly competitive. Since the liberalization of Macau’s gaming industry in 2002, there has been a significant increase in the number of casino properties in Macau. There are six gaming operators in Macau, including WRM. The three concessionaires are WRM, SJM, and Galaxy. The three subconcessionaires are Melco, MGM Macau, and Venetian Macau. As at 31 December 2021, there were 42 casinos in Macau, including 23 operated by SJM. Each of the six current operators has operational casinos and several have expansion plans underway. Although the Macau government has indicated that it intends to grant only six concessions when the current concessions and subconcessions terminate, if the Macau government were to allow additional competitors to operate in Macau through the grant of additional concessions or subconcessions, 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 and subconcessionaires 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 and further openings in Cotai expected in the near future.

Wynn Palace and Wynn Macau also face competition from casinos throughout the world, including Singapore, South Korea, the Philippines, Malaysia, Vietnam, Cambodia, Australia, Las Vegas, and cruise ships in Asia that offer gaming and other casinos throughout Asia. Additionally, certain 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 business. Increased competition could result in a loss of customers, which may negatively affect our cash flows and results of 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.

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 operating results.

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 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. Macau governmental authorities focus heavily on the gaming industry and compliance with anti-money laundering laws and regulations. From time to time, the Company may receive governmental and regulatory inquiries about compliance with such laws and regulations. The Company will cooperate 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, as a subsidiary of WRL, we are subject to regulations imposed by the Foreign Corrupt Practices Act (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 changing laws and regulations may result in additional expenses and compliance risks.

Changing laws and regulations are creating uncertainty for gaming companies. These changing laws and regulations are subject to varying interpretations in many cases due to their lack of specificity, recent issuance 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, further regulation of casinos, financial institutions and public companies is possible. 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. In addition, we are subject to different parties' interpretation of our compliance with these new and changing laws and regulations.

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.

Our business could suffer if there is any misappropriation of confidential or personally identifiable information gathered, stored or used by us.

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. In addition to governmental regulations, there are credit card industry standards or other applicable data security standards we must comply with as well. Compliance with applicable privacy regulations may increase our operating costs and/or adversely impact our ability to market our products, properties and services to our guests. In addition, non-compliance with applicable privacy regulations by us (or in some circumstances non-compliance by third parties engaged by us) or a breach of security on systems storing our data may result in damage of reputation and/or subject us to fines, payment of damages, lawsuits or restrictions on our use or transfer of data. Any misappropriation of confidential or personally identifiable information gathered, stored or used by us, be it intentional or accidental, could have a material impact on the operation of our business, including severely damaging our reputation and our relationships with our customers, employees and investors.

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.

Our business may be adversely affected by fraud, cheating and theft.

Acts of fraud or cheating through the use of counterfeit chips, covert schemes and other tactics, possibly in collusion with our employees, may be attempted or committed by our customers with the aim of increasing their winnings. Our customers, visitors and employees may also commit crimes such as theft in order to obtain chips not belonging to them. We have taken measures to safeguard our interests including the implementation of systems, processes and technologies to mitigate against these risks, extensive employee training, surveillance, security and investigation operations and adoption of appropriate security features on our chips such as embedded radio frequency identification tags. Despite our efforts, we may not be successful in preventing or detecting such culpable behavior and schemes in a timely manner and the relevant insurance we have obtained may not be sufficient to cover our losses depending on the incident, which could result in losses to our gaming operations and generate negative publicity, both of which could have an adverse effect on our reputation, business, results of operations and cash flows.

Our business may be adversely affected by fraudulent websites.

There has been a substantial increase in the international operation of fraudulent online gambling and investment websites attempting to scam and defraud members of the public. These fraudulent websites mainly target PRC citizens and often falsely represent affiliates of one or more Macau casinos and even the Macau government. These fraudulent websites can appear highly professional and will often feature false statements on their websites in an attempt to pass off as a legitimate business or purport to be in association with, or be accredited by, a legitimate business or governmental authority. Such websites may also wrongfully display logos and trademarks owned by legitimate businesses or governmental authorities, or use deceptively similar logos and imagery, to appear legitimate. We do not offer online gambling or investment accounts of any kind. Websites offering these or similar activities and opportunities that use our names, such as “Wynn Resorts (Macau) S.A.”, “Wynn”-related trademarks, including our marks for “Wynn Palace” and “Wynn Macau”, or similar names or images in likeness to ours, are doing so without our authorization and possibly unlawfully and with criminal intent. The Group is not responsible for the contents of such websites.

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, including for possible criminal prosecution) 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.

To report fraudulent websites or e-mails purportedly connected to the Group, please e-mail inquiries@wynnmacau.com.

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.

We have licensed the right to use certain “WYNN”-related trademarks and service marks from Wynn Resorts, Limited and Wynn Resorts Holdings, LLC, an affiliate of Wynn Resorts, Limited. Our intellectual property assets, especially the logo version of “WYNN,” are among our most valuable assets. Pursuant to the licensing arrangement, WRM licenses the right to use the “WYNN” trademark in connection with WRM’s operation of hotel casinos in Macau in return for a monthly royalty payment. The licensing arrangement is not a fixed term arrangement; it is terminable on the occurrence of certain events, including if the WRL Group loses its rights in the “WYNN” mark, if Wynn Resorts, Limited ceases to hold more than a 50% voting interest in WRM or by the court appointed administrator in the event Wynn Resorts, Limited or Wynn Resorts Holdings, LLC enters into bankruptcy proceedings. If the existing licensing arrangement were terminated and we fail to enter into new arrangements with the WRL Group in respect of the “WYNN” mark, we would lose our rights to use the “WYNN” brand name, and “WYNN” trademarks and domain names. The loss of our ability to use these “WYNN”-related marks could cause severe disruption to our business and have an adverse effect on our business, financial condition and results of operations.

Wynn Resorts Holdings, LLC has filed applications with the United States Patent and Trademark Office (the “PTO”) and trademark registries including registries in Macau, the PRC, 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.

If a third party successfully challenges our ownership of, or right to use, the “WYNN”-related trademarks and service marks, our business or results of operations could be harmed. We also are exposed to the risk that third parties may use “WYNN”-related trademarks without authorization.

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 increasingly relevant. 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.

Risks associated with our operations in Macau

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 will depend on political and economic conditions in Macau and the PRC. For example, fiscal decline, international relations, and civil, domestic or international unrest in the 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 1 January 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 and disrupt the number of customers visiting or the amount of time visiting customers spend at our property, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Extreme weather conditions may 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. Any flooding, unscheduled interruption in the technology or transportation services or interruption in the supply of public utilities may lead to a shutdown of our properties. 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 Concession Agreement, the Macau government can terminate our concession without compensation to us, which would have a material adverse effect on our business and financial condition.

The Macau government has the right to unilaterally terminate our concession in the event of our material non-compliance with the basic obligations under the concession and applicable Macau laws. The Concession Agreement expressly provides a non exhaustive list of facts and circumstances under which the government of Macau may unilaterally rescind the Concession Agreement of our Macau Operations, including if it:

- conducts unauthorized games or activities that are excluded from its corporate purpose;
- suspends gaming operations in Macau for more than seven consecutive days (or more than 14 days in a civil year) without justification;

- defaults in payment of taxes, premiums, contributions or other required amounts;
- does not comply with government inspections or supervision;
- systematically fails to observe its obligations under the concession system;
- or does not comply with directions issued by the Macau government, in particular the Macau gaming regulator;
- fails to maintain bank guarantees or bonds satisfactory to the government;
- is the subject of bankruptcy proceedings or becomes insolvent;
- engages in serious fraudulent activity, damaging to the public interest; or
- repeatedly violates applicable gaming laws.

If the government of Macau unilaterally rescinds the Concession Agreement, our Macau Operations will be required to compensate the government in accordance with applicable law, and the areas defined as casino space under Macau law and all of the gaming-related equipment pertaining to our gaming operations will be transferred to the government without compensation. 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.

On 18 January 2022, the Macau government published a draft bill on gaming law amendments, according to which up to six gaming concessions can be granted by public tender, with a maximum term of 10 years and a maximum three-year extension possible under certain circumstances. No subconcessions would be permitted. The draft bill is subject to the consideration and approval by the Macau Legislative Assembly. The current term of our gaming concession ends on 26 June 2022. The gaming concession or subconcession held by each of SJM, MGM Macau, Galaxy, Venetian Macau, and Melco also end on 26 June 2022. On 3 March 2022, the Macau government announced its intention to extend the term of Macau's six concession and subconcession contracts until 31 December 2022 in order to ensure sufficient time to complete the amendment to the Macau gaming law and conduct a public tender for the awarding of new gaming concessions. The Macau government invited WRM to submit a formal request for an extension along with a commitment to pay the Macau government approximately MOP47.0 million (approximately HK\$45.6 million) and provided a bank guarantee to secure the fulfillment of WRM's payment obligations towards its employees should WRM be unsuccessful in tendering for a new concession contract after its concession expires. WRM submitted its request for an extension on 11 March 2022. The extension of WRM's concession is subject to approval by the Macau government. We are monitoring developments with respect to the Macau government's concession extension and renewal process and proposed amendments to the gaming law, and we continue to believe that our concession will be extended and renewed beyond 26 June 2022.

We have historically depended on gaming promoters to generate gaming revenue and our ability to maintain or grow our gaming revenues could be adversely affected by the termination of our agreements with gaming promoters.

A gaming promoter, also known colloquially as a junket representative, is a person or entity who, for the purpose of promoting casino gaming activity, arranges customer transportation and accommodations, and provides credit in their sole discretion, food and beverage services and entertainment in exchange for commissions or other compensation from a concessionaire. As of 31 December 2021, we do not have any agreements in place with gaming promoters.

Although the portion of our gaming revenue in Macau that has been generated by clientele of our gaming promoters has decreased in the last several years, gaming revenue from that clientele remains important. There is intense competition among casino operators in Macau for premium customers. Our ability to maintain or grow our gaming revenues may be adversely affected by the termination of our agreements with gaming promoters and we will have to seek alternative ways of developing relationships with premium customers. Furthermore, on 19 November 2021, Macau's Court of Final Appeal ruled that gaming concessionaires may be held jointly liable with gaming promoters for deposits made with gaming promoters. If any of our former gaming promoters violated Macau gaming laws while on our premises, the Macau government may, in its discretion, take enforcement action against us, the gaming promoter, or each concurrently, and we may be sanctioned and our reputation could be harmed.

Unfavorable changes in currency exchange rates could negatively impact our Macau Operations.

The financial statements of foreign operations are translated into Hong Kong dollars, the Company's functional and presentation currency, for incorporation into the consolidated financial statements. The majority of our assets and liabilities are denominated in U.S. dollars, Hong Kong dollars and Macau patacas, and there are no significant assets and liabilities denominated in other currencies. Assets and liabilities are translated at the prevailing foreign exchange rates in effect at the end of the reporting period. Income, expenditures and cash flow items are measured at the actual foreign exchange rates or average foreign exchange rates for the period. Besides, 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 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 pataca and Hong Kong dollar and the Hong Kong dollar and the U.S. dollar. Also, in connection with any U.S. dollar-denominated debt we incur, 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 WRL.

WRL, the Company's controlling shareholder, is listed on the NASDAQ global select market. WRL owned approximately 72% of our Shares as of 31 December 2021. We and certain of our officers and Directors also serve as officers and/or directors of WRL. Decisions that could have different implications for us and WRL, including contractual arrangements that we have entered into or may in the future enter into with WRL, 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 at 31 December 2021, we had a total of 323 table games at Wynn Palace and 331 at Wynn Macau approved by the Macau's DICJ. 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. However, we are permitted to incur additional indebtedness if certain conditions are met, including conditions under our WM Cayman II Revolver.

Our indebtedness could have important consequences. For example:

- 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; and
- 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.

We are exposed to interest rate risks associated with our credit facilities, which bear interest based on floating rates.

We are exposed to interest rate risk associated with our credit facilities, which bear interest based on floating rates. We attempt to manage interest rate risk by managing the mix of long-term fixed rate borrowings and variable rate borrowings supplemented by hedging activities as considered necessary. We cannot assure you that these risk management strategies will have the desired effect, and interest rate fluctuations could have a negative impact on our results of operations.

On 27 July 2017, the UK Financial Conduct Authority (the “FCA”) announced that it intended to phase out LIBOR by the end of 2021. On 5 March 2021, the FCA extended the transition dates of certain LIBOR tenors to 30 June 2023, after which LIBOR reference rates will cease to be provided. As of 31 December 2021, all non-U.S. dollar LIBOR publications have been phased out. Accordingly, we will need to renegotiate our credit agreements extending beyond 30 June 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. At the date of this announcement, it is not possible to predict the effect that any discontinuance, modification or other reforms to LIBOR or any other reference rate, or the establishment of alternative reference rates may have on LIBOR or other benchmarks. Furthermore, the use of alternative reference rates or other reforms could cause the interest rate calculated on certain debt instruments to be materially different from the rate that is currently expected.

The borrowings under the WM Cayman II Revolver bear interest at LIBOR or HIBOR (as applicable) plus a margin based on WM Cayman II’s leverage ratio. If it is not possible to determine LIBOR (or HIBOR) in accordance with the terms of the credit facilities agreement or if notice is served to us that the funding cost of our majority lender(s) exceeds LIBOR (or HIBOR), we must enter into good faith negotiations for a period of up to 30 days with a view to agreeing an alternative basis for determining the rate of interest applicable to our affected borrowings. Failing such agreement within the prescribed time, each relevant lender, acting reasonably, is to certify an alternative basis for maintaining its participation in the affected borrowings which may include an alternative method of fixing the applicable interest rate, alternative interest periods and/or alternative currencies provided such basis reflects the cost of funding its participation from whatever sources it may in good faith select. Each certified alternative basis is binding on WM Cayman II and treated as part of the credit facilities agreement and applicable related agreements. WM Cayman II may then seek to settle the affected outstanding borrowings. The potential effect of any such event could have on our business and financial condition cannot yet be determined.

DISCLOSURE OF FINANCIAL RESULTS IN MACAU

WRM, our subsidiary and the owner and operator of Wynn Palace and Wynn Macau, finalized its statutory financial statements under the Macau Financial Reporting Standards (“MFRS”) at the end of February 2022 and anticipates filing its MFRS consolidated financial statements with the Gaming Inspection and Coordination Bureau of Macau by 31 March 2022. This is a statutory filing requirement mandated by Macau law. In addition, WRM expects to publish its MFRS condensed consolidated financial statements in the Macau Official Gazette and local newspapers in Macau by the end of April 2022. The MFRS consolidated financial statements and the MFRS condensed consolidated financial statements may not be directly comparable with our Company’s financial results disclosed herein, which are prepared under IFRS.

DIVIDEND

No dividend was declared for the year ended 31 December 2021 (2020: nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Group's listed securities during the year ended 31 December 2021.

CORPORATE GOVERNANCE CODE

Our commitment to integrity and dedication to maintaining and ensuring high standards of corporate governance are fundamental to our ability to conduct our business and sustain the respect of the investment community and the people who regulate our industry. The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the Code and are regularly reviewed and developed in the interests of the Company, its Shareholders and other stakeholders.

The Company has complied with the code provisions in the Code for the year ended 31 December 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code on 16 September 2009 as its code of conduct for securities transactions by Directors. On 23 March 2010, the Company adopted its own code of conduct for securities transactions, which was most recently updated in March 2017. The terms of such code are no less exacting than those set out in the Model Code. Having made specific enquiry of the Directors, all Directors have confirmed that they have complied with the required standard of dealings and code of conduct regarding securities dealings by directors as set out in the Model Code and the Company's own code of conduct for the year ended 31 December 2021.

AUDIT AND RISK COMMITTEE

An audit and risk committee has been established by the Company to review and supervise the financial reporting process, internal control procedures and risk management system of the Group. The audit and risk committee comprises three independent non-executive Directors of the Company. The audit and risk committee members have reviewed the Group's results for the year ended 31 December 2021.

ANNUAL REPORT

The Company's annual report for the year ended 31 December 2021 containing all the information required by Appendix 16 of the Listing Rules will be published on the Company's and the Hong Kong Stock Exchange's websites in due course.

LITIGATION

The Group did not have any material litigation outstanding as at 31 December 2021. The litigation matter set out below is disclosed on a voluntary basis and, as with all litigations, no assurances can be provided as to the outcome thereof.

Macau Litigation Related to Dore

WRM 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 WRM, as a gaming concessionaire, should be held responsible for Dore’s conduct on the basis that WRM is responsible for the supervision of Dore’s activities at Wynn Macau that resulted in the purported losses.

On 19 November 2021, the Macau Court of Final Appeal issued a final ruling (the “**Ruling**”) with respect to one such lawsuit that WRM was held jointly liable to a plaintiff. Pursuant to the Ruling, WRM was required to pay approximately HK\$9.3 million, inclusive of accumulated interest, to such plaintiff.

We believe most remaining cases are without merit and unfounded and intend to vigorously defend against the remaining claims pleaded against us in these lawsuits. The Group 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 for the year ended 31 December 2021. No assurances can be provided as to the outcome of the pending Dore cases and actual results may differ from these estimates.

RE-ELECTION OF DIRECTORS

In accordance with article 17.18 of the Company’s articles of association, one third of our Board will retire from office by rotation at the forthcoming annual general meeting. The three directors who will retire by rotation are Mr. Ian Michael Coughlan, an executive Director, Dr. Allan Zeman and Ms. Leah Dawn Xiaowei Ye, independent non-executive Directors. All retiring Directors, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

SCOPE OF WORK OF THE COMPANY’S AUDITOR

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Company’s auditor, Ernst & Young (the “**Auditor**”), to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor on this announcement.

DEFINITIONS USED IN THIS ANNOUNCEMENT

“Board of Directors” or “Board”	the Board of Directors of our Company
“Code”	the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules as applicable on 31 December 2021
“Company”, “our Company” or “WML”	Wynn Macau, Limited, a company incorporated on 4 September 2009 as an exempted company with limited liability under the laws of the Cayman Islands and an indirect subsidiary of Wynn Resorts, Limited
“Concession Agreement”	the Concession Contract for the Operation of Games of Chance or Other Games in Casinos in the Macau Special Administrative Region entered into between WRM and the Macau government on 24 June 2002
“Cotai Land Concession Agreement”	the land concession contract entered into between WRM, Palo and the Macau government for approximately 51 acres of land in the Cotai area of Macau, and for which formal approval from the Macau government was published in the official gazette of Macau on 2 May 2012

“COVID-19 Pandemic”	an outbreak of a respiratory illness caused by a new strain of coronavirus (the “ COVID-19 ”) that was identified in January 2020. The disease has since spread rapidly across the world, causing the World Health Organization to declare the outbreak a pandemic on 12 March 2020
“DICJ”	The Gaming Inspection and Coordination Bureau of Macau
“Director(s)”	the director(s) of our Company
“Encore” or “Encore at Wynn Macau”	a casino resort located in Macau, connected to and fully integrated with Wynn Macau, owned and operated directly by WRM, which opened on 21 April 2010
“Galaxy”	Galaxy Casino, S.A., one of the six gaming operators in Macau and one of the three concessionaires
“Group”, “we”, “us” or “our”	our Company and its subsidiaries, or any of them, and the businesses carried on by such subsidiaries, except where the context makes it clear that the reference is only to the Company itself and not to the Group
“HIBOR”	Hong Kong Interbank Offered Rate
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRS”	International Financial Reporting Standards
“LIBOR”	London Interbank Offered Rate
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Macau” or “Macau Special Administrative Region”	the Macau Special Administrative Region of the PRC
“Macau Operations”	the integrated Wynn Palace and Wynn Macau and Encore at Wynn Macau
“Melco”	Melco Resorts (Macau) Limited, one of the six gaming operators in Macau and one of the three sub-concessionaires

“MGM Macau”	MGM Grand Paradise Limited, one of the six gaming operators in Macau and one of the three sub-concessionaires
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
“MOP” or “pataca”	Macau pataca, the lawful currency of Macau
“NASDAQ”	National Association of Securities Dealers Automatic Quotation System
“Palo”	Palo Real Estate Company Limited, a limited liability company incorporated under the laws of Macau, subject to Ms. Linda Chen 10% social and voting interest and MOP1.00 economic interest in WRM, an indirect wholly-owned subsidiary of the Company
“PRC”, “China” or “mainland China”	the People’s Republic of China and, except where the context requires and only for the purpose of this announcement for geographical and statistical reference only, references in this announcement to the PRC or China do not include Taiwan, Hong Kong or Macau; the term “Chinese” has a correlative meaning
“SEC”	the U.S. Securities and Exchange Commission
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.001 each in the share capital of our Company
“Shareholder(s)”	holder(s) of Share(s) of the Company from time to time
“SJM”	SJM Resorts, S.A., formerly known as Sociedade de Jogos de Macau, S.A., one of the six gaming operators in Macau and one of the three concessionaires
“Trust”	the trust constituted by the Trust Deed to service the employee ownership scheme
“Trust Deed”	the trust deed entered into between the Company and the Trustee (as may be restated, supplemented and amended from time to time) on 30 June 2014
“Trustee”	the trustee appointed by the Company for the purpose of the Trust, and as at the date of this announcement, Computershare Hong Kong Trustees Limited, a company incorporated in Hong Kong and having its registered office at 46th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong

“US\$”	United States dollars, the lawful currency of the United States
“U.S. GAAP”	the Generally Accepted Accounting Principles of the United States
“Venetian Macau”	Venetian Macau, S.A., one of the six gaming operators in Macau and one of the three sub-concessionaires
“WM Cayman II”	WM Cayman Holdings Limited II, a company incorporated on 8 September 2009 as an exempted company with limited liability under the laws of the Cayman Islands and a wholly-owned subsidiary of the Company
“WM Cayman II Revolver”	the HK\$11.70 billion (equivalent) revolving unsecured credit facility to WM Cayman II on 16 September 2021
“WML 2021 Notes”	the US\$600.0 million (approximately HK\$4.68 billion) 5.250% senior notes due 2021 issued by the Company in October 2013 and the additional US\$750.0 million (approximately HK\$5.85 billion) 5.250% senior notes due 2021 issued by the Company on 20 March 2014 (Debt Stock Code: 5983), which were consolidated and form a single series of notes
“WML 2024 Notes”	the US\$600.0 million (approximately HK\$4.68 billion) 4.875% senior notes due 2024 issued by the Company in September 2017 (Debt Stock Code: 5279)
“WML 2026 Notes”	the US\$750.0 million (approximately HK\$5.85 billion) 5.500% senior notes due 2026 issued by the Company in June 2020 and the additional US\$250.0 million (approximately HK\$1.95 billion) 5.500% senior notes due 2026 issued by the Company in August 2020 (Debt Stock Code: 40259), which were consolidated and form a single series of notes
“WML 2027 Notes”	the US\$750.0 million (approximately HK\$5.85 billion) 5.500% senior notes due 2027 issued by the Company in September 2017 (Debt Stock Code: 5280)
“WML 2028 Notes”	the US\$600.0 million (approximately HK\$4.68 billion) 5.625% senior notes due 2028 issued by the Company in August 2020 and the additional US\$750.0 million (approximately HK\$5.85 billion) 5.625% senior notes due 2028 issued by the Company in December 2020 (Debt Stock Code: 40357), which were consolidated and form a single series of notes

“WML 2029 Notes”	the US\$1.00 billion (approximately HK\$7.80 billion) 5.125% senior notes due 2029 issued by the Company in December 2019 (Debt Stock Code: 40102)
“WML Senior Notes”	Collectively, the WML 2024 Notes, WML 2026 Notes, WML 2027 Notes, WML 2028 Notes and WML 2029 Notes
“WRL Group”	Wynn Resorts, Limited and its subsidiaries (other than the Group)
“WRM”	Wynn Resorts (Macau) S.A., a company incorporated under the laws of Macau and a wholly-owned subsidiary of the Company
“WRM Shareholder Dividend Tax Agreement”	the agreements, entered into during August 2016, for a term of five years between WRM and the Macau Special Administrative Region, that provide for an annual payment to the Macau Special Administrative Region of MOP12.8 million in years 2016 through 2020 in lieu of Complementary Tax otherwise due by WRM shareholders on dividend distributions to them from gaming profits earned in those years; and extended in March 2021 with a payment of MOP12.8 million for year 2021 and MOP6.3 million for the period ending 26 June 2022
“Wynn Macau”	a casino hotel resort located in Macau, owned and operated directly by WRM, which opened on 6 September 2006, and where appropriate, the term also includes Encore at Wynn Macau
“Wynn Macau Credit Facilities”	together, the HK\$17.95 billion (equivalent) fully-funded senior term loan facility and the HK\$5.84 billion (equivalent) senior revolving credit facility extended to WRM as subsequently amended from time to time and refinanced on 21 December 2018
“Wynn Palace”	an integrated resort situated on approximately 51 acres of land in the Cotai area of Macau in accordance with the terms of the Cotai Land Concession Agreement, which is operated by WRM and opened on 22 August 2016
“Wynn Resorts Holdings, LLC”	Wynn Resorts Holdings, LLC, a company formed under the laws of the State of Nevada, United States and a wholly-owned subsidiary of Wynn Resorts, Limited
“Wynn Resorts, Limited” or “WRL”	Wynn Resorts, Limited, a company formed under the laws of the State of Nevada, United States, and our controlling shareholder (as defined in the Listing Rules)

GLOSSARY OF TERMS USED IN THIS ANNOUNCEMENT

“Average Daily Rate”	average daily rate which is calculated by dividing total room revenues, including complimentaries (less service charges, if any), by total rooms occupied
“chip(s)”	a token; usually in the form of plastic disc(s) or plaque(s) issued by a casino to customers in exchange for cash or credit, which must be used (in lieu of cash) to place bets on gaming tables
“gaming promoters”	individuals or companies licensed by and registered with the Macau government to promote games of fortune and chance or other casino games to customers, through the arrangement of certain services, including transportation, accommodation, dining and entertainment, whose activity is regulated by Macau Administrative Regulation no. 6/2002
“gross gaming win”	the total win generated by all casino gaming activities combined, calculated before deduction of commissions and others (including complimentary revenues allocated from casino revenues to rooms, food and beverage, retail and other revenues)
“In-house VIP Program”	an internal marketing program wherein we directly market our casino resorts to gaming clients, including to high-end or premium players in the greater Asia region. These players are invited to qualify for a variety of gaming rebate programs whereby they earn cash commissions and room, food and beverage and other complimentary allowances based on their turnover level. We often extend credit to these players based upon knowledge of the players, their financial background and payment history
“REVPAR”	revenue per available room which is calculated by dividing total room revenues, including complimentaries (less service charges, if any), by total rooms available
“Rolling Chip”	physically identifiable chip that is used to track VIP wagering volume for purposes of calculating commissions and other allowances payable to gaming promoters and our Macau Operations’ individual VIP players
“slot machine win”	the amount of handle (representing the total amount wagered) that is retained and recorded as casino revenues. Slot machine win is after adjustment for progressive accruals, but before the allocation of casino revenues to rooms, food and beverage and other revenues for services provided to casino customers on a complimentary basis

“table drop”	the amount of cash deposited in a gaming table’s drop box that serves as a repository for cash, plus cash chips purchased at the casino cage
“table games win”	the amount of table drop or turnover that is retained and recorded as casino revenues. Table games win is before 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
“turnover”	the sum of all losing Rolling Chip wagers within the VIP program
“VIP player”	client, customer or player who participates in our Macau Operations’ In-house VIP Program or in the VIP program of any of our gaming promoters

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

Hong Kong, 31 March 2022

As at the date of this announcement, the Board comprises Craig S. Billings and Ian Michael Coughlan (as Executive Directors); Linda Chen (as Executive Director and Vice Chairman); Matthew O. Maddox (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).