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Wynn Macau, Limited
永利澳門有限公司*

(incorporated in the Cayman Islands with limited liability)

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

INSIDE INFORMATION

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2022 OF OUR CONTROLLING SHAREHOLDER, WYNN RESORTS, LIMITED

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

Our controlling shareholder, Wynn Resorts, Limited has, on or about 10 May 2022 (2:03 p.m., Las Vegas time), released its unaudited results for the first quarter ended 31 March 2022.

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

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

Reference is made to our announcement on 11 May 2022 (the “**WRL Earnings Release Announcement**”) in respect of the release by our controlling shareholder, Wynn Resorts, Limited, of its unaudited financial results for the first quarter ended 31 March 2022. Unless otherwise defined in this announcement, terms defined in the WRL Earnings Release Announcement have the same meaning when used in this announcement.

* For identification purposes only.

Further to the WRL Earnings Release Announcement, Wynn Resorts, Limited has, on or about 10 May 2022 (2:03 p.m., Las Vegas time), released its quarterly report with unaudited financial results for the first quarter ended 31 March 2022 (“**WRL Quarterly Report**”). If you wish to review the WRL Quarterly Report prepared by Wynn Resorts, Limited and as filed with the U.S. Securities and Exchange Commission, please visit <https://www.sec.gov/Archives/edgar/data/0001174922/000117492222000085/0001174922-22-000085-index.htm>. The WRL Quarterly Report contains segment financial information about Wynn Resorts, Limited’s Macau operations, which are owned by our Company. The WRL Quarterly Report is also available in the public domain.

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

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

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

For the quarterly period ended March 31, 2022

Part I. FINANCIAL INFORMATION

Item 1. Financial Statements

**WYNN RESORTS, LIMITED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)**

Note 1 — Organization

Organization

In the Macau Special Administrative Region (“Macau”) of the People’s Republic of China (“PRC”), the Company owns approximately 72% of Wynn Macau, Limited (“WML”), which includes the operations of the Wynn Palace and Wynn Macau resorts. The Company refers to Wynn Palace and Wynn Macau as its Macau Operations.

Recent Developments Related to COVID-19

Macau Operations

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. Although there have been periods during which certain restrictions and conditions were eased by the Macau government to allow for greater visitation and quarantine-free travel to Macau, adverse conditions and evolving conditions created by and in response to the COVID-19 pandemic may cause these restrictions and conditions to be reintroduced. The Company 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 Company’s future results of operations, cash flows, or financial condition.

Liquidity

The COVID-19 pandemic has materially impacted and is likely to continue to materially impact our business, financial condition and results of operations. As of March 31, 2022, the Company had total cash and cash equivalents, excluding restricted cash, of \$2.32 billion, and had access to \$835.6 million of available borrowing capacity from the WRF Revolver and \$211.9 million

of available borrowing capacity from the WM Cayman II Revolver. As a result of the negative impact the COVID-19 pandemic has had, and will likely continue to have, on our operating income, the Company has suspended its dividend program for the foreseeable future. Given the Company's liquidity position as of March 31, 2022, the Company believes it will be able to support continuing operations and respond to the continuing impact of the COVID-19 pandemic and related economic disruptions.

Macau Gaming Concession

The term of the Company's gaming concession agreement with the Macau government ends on June 26, 2022. If the term of this concession agreement is not extended, renewed or replaced by a new gaming concession, all of the Company's gaming operations and related equipment in Macau will be automatically transferred to the Macau government without compensation on that date and the Company will cease to generate gaming revenues from its Macau Operations. In addition, under the indentures governing the Company's \$4.7 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 Company 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 March 3, 2022, the Macau government announced its intention to extend the term of Macau's six gaming concession and subconcession contracts until December 31, 2022 in order to ensure sufficient time to complete the amendment to the Macau gaming law and to conduct a public tender for the awarding of new gaming concessions contracts. The Macau government invited Wynn Resorts (Macau) S.A. ("WRM") to submit a formal request for an extension along with a commitment to pay the Macau government approximately 47.0 million Macau pataca (MOP) (approximately \$5.8 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 a request for an extension of its concession agreement on March 11, 2022, which is subject to approval by the Macau government. The Company is monitoring developments with respect to the Macau government's concession extension and renewal process, and at this time believes that its concession agreement will be extended and renewed beyond June 26, 2022. If the Company is unable to extend or renew its concession agreement or obtain a new gaming concession agreement, and an election by the WML Senior Note holders to exercise the Special Put Option and the triggering of the Property Mandatory Prepayment Event would have a material adverse effect on the Company's business, financial condition, results of operations, and cash flows.

Note 3 — Cash, Cash Equivalents and Restricted Cash

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Restricted cash ⁽³⁾	9,062	8,537

(3) Restricted cash consists of cash subject to certain contractual restrictions, cash collateral associated with obligations and cash held in a trust in accordance with WML's share award plan.

Note 7 — Long-Term Debt

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Macau Related:		
WM Cayman II Revolver, due 2025 ⁽¹⁾	\$ 1,283,922	\$ 1,287,766
WML 4 7/8% Senior Notes, due 2024	600,000	600,000
WML 5 1/2% Senior Notes, due 2026	1,000,000	1,000,000
WML 5 1/2% Senior Notes, due 2027	750,000	750,000
WML 5 5/8% Senior Notes, due 2028	1,350,000	1,350,000
WML 5 1/8% Senior Notes, due 2029	1,000,000	1,000,000

(1) The borrowings under the WM Cayman II Revolver bear interest at LIBOR or HIBOR plus a margin of 1.875% to 2.875% per annum based on WM Cayman II's leverage ratio on a consolidated basis. Approximately \$268.2 million and \$1.02 billion of the WM Cayman II Revolver bears interest at a rate of LIBOR plus 2.625% per year and HIBOR plus 2.625% per year, respectively. As of March 31, 2022, the weighted average interest rate was approximately 2.96%. As of March 31, 2022, the available borrowing capacity under the WM Cayman II Revolver was \$211.9 million.

WM Cayman II Revolver Amendment

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

Note 12 — Income Taxes

The Company recorded an income tax expense of \$1.1 million and \$0.5 million for the three months ended March 31, 2022 and 2021, respectively. Income tax expense in both periods primarily related to the Macau dividend tax agreement that provides for an annual payment as complementary tax otherwise due by stockholders of WRM.

In March 2021, the Company received an extension of its Macau dividend tax agreement, providing for a payment of MOP 12.8 million (approximately \$1.6 million) for 2021 and MOP 6.3 million (approximately \$0.8 million) for the period ending June 26, 2022.

In April 2020, WRM received an extension of the exemption from Macau's 12% Complementary Tax on casino gaming profits earned from January 1, 2021 to June 26, 2022.

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

In March 2021, the Financial Services Bureau concluded its review of the 2017 and 2018 Macau income tax returns of Palo Real Estate Company Limited, a subsidiary of WRM, with no changes.

In January 2022, the Financial Services Bureau issued final tax assessments for WRM for the year 2017 and 2018. While no additional tax was due, adjustments were made to WRM's tax loss carryforwards.

Note 15 — Commitments and Contingencies

Litigation

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 November 19, 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 \$1.2 million, inclusive of accumulated interest, to such plaintiff.

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

Note 17 — Segment Information

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

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

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

	Three Months Ended March 31,	
	2022	2021
Operating revenues		
<i>Macau Operations:</i>		
<i>Wynn Palace</i>		
<i>Casino</i>	\$ 114,413	\$ 185,909
<i>Rooms</i>	13,831	17,012
<i>Food and beverage</i>	11,443	11,672
<i>Entertainment, retail and other ⁽¹⁾</i>	23,638	22,733
	163,325	237,326
 <i>Wynn Macau</i>		
<i>Casino</i>	102,430	138,927
<i>Rooms</i>	9,390	14,702
<i>Food and beverage</i>	8,386	7,433
<i>Entertainment, retail and other ⁽¹⁾</i>	14,894	18,589
	135,100	179,651
 Total Macau Operations	 298,425	 416,977
 Adjusted Property EBITDA ⁽²⁾		
<i>Macau Operations:</i>		
<i>Wynn Palace</i>	\$ (864)	\$ 27,369
<i>Wynn Macau</i>	(4,682)	16,556
Total Macau Operations	(5,546)	43,925

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

	March 31,		December 31,
	2022		2021
	<hr/>		<hr/>
Assets			
Macau Operations:			
Wynn Palace	\$ 3,053,611	\$	3,122,424
Wynn Macau	894,110		1,032,521
Other Macau	1,096,243		1,173,913
	<hr/>		<hr/>
Total Macau Operations	5,043,964		5,328,858

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

Overview

We are a designer, developer, and operator of integrated resorts featuring luxury hotel rooms, high-end retail space, an array of dining and entertainment options, meeting and convention facilities, and gaming, all supported by an unparalleled focus on our guests, our people, and our community. Through our approximately 72% ownership of Wynn Macau, Limited (“WML”), we operate two integrated resorts in the Macau Special Administrative Region (“Macau”) of the People’s Republic of China (“PRC”), Wynn Palace and Wynn Macau (collectively, our “Macau Operations”).

Recent Developments Related to COVID-19

Macau Operations

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. Although there have been periods during which certain restrictions and conditions were eased by the Macau government to allow for greater visitation and quarantine-free travel to Macau, adverse conditions and evolving conditions created by and in response to the COVID-19 pandemic may cause these restrictions and conditions to be reintroduced. We are 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 our future results of operations, cash flows, or financial condition.

Macau Gaming Concession

The term of our gaming concession agreement with the Macau government ends on June 26, 2022. If the term of this concession agreement is not extended, renewed, or replaced by a new gaming concession, all of our gaming operations and related equipment in Macau will be automatically transferred to the Macau government without compensation on that date and we will cease to generate gaming revenues from its Macau Operations. In addition, under the indentures governing our \$4.7 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 we do 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 us 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 March 3, 2022, the Macau government announced its intention to extend the term of Macau’s six gaming concession and subconcession contracts until December 31, 2022 in order to ensure sufficient time to complete the amendment to the Macau gaming law and to conduct a public tender for the awarding of new gaming concessions contracts. The Macau government invited Wynn Resorts (Macau) S.A. (“WRM”) to submit a formal request for an extension along with a commitment to pay the Macau government approximately 47.0 million Macau pataca (MOP) (approximately \$5.8 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 a request for an extension of its concession agreement on March 11, 2022, which 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 at this time believe that our concession agreement will be extended and renewed beyond June 26, 2022. If we are unable to extend or renew our concession agreement or obtain a new gaming concession agreement, and an election by the WML Senior Note holders to exercise the Special Put Option and the triggering of the Property Mandatory Prepayment Event would have a material adverse effect on our business, financial condition, results of operations, and cash flows.

Key Operating Measures

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

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

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

In our VIP operations in Macau, customers primarily purchase rolling chips from the casino cage and can only use them to make wagers. Winning wagers are paid in cash chips. The loss of the rolling chips in the VIP operations is recorded as turnover and provides a base for calculating VIP win percentage. It is customary in Macau to measure VIP play using this rolling chip method. We expect our win as a percentage of turnover from these operations to be within the range of 3.1% to 3.4%.

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

Results of Operations

Summary of first quarter 2022 results

The increase in operating revenues for the three months ended March 31, 2022 was primarily driven by increases of \$262.5 million and \$60.7 million from our Las Vegas Operations and Encore Boston Harbor, respectively, as a result of increased gaming volumes as well as increases in hotel occupancy, and covers at restaurants. The increase in operating revenues was partially offset by a decrease in operating revenues of \$74.0 million and \$44.6 million at Wynn Palace and Wynn Macau, respectively, resulting from decreased gaming volumes due to certain travel-related restrictions and conditions, including COVID-19 testing and other procedures related to the COVID-19 pandemic.

Adjusted Property EBITDA increased \$131.3 million, \$24.9 million, and \$12.0 million at our Las Vegas Operations, Encore Boston Harbor, and Wynn Interactive, respectively, and decreased \$28.2 million and \$21.2 million at Wynn Palace and Wynn Macau, respectively.

Financial results for the three months ended March 31, 2022 compared to the three months ended March 31, 2021.

Operating revenues

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

	Three Months Ended		Increase/ (Decrease)	Percent Change
	March 31,			
	<u>2022</u>	<u>2021</u>		
Operating revenues				
<i>Macau Operations:</i>				
Wynn Palace	\$ 163,325	\$ 237,326	\$ (74,001)	(31.2)
Wynn Macau	135,100	179,651	(44,551)	(24.8)
Total Macau Operations	298,425	416,977	(118,552)	(28.4)

Casino revenues

Casino revenues decreased primarily due to decreased VIP turnover and table games win and mass market table drop and table games win at our Macau Operations, partially offset by increased table drop, table games win and slot machine win at our Las Vegas Operations and Encore Boston Harbor, respectively.

The table below sets forth our casino revenues and associated key operating measures (dollars in thousands, except for win per unit per day):

	Three Months Ended		Increase/ (Decrease)	Percent Change
	March 31,			
	2022	2021		
Macau Operations:				
<i>Wynn Palace:</i>				
Total casino revenues	\$ 114,413	\$ 185,909	\$ (71,496)	(38.5)
<i>VIP:</i>				
Average number of table games	67	103	(36)	(35.0)
VIP turnover	\$ 965,555	\$ 2,200,182	\$ (1,234,627)	(56.1)
VIP table games win	\$ 19,753	\$ 96,456	\$ (76,703)	(79.5)
VIP win as a % of turnover	2.05%	4.38%	(2.33)	
Table games win per unit per day	\$ 3,280	\$ 10,375	\$ (7,095)	(68.4)
<i>Mass market:</i>				
Average number of table games	234	222	12	5.4
Table drop	\$ 531,859	\$ 607,518	\$ (75,659)	(12.5)
Table games win	\$ 111,175	\$ 131,649	\$ (20,474)	(15.6)
Table games win %	20.9%	21.7%	(0.8)	
Table games win per unit per day	\$ 5,282	\$ 6,596	\$ (1,314)	(19.9)
Average number of slot machines	670	687	(17)	(2.5)
Slot machine handle	\$ 250,930	\$ 358,772	\$ (107,842)	(30.1)
Slot machine win	\$ 12,649	\$ 14,243	\$ (1,594)	(11.2)
Slot machine win per unit per day	\$ 210	\$ 230	\$ (20)	(8.7)

**Three Months Ended
March 31,**

	2022	2021	Increase/ (Decrease)	Percent Change
<i>Wynn Macau:</i>				
<i>Total casino revenues</i>	\$ 102,430	\$ 138,927	\$ (36,497)	(26.3)
<i>VIP:</i>				
<i>Average number of table games</i>	35	90	(55)	(61.1)
<i>VIP turnover</i>	\$ 887,051	\$ 1,804,382	\$ (917,331)	(50.8)
<i>VIP table games win</i>	\$ 34,029	\$ 58,635	\$ (24,606)	(42.0)
<i>VIP win as a % of turnover</i>	3.84%	3.25%	0.59	
<i>Table games win per unit per day</i>	\$ 10,823	\$ 7,239	\$ 3,584	49.5
<i>Mass market:</i>				
<i>Average number of table games</i>	248	240	8	3.3
<i>Table drop</i>	\$ 469,138	\$ 590,890	\$ (121,752)	(20.6)
<i>Table games win</i>	\$ 82,259	\$ 105,183	\$ (22,924)	(21.8)
<i>Table games win %</i>	17.5%	17.8%	(0.3)	
<i>Table games win per unit per day</i>	\$ 3,680	\$ 4,871	\$ (1,191)	(24.5)
<i>Average number of slot machines</i>	585	569	16	2.8
<i>Slot machine handle</i>	\$ 283,539	\$ 301,271	\$ (17,732)	(5.9)
<i>Slot machine win</i>	\$ 10,611	\$ 10,208	\$ 403	3.9
<i>Slot machine win per unit per day</i>	\$ 201	\$ 199	\$ 2	1.0

Non-casino revenues

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

	Three Months Ended		Increase/ (Decrease)	Percent Change
	March 31,			
	2022	2021		
Macau Operations:				
Wynn Palace:				
Total room revenues				
(dollars in thousands)	\$ 13,831	\$ 17,012	\$ (3,181)	(18.7)
Occupancy	47.2%	60.4%	(13.2)	
ADR	\$ 180	\$ 178	\$ 2	1.1
REVPAR	\$ 85	\$ 108	\$ (23)	(21.3)
Wynn Macau:				
Total room revenues				
(dollars in thousands)	\$ 9,390	\$ 14,702	\$ (5,312)	(36.1)
Occupancy	49.8%	60.8%	(11.0)	
ADR	\$ 188	\$ 242	\$ (54)	(22.3)
REVPAR	\$ 94	\$ 147	\$ (53)	(36.1)

Operating expenses

Casino expenses decreased \$42.4 million and \$22.9 million at Wynn Palace and Wynn Macau, respectively. These decreases were primarily due to reductions in gaming tax expense commensurate with the declines in casino revenues at each of Wynn Palace and Wynn Macau, resulting from the effects of the COVID-19 pandemic, partially offset by increased casino expenses of \$19.9 million and \$17.5 million at our Las Vegas Operations and Encore Boston Harbor, respectively, primarily due to increased gaming tax expense driven by the increase in casino revenues.

Provision for credit losses decreased \$3.0 million, \$2.4 million, and \$1.5 million at Wynn Palace, our Las Vegas Operations, and Wynn Macau, respectively. The decreases were primarily due to the impact of historical collection patterns and expectations of current and future collection trends, as well as the specific review of customer accounts, on our estimated credit loss for the respective periods.

Our property charges and other expenses for the quarter ended March 31, 2022 consisted primarily of impairment of goodwill of \$30.3 million at Wynn Interactive, asset abandonments of \$1.0 million and \$2.1 million at our Las Vegas Operations and Wynn Interactive, respectively, and contract termination expenses of \$9.6 million at Wynn Interactive. Our property charges and other expenses for the quarter ended March 31, 2021 consisted primarily of asset abandonments of \$2.1 million and \$2.2 million at our Las Vegas Operations and Wynn Palace, respectively.

Other non-operating income and expenses

We incurred a foreign currency remeasurement loss of \$15.1 million and \$11.1 million for the three months ended March 31, 2022 and 2021, respectively. The impact of the exchange rate fluctuation of the MOP, in relation to the U.S. dollar, on the remeasurements of U.S. dollar denominated debt and other obligations from our Macau-related entities drove the variability between periods.

We recorded a \$1.3 million loss on extinguishment of debt for the three months ended March 31, 2021 related to the partial prepayment of the Wynn Macau Term Loan.

Income taxes

We recorded an income tax expense of \$1.1 million and \$0.5 million for the three months ended March 31, 2022 and 2021, respectively. The income tax expense primarily related to the Macau dividend tax agreement that provides for an annual payment as complementary tax otherwise due by stockholders of WRM.

Net loss attributable to noncontrolling interests

Net loss attributable to noncontrolling interests was \$71.3 million and \$55.2 million for the three months ended March 31, 2022 and 2021, respectively. These amounts are primarily related to the noncontrolling interests' share of net loss attributable to WML.

Adjusted Property EBITDA

We use Adjusted Property EBITDA to manage the operating results of our segments.

The following table summarizes Adjusted Property EBITDA (dollar in thousands) for Wynn Palace, Wynn Macau, Las Vegas Operations, and Encore Boston Harbor as reviewed by management and summarized in Item 1 — “Notes to Condensed Consolidated Financial Statements,” Note 17, “Segment Information.”

	Three Months Ended			
	March 31,			
	2022	2021	Increase/ (Decrease)	Percent Change
<i>Wynn Palace</i>	\$ (864)	\$ 27,369	\$ (28,233)	(103.2)
<i>Wynn Macau</i>	(4,682)	16,556	(21,238)	(128.3)

Adjusted Property EBITDA at Wynn Palace and Wynn Macau decreased \$28.2 million and \$21.2 million for the three months ended March 31, 2022, respectively, primarily due to a decrease in operating revenues, partially offset by a decrease in operating expenses. Our Macau Operations for the first quarter of 2022 continued to be negatively impacted by certain travel-related restrictions and conditions, including COVID-19 testing and other procedures related to the COVID-19 pandemic.

Liquidity and Capital Resources

Operating Activities

During the three months ended March 31, 2022, the decrease in net cash used in operating activities was primarily due to increased operating revenues, partially offset by an increase in operating expenses. During the three months ended March 31, 2021, the increase in net cash used in operating activities was primarily due to changes in working capital accounts.

Investing Activities

During the three months ended March 31, 2022, we incurred capital expenditures of \$67.8 million at our Las Vegas Operations primarily related to the Wynn Las Vegas room remodel, and \$7.5 million at Encore Boston Harbor, \$13.1 million at Wynn Palace, and \$4.2 million at Wynn Macau, each primarily related to maintenance capital expenditures.

During the three months ended March 31, 2021, we incurred capital expenditures of \$19.8 million at our Las Vegas Operations, and \$6.3 million at Encore Boston Harbor, \$7.4 million at Wynn Palace, and \$4.8 million at Wynn Macau, each primarily related to maintenance capital expenditures.

Financing Activities

During the three months ended March 31, 2021, we received proceeds of \$841.9 million from our February 2021 equity offering and used \$716.0 million of the proceeds from the equity offering to repay the outstanding borrowings under the WRF Revolver. In addition, we borrowed \$50.1 million under the Wynn Macau Revolver, made a \$438.6 million prepayment of outstanding principal owed under the Wynn Macau Term Loan, and made a \$12.5 million quarterly amortization payment under the WRF Term Loan.

Capital Resources

The COVID-19 pandemic has materially impacted and is likely to continue to materially impact, our business, financial condition and results of operations. While we believe our unrestricted cash, cash flows from operations and revolver borrowing capacity will enable us to fund our current obligations for the foreseeable future, COVID-19 has resulted in significant disruptions to our operations and to the U.S. and other global economies, which has had and will likely continue to have a negative impact on our operating income and could have a negative impact on our ability to access capital in the future.

The following table summarizes our unrestricted cash and cash equivalents and available revolver borrowing capacity under the Company as of March 31, 2022 (in thousands):

	<u>Total Cash and Cash Equivalents</u>	<u>Revolver Borrowing Capacity</u>
Wynn Macau, Limited and subsidiaries	\$ 1,287,256	\$ 211,906

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

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

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

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

Other Factors Affecting Liquidity

We may refinance all or a portion of our indebtedness on or before maturity. We cannot assure you that we will be able to refinance any of the indebtedness on acceptable terms or at all.

Legal proceedings in which we are involved also may impact our liquidity. No assurance can be provided as to the outcome of such proceedings.

New business developments or other unforeseen events, including related to COVID-19, may occur, resulting in the need to raise additional funds. We continue to explore opportunities to develop additional gaming or related businesses in domestic and international markets. There can be no assurances regarding the business prospects with respect to any other opportunity. Any new development may require us to obtain additional financing. We may decide to conduct any such development through Wynn Resorts, Limited or through subsidiaries separate from the Las Vegas, Boston or Macau-related entities.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Foreign Currency Risks

We expect most of the revenues and expenses for any casino that we operate in Macau will be denominated in Hong Kong dollars or Macau patacas; however, a significant portion of the debt issued by WML is denominated in U.S. dollars. Fluctuations in the exchange rates resulting in weakening of the Macau pataca or the Hong Kong dollar in relation to the U.S. dollar could have materially adverse effects on our results, financial condition and ability to service debt. Based on our balances as of March 31, 2022, an assumed 1% change in the U.S. dollar/Hong Kong dollar exchange rate would cause a foreign currency transaction gain/loss of \$39.6 million.”

This announcement contains forward-looking statements. Such forward-looking statements are subject to important risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, such results may differ from those expressed in any forward-looking statements made by us. The risks and uncertainties include, but are not limited to, the COVID-19 pandemic, and the continued impact of its consequences, extensive regulation of our business, pending or future legal proceedings, ability to maintain gaming licenses and concessions (including with respect to our ability to extend or renew our gaming concession in Macau, which expires on 26 June 2022, and proposed amendments to the Macau gaming law), dependence on key employees, general global political and economic conditions, adverse tourism trends, dependence on a limited number of resorts, competition in the casino/hotel and resort industries, uncertainties over the development and success of new gaming and resort properties, construction risks, cybersecurity risk and our leverage and debt service. Additional information concerning potential factors that could affect our Company’s financial results are included in our published interim and annual reports. We are under no obligation to (and expressly disclaim any such obligation to) update the forward-looking statements as a result of new information, future events or otherwise, except as required by law.

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

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

Hong Kong, 11 May 2022

As at the date of this announcement, the Board of Directors of the Company 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).