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Wynn Macau, Limited  
永利澳門有限公司\*

*(incorporated in the Cayman Islands with limited liability)*

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

## **INSIDE INFORMATION**

# **ANNUAL REPORT FOR THE FISCAL YEAR ENDED 31 DECEMBER 2020 OF OUR CONTROLLING SHAREHOLDER, WYNN RESORTS, LIMITED**

This announcement is issued pursuant to Rule 13.09 and 37.47B of the Rules Governing the Listing of the 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 26 February 2021 (2:05 p.m., Las Vegas time), released its annual report for the fiscal year ended 31 December 2020.

This announcement is issued by Wynn Macau, Limited (“**we**” or our “**Company**”) pursuant to Rule 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.

\* For identification purposes only.

Reference is made to our announcement on 5 February 2021 (the “**WRL Earnings Release Announcement**”) in respect of the release by our controlling shareholder, Wynn Resorts, Limited, of its unaudited financial results for the fourth quarter and year end of fiscal year ended 31 December 2020. Unless otherwise defined in this announcement, terms defined in the WRL Earnings Release Announcement have the same meaning when used in this announcement.

Further to the WRL Earnings Release Announcement, Wynn Resorts, Limited has, on or about 26 February 2021, 2:05 p.m., Las Vegas time, released its audited annual report for the fiscal year ended 31 December 2020 (the “**WRL Annual Report**”). If you wish to review the WRL Annual Report which has been filed with the U.S. Securities and Exchange Commission, please visit <https://www.sec.gov/Archives/edgar/data/1174922/000117492221000029/0001174922-21-000029-index.htm>. The WRL Annual Report contains segment financial information about Wynn Resorts, Limited’s Macau operations, which are owned by our Company. The WRL Annual Report is also available in the public domain.

The financial results of Wynn Resorts, Limited, including those contained in the WRL Annual Report, have been prepared in accordance with the Generally Accepted Accounting Principles of the United States (“**U.S. GAAP**”), which are different from the International Financial Reporting Standards (“**IFRS**”) that we use to prepare and present our financial information. As such, the financial information in the WRL Annual Report is not directly comparable to the financial results our Company discloses. Consequently, we offer no indication or assurance that the financial results of our Group for the fourth quarter and year end of the fiscal year ended 31 December 2020 will be the same as that presented in the WRL Annual Report. In the WRL Earnings Release Announcement, we announced our unaudited financial results for the fourth quarter ended 31 December 2020 prepared in accordance with IFRS.

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

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

*For the fiscal year ended December 31, 2020*

## **Item 1. Business**

### **Recent Developments Related to COVID-19**

*In January 2020, a new strain of coronavirus, COVID-19 (“COVID-19”), was identified. Since then, COVID-19 has spread around the world, and steps have been taken by various countries, including those in which the Company operates, to advise citizens to avoid non-essential travel, to restrict inbound international travel, to implement closures of non-essential operations, and to implement quarantines and lockdowns to contain the spread of the virus. Several vaccines have been granted authorizations in numerous countries and vaccines are being rolled out to citizens based on their priority of need. There can be no assurance as to when a sufficient number of individuals will be vaccinated, permitting travel restrictions to be lifted.*

### **Macau Operations**

*In response to the COVID-19 pandemic, our casino operations in Macau were closed for a 15-day period in February 2020 and resumed operations on a reduced basis on February 20, 2020. On March 20, 2020 our casino operations were fully restored; however, certain COVID-19 specific protective measures, such as limiting the number of seats per table game, increasing the spacing between active slot machines, and visitor entry checks and requirements involving temperature checkpoints, mask wearing, health declarations and proof of negative COVID-19 test results remain in effect at the present time.*

*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, the suspension or reduced availability of the Individual Visit Scheme (the “IVS”), group tour scheme and other travel visas for visitors, quarantine measures in Macau and elsewhere, travel and entry restrictions and conditions in Macau, the People’s Republic of China (the “PRC”), the Hong Kong Special Administrative Region of 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. At present, bans on entry or enhanced quarantine requirements remain in place for people attempting to enter Macau, depending on various conditions such as the usual visa requirements, their COVID-19 test results, purpose of visit, recent travel history and/or other conditions as applicable.*

*While many aspects of these travel restrictions and conditions continue to adversely impact visitations to Macau, beginning in June 2020 certain restrictions and conditions have eased to allow for visitation to Macau as certain regions recover from the COVID-19 pandemic. Quarantine-free travel, subject to COVID-19 safeguards such as testing and the usual visa requirements, was reintroduced between Macau and an increasing number of areas and cities within the PRC in progressive phases from June to August 2020, commencing with an area in Guangdong Province, which is adjacent to Macau, and expanding to additional areas and major cities within Guangdong Province, followed by most other areas of the PRC. On September 23, 2020, PRC authorities fully resumed the IVS exit visa program, which permits individual PRC citizens from nearly 50 PRC cities to travel to Macau for tourism purposes.*

*Notwithstanding these developments, certain border control, travel-related restrictions and conditions, including certain quarantine and medical observation measures, stringent health declarations, COVID-19 testing and other procedures remain in place, and all visitors need to test negative for COVID-19 before entering Macau.*

*Given the evolving conditions created by and in response to the COVID-19 pandemic, we are currently unable to determine when travel-related restrictions and conditions will be further lifted. Measures that have been lifted or are expected to be lifted may be reintroduced if there are adverse developments in the COVID-19 situation in Macau and other regions with access to Macau.*

#### *Summary*

*The COVID-19 pandemic has had and will continue to have an adverse effect on the Company's results of operations. The Company is currently unable to determine when protective measures in effect at our Macau Operations, Las Vegas Operations, and Encore Boston Harbor 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.*

*As of December 31, 2020, the Company had total cash and cash equivalents, excluding restricted cash, of \$3.48 billion, and had access to \$117.9 million of available borrowing capacity from the WRF Revolving Facility and \$343.5 million of available borrowing capacity from the Wynn Macau Revolving Facility. The Company has suspended its dividend program and has postponed major project capital expenditures. In addition, the Company raised \$842.5 million in an equity offering in February 2021. Given the Company's liquidity position at December 31, 2020 and the steps the Company has taken as further described in Note 7, "Long-Term Debt," the Company believes it is able to support continuing operations and respond to the current COVID-19 pandemic challenges.*

## ***Our Strategy***

### *Our Commitment to Corporate Social Responsibility*

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

### *Executing on Our Strategy*

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

- Wynn Las Vegas and Encore have each earned Five-Star status on the 2021 Forbes Travel Guide (“FTG”) Star Rating list and are the largest and second largest FTG Five-Star resorts in the world, respectively. Wynn Palace, originally earning FTG Five-Star status in 2018, is the third largest.*
- Collectively, Wynn Resorts earned more FTG Five-Star awards than any other independent hotel company in the world in 2021.*
- Wynn Palace garnered seven individual FTG Five-Star awards in 2021.*
- Wynn Macau continues to be the only resort in the world with eight individual FTG Five-Star awards in 2021.*
- Wynn Macau and Wynn Palace are the most decorated integrated resort brands in Asia with fifteen FTG Five-Star awards combined.*

## ***Our Resorts***

*We present the operating results of our four resorts in the following segments: Wynn Palace, Wynn Macau, Las Vegas Operations, and Encore Boston Harbor. We generally experience fluctuations in revenues and cash flows from month to month, including from such factors as the timing of major conventions and holidays; however, we do not believe that our business is materially impacted by seasonality. As previously discussed, the COVID-19 pandemic has had and will continue to have a material impact on our resorts.*

## *Wynn Palace*

*We opened Wynn Palace in August 2016, on Macau's Cotai Strip, conveniently located minutes from both Macau International Airport and the Macau Taipa Ferry Terminal and directly adjacent to a stop serviced by Macau's light rail system, which recently commenced operations in Cotai. The property features approximately 424,000 square feet of casino space with 323 table games and 1,066 slot machines, as well as private gaming salons and sky casinos. Wynn Palace also features a luxury hotel tower with a total of 1,706 guest rooms, suites, and villas, offering a health club, spa, salon, and pool. In addition, Wynn Palace offers 14 food and beverage outlets, approximately 107,000 square feet of high-end, brand-name retail space, and approximately 37,000 square feet of meeting and convention space. The property's signature public attractions and entertainment offerings include a performance lake, a gondola ride offering convenient street-level access, and an exceptional display of Western and Asian art.*

*We 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 Macau*

*We opened Wynn Macau in September 2006, and Encore, an expansion of Wynn Macau, in April 2010. Located in the heart of downtown Macau, the property features approximately 252,000 square feet of casino space with 331 table games and 896 slot machines, as well as private gaming salons, sky casinos, and a poker room. Wynn Macau also features two luxury hotel towers with a total of 1,010 guest rooms and suites, offering two health clubs, two spas, a salon and a pool. In addition, Wynn Macau offers 12 food and beverage outlets, approximately 59,000 square feet of high-end, brand-name retail space, and approximately 31,000 square feet of meeting and convention space. Wynn Macau's signature attractions include a rotunda show featuring a Chinese zodiac-inspired ceiling along with gold "tree of prosperity" and "dragon of fortune" features.*

*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 first half of 2021 depending on market conditions and other factors.*

## **Market and Competition**

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

## **Macau**

*Macau, located in the Greater Bay Area, is governed as a special administrative region of China and is located approximately 37 miles southwest of Hong Kong. The journey between Macau and Hong Kong takes approximately 15 minutes by helicopter, 30 minutes by road since the opening of the Hong Kong-Zhuhai-Macau Bridge in October 2018, and one hour by jetfoil ferry. Macau, which has been a casino destination for more than 50 years, consists principally of a peninsula on mainland China and two neighboring islands, Taipa and Coloane, between which the Cotai area is located. In 2002, the government of Macau ended a 40-year monopoly on the conduct of gaming operations by conducting a competitive process that resulted in the issuance of gaming concessions to three concessionaires (including Wynn Resorts (Macau) S.A., (“Wynn Macau SA”)) who in turn were permitted, subject to the approval of the government of Macau, to each grant one subconcession, resulting in a total of six gaming concessionaires and subconcessionaires. In addition to Wynn Macau SA, each of Sociedade de Jogos de Macau (“SJM”) and Galaxy Entertainment Group Limited (“Galaxy”) are primary concessionaires with Sands China Ltd. (“Sands”), Melco International Development Limited (“Melco”) and MGM China Holdings Limited (“MGM China”) operating under subconcessions. There is no limit to the number of casinos each concessionaire or subconcessionaire is permitted to operate, but each facility is subject to government approval. Currently, there are 41 casinos operating in Macau.*

*Macau’s gaming market is primarily dependent on tourists, typically traveling from nearby destinations in Asia. According to the Macau Statistics and Census Service Monthly Bulletin of Statistics, over 90% of the visitors to Macau in 2019 came from the PRC, Hong Kong and Taiwan, increasing to over 95% in 2020, primarily due to certain border control and other travel related restrictions put in place as a result of the COVID-19 pandemic. Travel to Macau by citizens of the PRC requires a visa.*

*We believe that the Macau region hosts one of the world’s largest concentrations of potential gaming and tourism 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, annual gaming revenues grew from \$2.9 billion in 2002 to \$36.5 billion in 2019, before falling to \$7.6 billion in 2020 due to various quarantine measures and travel and entry restrictions and conditions since the outbreak of COVID-19. In addition, according to government statistics, tourist arrivals in Macau decreased 85.0% in 2020, to 5.9 million, from 39.4 million in 2019. 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 39 other casinos located throughout Macau in addition to casinos located throughout the world, including Singapore, South Korea, the Philippines, Vietnam, Cambodia, Malaysia, Australia, Las Vegas, cruise ships in Asia that offer gaming, and other casinos throughout Asia. Additionally, certain other Asian countries and regions have legalized or in the future may legalize gaming, such as Japan, Taiwan and Thailand, which could increase competition for our Macau Operations.*

## ***Regulation and Licensing***

### ***Macau***

*The Macau government has publicly commented that it is studying the process by which gaming concessions and subconcessions may be extended, renewed or issued. The current term of our gaming concession ends on June 26, 2022. The gaming concession or subconcession held by each of SJM, MGM China, Galaxy, Sands, and Melco also end on June 26, 2022.*

*In late 2015, the Macau government implemented enhanced accounting and financial procedures and requirements to be followed by gaming promoters. These enhanced procedures require gaming promoters to disclose more detailed financial and accounting information to the DICJ, including the disclosure of certain financial information on a monthly basis. Gaming promoters also must identify and nominate senior financial or accounting representatives to be available to the DICJ for any follow-up matters the DICJ may require.*

### ***Human Capital***

*As of December 31, 2020, we had approximately 27,500 employees (including approximately 13,100 in Macau and 14,400 in the United States).*

*We view employee retention as a measure of our success in human capital management. Our voluntary employee turnover rate was 9% and 4% in United States and Macau in 2020, 17% and 10% in United States and Macau in 2019, and 18% and 13% in United States and Macau in 2018.*



## **Item 1A. Risk Factors**

### **Risks Related to our Business**

***The initial outbreak of COVID-19 and subsequent COVID-19 pandemic have 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. Currently, there are no fully-effective treatments that are broadly approved for COVID-19 and there can be no assurance that a fully-effective treatment will be developed. While vaccines have been developed and approved for use by certain governmental health agencies, there is considerable uncertainty with regard to how quickly such vaccines can be deployed to the general public and how quickly they will stem the spread of COVID-19. The COVID-19 pandemic and the spread, and risk of resurgence, of COVID-19 will 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, each of our properties was closed temporarily pursuant to government directives. Since reopening, we have implemented certain COVID-19 specific protective measures at each location, 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 are required for entry into gaming areas in Macau. Although all of our properties are currently open, we cannot predict whether future closures, in full or in part, will occur.*

*Visitation to our properties and gross gaming revenues have significantly decreased since the outbreak of COVID-19, driven by the strong deterrent effect of the COVID-19 pandemic on travel and social activities, broad quarantine measures, travel restrictions and advisories, including recommendations by the U.S. Department of State and the Centers for Disease Control and Prevention, 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 quarantine and medical observation measures, stringent health declarations, 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 travel-related restrictions and conditions will be further lifted. Measures that have been lifted or are expected to be lifted may 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.*

*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 2021 and potentially thereafter will 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 have adversely impact our financial condition and operations.*

***We are subject to extensive state and local regulation, and licensing and gaming authorities have significant control over our operations. The cost of compliance or failure to comply with such regulations and authorities could have a negative effect on our business.***

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

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

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

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

*The Company is 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, the Company's gaming licenses and the Company's 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 shares of Wynn Resorts and WML and thereby have a negative impact on the trading prices of their respective shares.*

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

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

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

*The global macroeconomic environment is facing significant challenges, including an extended economic downturn, and possibly a global recession, caused primarily by the global COVID-19 pandemic, dampened business sentiment and outlook, and various geopolitical and trade-related 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 Macau and its surrounding region, in particular, affects the gaming industry in Macau and our Macau Operations. 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, 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.*

***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 jurisdictions 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 Las Vegas and 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 Las Vegas and 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 to travel, trade and immigration can reduce demand for hospitality products and services, including visitation to our resorts.*

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

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

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

*We are currently entirely dependent upon our Macau Operations, Las Vegas Operations and Encore Boston Harbor for all of our operating cash flow. As a result, we are subject to a greater degree of risk than a gaming company with more operating properties or greater geographic diversification. The risks to which we have a greater degree of exposure include changes in local economic and competitive conditions; changes in local and state governmental laws and regulations, including gaming laws and regulations, and the way in which those laws and regulations are applied; natural and other disasters, including the outbreak of infectious diseases; an increase in the cost of maintaining our properties; a decline in the number of visitors to Las Vegas, Macau or Boston; and a decrease in gaming and non-casino activities at our resorts. Any of these factors could negatively affect our results of operations and our ability to generate sufficient cash flow to make payments or maintain our covenants with respect to our debt.*

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

*We are a parent company with limited business operations of our own. Our main asset is the capital stock of our subsidiaries. We conduct most of our business operations through our direct and indirect subsidiaries. Accordingly, our primary sources of cash are dividends and distributions with respect to our ownership interests in our subsidiaries that are derived from the earnings and cash flow generated by our operating properties. Our subsidiaries might not generate sufficient earnings and cash flow to pay dividends or distributions in the future. For example, if the COVID-19 outbreak continues to interrupt our gaming operations or visitation to Macau or if the outbreak escalates, it may have a material adverse effect on our subsidiaries' results of operations and their ability to pay dividends or distributions to us.*

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

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

*Macau Operations. There are three gaming concessions and three subconcessions authorized by the Macau government for the operation of casinos in Macau, of which we hold one of the gaming concessions. The Macau government has had the ability to grant additional gaming concessions since April 2009. 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.*

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

***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. Both U.S. and Macau governmental authorities focus heavily on the gaming industry and compliance with anti-money laundering laws and regulations. From time to time, the Company receives governmental and regulatory inquiries about compliance with such laws and regulations. The Company cooperates with all such inquiries. Any violation of anti-money laundering laws or regulations could adversely affect our business, performance, prospects, value, financial condition, and results of operations.*

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

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

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

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

***Compliance with 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 our computer systems and websites are disrupted or cease to operate effectively.***

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

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

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

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

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

*Furthermore, due to the increased use of technology in computerized gaming machines and in business operations generally, other forms of intellectual property rights (such as patents and copyrights) are becoming of increased relevance. It is possible that, in the future, third parties might assert superior intellectual property rights or allege that their intellectual property rights cover some aspect of our operations. The defense of such allegations may result in substantial expenses, and, if such claims are successfully prosecuted, may have a material impact on our business. There has been an increase in the international operation of fraudulent online gambling and investment websites attempting to scam and defraud members of the public. Websites offering these or similar activities and opportunities that use our names or similar names or images in likeness to ours, are doing so without our authorization and possibly unlawfully and with criminal intent. If our efforts to cause these sites to be shut down through civil action and by reporting these sites to the appropriate authorities (where applicable) are unsuccessful or not timely completed, these unauthorized activities may continue and harm our reputation and negatively affect our business. Efforts we take to acquire and protect our intellectual property rights against unauthorized use throughout the world may be costly and may not be successful in protecting and preserving the status and value of our intellectual property assets.*

### **Risks Associated with our Macau Operations**

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

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

***Revenues from our Macau gaming operations will end if we cannot secure an extension or renewal of our concession, or a new concession, by June 26, 2022, or if the Macau government exercises its redemption right.***

*The term of our concession agreement with the Macau government ends on June 26, 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 Macau government has publicly commented that*

*it is studying the process by which concessions and subconcessions may be renewed, extended or issued. Effective since June 2017, the Macau government may redeem our concession agreement by providing us at least one year's prior notice. In the event the Macau government exercises this redemption right, we are entitled to fair compensation or indemnity based on the amount of revenue generated during the tax year prior to the redemption multiplied by the remaining years under our concession. We are considering various options to place us in a good position for the renewal, extension or concession application process; however, we may not be able to extend our concession agreement or renew our concession or obtain a new concession on terms favorable to us or at all. If our concession is redeemed, the compensation paid to us may not be adequate to compensate us for the loss of future revenues. The redemption of or failure to extend or renew our concession or obtain a new concession would have a material adverse effect on our results of operations.*

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

*Under the Macau Smoking Prevention and Tobacco Control Law, as of January 1, 2019, smoking on casino premises is only permitted in authorized segregated smoking lounges with no gaming activities and such smoking lounges are required to comply with the conditions set out in the regulations. The existing smoking legislation, and any smoking legislation intended to fully ban all smoking in casinos, may deter potential gaming customers who are smokers from frequenting casinos in Macau 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 any of our resorts in Macau. The occurrence and timing of such events cannot be predicted or controlled by us and may have a material adverse effect on our business, financial condition, results of operations, and cash flows.*

***If our Macau Operations fail to comply with the 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 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.*

***We depend upon gaming promoters for a significant portion of our gaming revenue. If we are unable to maintain, or develop additional, successful relationships with reputable gaming promoters, our ability to maintain or grow our gaming revenues could be adversely affected.***

*A significant portion of our gaming revenue in Macau is generated by clientele of our gaming promoters. There is intense competition among casino operators in Macau for services provided by gaming promoters. We anticipate that this competition will further intensify as additional casinos open in Macau. If we are unable to maintain, or develop additional, successful relationships with reputable gaming promoters, or lose a significant number of our gaming promoters to our competitors, our ability to maintain or grow our gaming revenues will be adversely affected and we will have to seek alternative ways of developing relationships with premium customers. In addition, if our gaming promoters are unable to develop or maintain relationships with premium customers, our ability to maintain or grow our gaming revenues will be hampered.*

***The financial resources of our gaming promoters may be insufficient to allow them to continue doing business in Macau which could adversely affect our business and financial condition. Our gaming promoters may experience difficulty in attracting customers.***

*Economic and regulatory factors in the region may cause our gaming promoters to experience difficulties in their Macau operations, including intensified competition in attracting customers to come to Macau. Further, gaming promoters may face a decrease in liquidity, limiting their ability to grant credit to their customers, and difficulties in collecting credit they extended previously. The inability to attract sufficient customers, grant credit and collect amounts due in a timely manner may negatively affect our gaming promoters' operations, causing gaming promoters to wind up or liquidate their operations or resulting in some of our gaming promoters leaving Macau. Current and any future difficulties could have an adverse impact on our results of operations.*

***Increased competition for the services of gaming promoters may require us to pay increased commission rates to gaming promoters.***

*Certain gaming promoters have significant leverage and bargaining strength in negotiating operational agreements with casino operators. This leverage could result in gaming promoters negotiating changes to our operational agreements, including higher commissions, or the loss of business to a competitor or the loss of certain relationships with gaming promoters. If we need to increase our commission rates or otherwise change our practices with respect to gaming promoters due to competitive forces, our results of operations could be adversely affected.*

***Failure by the gaming promoters with whom we work to comply with Macau gaming laws and high standards of probity and integrity might affect our reputation and ability to comply with the requirements of our concession, Macau gaming laws and other gaming licenses.***

*The reputations and probity of the gaming promoters with whom we work are important to our own reputation and to our ability to operate in compliance with our concession, Macau gaming laws and other gaming licenses. We conduct periodic reviews of the probity and compliance programs of our gaming promoters. However, we are not able to control our gaming promoters' compliance with these high standards of probity and integrity, and our gaming promoters may violate provisions in their contracts with us designed to ensure such compliance. In addition, if we enter into a new business relationship with a gaming promoter whose probity is in doubt, this may be considered by regulators or investors to reflect negatively on our own probity. If our gaming promoters are unable to maintain required standards of probity and integrity, we may face consequences from gaming regulators with authority over our operations. Furthermore, if any of our gaming promoters violate the 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 may increase our Macau Operations' obligations under the concession agreement and cause fluctuations in the value of our investment in Macau.***

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

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

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

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

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

***Our Macau subsidiaries' indebtedness is secured by a substantial portion of their assets.***

*Subject to applicable laws, including gaming laws, and certain agreed upon exceptions, our Macau subsidiaries' debt is secured by liens on substantially all of their assets. In the event of a default by such subsidiaries under their financing documents, or if such subsidiaries experience insolvency, liquidation, dissolution or reorganization, the holders of such secured debt would first be entitled to payment from their collateral security, and then would the holders of our Macau subsidiaries' unsecured debt be entitled to payment from their remaining assets, and only then would we, as a holder of capital stock, be entitled to distribution of any remaining assets.*

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

*Wynn Macau, Limited, an indirect majority owned subsidiary of Wynn Resorts and the developer, owner and operator of Wynn Macau and Wynn Palace, listed its ordinary shares of common stock on The Stock Exchange of Hong Kong Limited in October 2009. As of December 31, 2020, Wynn Resorts owns approximately 72% of Wynn Macau, Limited's ordinary shares of common stock. As a result of Wynn Macau, Limited having stockholders who are not affiliated with us, we and certain of our officers and directors who also serve as officers and/or directors of Wynn Macau, Limited may have conflicting fiduciary obligations to our stockholders and to the minority stockholders of Wynn Macau, Limited. Decisions that could have different implications for Wynn Resorts and Wynn Macau, Limited, including contractual arrangements that we have entered into or may in the future enter into with Wynn Macau, Limited, may give rise to the appearance of a potential conflict of interest.*

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

*As of December 31, 2020, we had a total of 323 table games at Wynn Palace and 331 at Wynn Macau. The mix of table games in operation at Wynn Palace and Wynn Macau changes from time to time as a result of marketing and operating strategies in response to changing market demand and industry competition. Failure to shift the mix of our table games in anticipation of market demands and industry trends may negatively impact our operating results.*

### **Risks Related to our Indebtedness**

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

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

*Failure to meet our payment obligations or other obligations could result in acceleration of our indebtedness, foreclosure upon our assets that serve as collateral or bankruptcy and trigger cross defaults under other agreements. Servicing our indebtedness requires a substantial portion of our cash flow from our operations and reduces the amount of available cash, if any, to fund working capital and other cash requirements or pay for other capital expenditures. We may not be able to obtain additional financing, if needed. The applicable rates with respect to a portion of the interest we pay will fluctuate with market rates and, accordingly, our interest expense will increase if market interest rates increase.*

## **Item 2. Properties**

*The following table presents our significant land holdings. We own or have obtained the right to use these properties. We also own or lease various other improved and unimproved properties associated with our development projects.*

<b><u>Property</u></b>	<b><u>Approximate Acres</u></b>	<b><u>Location</u></b>
<b>Macau Operations<sup>(1)</sup></b>		
Wynn Palace	51	Located in the Cotai area of Macau.
Wynn Macau	16	Located in downtown Macau's inner harbor.
	<hr/> 67	

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

### ***Item 3. Legal Proceedings***

*We are occasionally party to lawsuits. As with all litigation, no assurance can be provided as to the outcome of such matters and we note that litigation inherently involves significant costs. For information regarding the Company's legal proceedings see Item 1A — "Risk Factors" in this Annual Report on Form 10-K.*

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

#### ***Overview***

*Through our approximately 72% ownership of WML, we operate two integrated resorts in the Macau Special Administrative Region of the People's Republic of China ("Macau"), Wynn Palace and Wynn Macau (collectively, our "Macau Operations").*

#### ***Recent Developments Related to COVID-19***

*In January 2020, a new strain of coronavirus, COVID-19 ("COVID-19"), was identified. Since then, COVID-19 has spread around the world, and steps have been taken by various countries, including those in which the Company operates, to advise citizens to avoid non-essential travel, to restrict inbound international travel, to implement closures of non-essential operations, and to implement quarantines and lockdowns to contain the spread of the virus. Several vaccines have been granted authorizations in numerous countries and vaccines are being rolled out to citizens based on their priority of need. There can be no assurance as to when a sufficient number of individuals will be vaccinated, permitting travel restrictions to be lifted.*

#### ***Macau Operations***

*In response to the COVID-19 pandemic, the Macau government announced on February 4, 2020 the closure of all casino operations in Macau, including those at Wynn Palace and Wynn Macau, for a period of 15 days. On February 20, 2020, casino operations at Wynn Palace and Wynn Macau reopened on a reduced basis and have since been fully restored; however, certain COVID-19 specific protective measures, such as limiting the number of seats per table game, increasing the spacing between active slot machines and visitor entry checks and requirements involving temperature checkpoints, mask wearing, health declarations and proof of negative COVID-19 test results remain in effect at the present time.*



*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, the suspension or reduced availability of the IVS, group tour scheme and other travel visas for visitors, quarantine measures 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. Total visitation from PRC to Macau decreased by 83.0% in the year ended December 31, 2020, compared with the year ended December 31, 2019. Regionally, bans on entry or enhanced quarantine requirements, depending on the person's residency and their recent travel history, for any Macau residents, PRC citizens, Hong Kong residents and Taiwan residents attempting to enter Macau are drastically impacting visitation. At present, bans on entry or enhanced quarantine requirements remain in place for people attempting to enter Macau, depending on various conditions such as the usual visa requirements, their COVID-19 test results, purpose of visit, recent travel history and/or other conditions as applicable.*

*While many aspects of these travel restrictions and conditions continue to adversely impact visitations to Macau, beginning in June 2020 certain restrictions and conditions have eased to allow for visitation to Macau as certain regions recover from the COVID-19 pandemic. Quarantine-free travel, subject to COVID-19 safeguards such as testing and the usual visa requirements, was reintroduced between Macau and an increasing number of areas and cities within the PRC in progressive phases from June to August 2020, commencing with an area in Guangdong Province, which is adjacent to Macau, and expanding to additional areas and major cities within Guangdong Province, followed by most other areas of the PRC. On September 23, 2020, PRC authorities fully resumed the IVS exit visa program, which permits individual PRC citizens from nearly 50 PRC cities to travel to Macau for tourism purposes.*

*Notwithstanding these developments, certain border control, travel-related restrictions and conditions, including certain quarantine and medical observation measures, stringent health declarations, COVID-19 testing and other procedures remain in place, and all visitors need to test negative for COVID-19 before entering Macau.*

*Given the evolving conditions created by and in response to the COVID-19 pandemic, we are currently unable to determine when travel-related restrictions and conditions will be further lifted. Measures that have been lifted or are expected to be lifted may be reintroduced if there are adverse developments in the COVID-19 situation in Macau and other regions with access to Macau.*

*The disruptions arising from the COVID-19 outbreak have had, during the year ended December 31, 2020, and will continue to have an adverse effect on the Company's results of operations. Our operations are generating extremely limited revenue. 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, the impact on the Company's consolidated results of operations, cash flows and financial condition in 2020 and potentially thereafter will be material, but cannot be reasonably estimated at this time as it is unknown when the COVID-19 pandemic will end, when or if our properties will return to pre-pandemic demand and pricing, when or how quickly the current travel restrictions will be modified or cease to be necessary and the resulting impact on the Company's business.*

## **Key Operating Measures**

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

- Table drop in mass market for our Macau Operations is the amount of cash that is deposited in a gaming table's drop box plus cash chips purchased at the casino cage.*
- Rolling chips are non-negotiable identifiable chips that are used to track turnover for purposes of calculating incentives within our Macau Operations' VIP program.*
- Turnover is the sum of all losing rolling chip wagers within our Macau Operations' VIP program.*
- Table games win is the amount of table drop or turnover that is retained and recorded as casino revenues. Table games win is before discounts, commissions and the allocation of casino revenues to rooms, food and beverage and other revenues for services provided to casino customers on a complimentary basis. Table games win does not include poker rake.*
- Slot machine win is the amount of handle (representing the total amount wagered) that is retained by us and is recorded as casino revenues. Slot machine win is after adjustment for progressive accruals and free play, but before discounts and the allocation of casino revenues to rooms, food and beverage and other revenues for services provided to casino customers on a complimentary basis.*
- 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 2.7% to 3.0%.*

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

## **Results of Operations**

### **Summary annual results**

*The decrease in operating revenues for the year ended December 31, 2020 was primarily driven by decreases of \$2.04 billion, \$1.60 billion, \$885.5 million, and \$2.3 million from Wynn Palace, Wynn Macau, our Las Vegas Operations, and Encore Boston Harbor, respectively. These declines were precipitated by the adverse effects of the COVID-19 pandemic, including travel restrictions, property closures and capacity limitations at our Macau Operations, our Las Vegas Operations and Encore Boston Harbor.*

*The decrease in Adjusted Property EBITDA for the year ended December 31, 2020 was driven by decreases of \$879.2 million, \$736.0 million, \$470.2 million, and \$46.9 million from Wynn Palace, Wynn Macau, our Las Vegas Operations, and Encore Boston Harbor, respectively, and was primarily related to the adverse effects of the COVID-19 pandemic on the results of our operations.*

### **Financial results for the year ended December 31, 2020 compared to the year ended December 31, 2019.**

#### **Operating revenues**

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

	<i>Years Ended December 31,</i>		<i>Increase/ (Decrease)</i>	<i>Percent Change</i>
	<i>2020</i>	<i>2019</i>		
<b>Operating revenues</b>				
<i>Macau Operations:</i>				
<i>Wynn Palace</i>	\$505,420	\$2,543,694	\$(2,038,274)	(80.1)
<i>Wynn Macau</i>	474,657	2,070,029	(1,595,372)	(77.1)
<b>Total Macau Operations</b>	<b>980,077</b>	<b>4,613,723</b>	<b>(3,633,646)</b>	<b>(78.8)</b>

## Casino revenues

Casino revenues decreased primarily due to the adverse effects of the COVID-19 pandemic, including the closure of our casino operations in Macau for a 15-day period in February and their subsequent reopening on a reduced basis, and the closures of our Las Vegas Operations from March 17, 2020 until June 4, 2020, and Encore Boston Harbor from March 15, 2020 until July 10, 2020. Each of our properties reopened with certain COVID-19 specific protective measures in place, including limitations on the number of seats per table game and increased spacing between active slot machines. The table below sets forth our casino revenues and associated key operating measures (dollars in thousands, except for win per unit per day):

	<u>Years Ended December 31,</u>		<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
	<u>2020</u>	<u>2019</u>		
<b>Macau Operations:</b>				
Wynn Palace:				
Total casino revenues	\$368,284	\$2,139,756	\$(1,771,472)	(82.8)
VIP:				
Average number of table games	99	109	(10)	(9.2)
VIP turnover	\$9,631,018	\$45,847,647	\$(36,216,629)	(79.0)
VIP table games win	\$168,435	\$1,519,225	\$(1,350,790)	(88.9)
VIP win as a % of turnover	1.75 %	3.31 %	(1.56)	
Table games win per unit per day	\$4,850	\$38,224	\$(33,374)	(87.3)
Mass market:				
Average number of table games	212	216	(4)	(1.9)
Table drop	\$1,242,100	\$5,122,897	\$(3,880,797)	(75.8)
Table games win	\$299,181	\$1,251,920	\$(952,739)	(76.1)
Table games win %	24.1 %	24.4 %	(0.3)	
Table games win per unit per day	\$4,009	\$15,902	\$(11,893)	(74.8)
Average number of slot machines	591	1,054	(463)	(43.9)
Slot machine handle	\$999,942	\$3,918,554	\$(2,918,612)	(74.5)
Slot machine win	\$39,175	\$195,367	\$(156,192)	(79.9)
Slot machine win per unit per day	\$188	\$508	\$(320)	(63.0)
Wynn Macau:				
Total casino revenues	\$344,595	\$1,796,209	\$(1,451,614)	(80.8)
VIP:				
Average number of table games	89	106	(17)	(16.0)
VIP turnover	\$5,841,627	\$35,426,483	\$(29,584,856)	(83.5)
VIP table games win	\$185,059	\$1,081,934	\$(896,875)	(82.9)
VIP win as a % of turnover	3.17 %	3.05 %	0.12	
Table games win per unit per day	\$5,925	\$27,864	\$(21,939)	(78.7)

	<i>Years Ended December 31,</i>		<i>Increase/ (Decrease)</i>	<i>Percent Change</i>
	<i>2020</i>	<i>2019</i>		
<i>Mass market:</i>				
<i>Average number of table games</i>	225	207	18	8.7
<i>Table drop</i>	\$1,384,537	\$5,410,439	\$(4,025,902)	(74.4)
<i>Table games win</i>	\$259,361	\$1,099,353	\$(839,992)	(76.4)
<i>Table games win %</i>	18.7 %	20.3 %	(1.6)	
<i>Table games win per unit per day</i>	\$3,279	\$14,519	\$(11,240)	(77.4)
<i>Average number of slot machines</i>	504	807	(303)	(37.5)
<i>Slot machine handle</i>	\$830,785	\$3,545,899	\$(2,715,114)	(76.6)
<i>Slot machine win</i>	\$31,153	\$170,358	\$(139,205)	(81.7)
<i>Slot machine win per unit per day</i>	\$176	\$578	\$(402)	(69.6)
<i>Poker rake</i>	\$2,083	\$20,835	\$(18,752)	(90.0)

*Non-casino revenues*

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

	<i>Years Ended December 31,</i>		<i>Increase/ (Decrease)</i>	<i>Percent Change</i>
	<i>2020</i>	<i>2019</i>		
<b><i>Macau Operations:</i></b>				
<i>Wynn Palace:</i>				
<i>Total room revenues (dollars in thousands)</i>	\$46,110	\$174,576	\$(128,466)	(73.6)
<i>Occupancy</i>	29.8 %	97.2 %	(67.4)	
<i>ADR</i>	\$235	\$269	\$(34)	(12.6)
<i>REVPAR</i>	\$70	\$262	\$(192)	(73.3)
<i>Wynn Macau:</i>				
<i>Total room revenues (dollars in thousands)</i>	\$39,111	\$110,387	\$(71,276)	(64.6)
<i>Occupancy</i>	34.8 %	99.2 %	(64.4)	
<i>ADR</i>	\$276	\$286	\$(10)	(3.5)
<i>REVPAR</i>	\$96	\$284	\$(188)	(66.2)

*Entertainment, retail and other revenues decreased \$193.1 million, primarily due to a decrease in visitation to Macau and our Macau Operations and temporary closures of our Las Vegas Operations and Encore Boston Harbor resulting from the adverse effects of the COVID-19 pandemic. The closure of the Le Reve show at our Las Vegas Operations and rent concessions provided to tenants at our Macau Operations also contributed to the decrease.*

#### *Operating expenses*

*Casino expenses decreased \$1.03 billion, \$797.8 million, and \$49.8 million at Wynn Palace, Wynn Macau, and our Las Vegas Operations, respectively. These decreases were primarily due to reductions in gaming tax expense commensurate with the declines in casino revenues at each property resulting from the effects of the COVID-19 pandemic as well as lower payroll and other operating costs.*

*Room expenses decreased \$75.2 million, \$20.8 million, and \$7.3 million at our Las Vegas Operations, Wynn Palace, and Wynn Macau, respectively. The decreases were primarily a result of lower operating costs related to the declines in occupancy at our Las Vegas Operations and our Macau Operations resulting from the effects of the COVID-19 pandemic as well as the temporary closure of our Las Vegas Operations, as previously noted.*

*Food and beverage expenses decreased \$214.8 million, \$48.8 million, \$22.8 million, and \$11.2 million at our Las Vegas Operations, Wynn Palace, Wynn Macau, and Encore Boston Harbor, respectively. The decreases were primarily a result of lower operating costs related to the declines in food and beverage revenues at each property as well as lower nightlife entertainment costs at our Las Vegas Operations resulting from the effects of the COVID-19 pandemic.*

*Entertainment, retail and other expenses decreased \$59.8 million, \$13.9 million, and \$7.2 million at our Las Vegas Operations, Wynn Palace, and Wynn Macau, respectively. The decreases were primarily a result of lower operating costs related to the declines in entertainment, retail and other revenues at each property resulting from the effects of the COVID-19 pandemic, including the closure of the Le Reve show at our Las Vegas Operations, and were partially offset by increased entertainment, retail and other expenses of \$3.3 million at Encore Boston Harbor due to the opening of the property in June 2019.*

*General and administrative expenses decreased \$54.5 million, \$31.3 million, and \$27.6 million at Wynn Palace, Wynn Macau, and our Las Vegas Operations, respectively. These decreases were primarily attributable to the effects of the COVID-19 pandemic.*

*The provision for credit losses increased \$15.1 million, \$14.8 million, \$10.2 million, and \$2.4 million at our Las Vegas Operations, Wynn Palace, Wynn Macau, and Encore Boston Harbor, respectively. The increases were primarily due to the impact of historical collection patterns and expectations of current and future collection trends in light of the COVID-19 pandemic, 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 year ended December 31, 2020 consisted primarily of asset disposals and abandonments of \$24.4 million, \$12.8 million, and \$21.5 million at Wynn Palace, Encore Boston Harbor and Corporate and other, respectively. Our property charges and other expenses for the year ended December 31, 2019 consisted primarily of asset abandonments and retirements.*

#### *Other non-operating income and expenses*

*We incurred a foreign currency remeasurement gain of \$12.8 million and \$15.2 million for the years ended December 31, 2020 and 2019, respectively. The impact of the exchange rate fluctuation of the Macau pataca, in relation to the U.S. dollar, on the remeasurements of U.S. dollar denominated debt and other obligations from our Macau-related entities drove the variability between periods.*

*We recorded a \$4.6 million loss on extinguishment of debt for the year ended December 31, 2020 primarily related to the partial prepayment of the Wynn Macau Term Loan.*

#### *Income Taxes*

*Wynn Macau SA received a five-year exemption from the Macau Complementary Tax on casino gaming profits through December 31, 2020. For the year ended December 31, 2019, we were exempt from the payment of \$77.7 million in such taxes. For the year ended December 31, 2020, we did not have any casino gaming profits in Macau. Our non-gaming profits remain subject to the Macau Complementary Tax and casino winnings remain subject to the Macau special gaming tax and other levies together totaling 39% in accordance with our concession agreement.*

*In August 2016, Wynn Macau SA received an extension of its agreement with the Macau government that provides for an annual payment of 12.8 million Macau patacas (approximately \$1.6 million) as complementary tax due by stockholders on dividend distributions through December 31, 2020. In March 2020, Wynn Macau SA applied for an extension of this agreement for an additional five years through 2025. The extension is subject to approval and may only extend through June 26, 2022, the expiration date of the gaming concession agreement.*

*In April 2020, Wynn Macau SA received an extension of the exemption from Macau's 12% Complementary Tax on casino gaming profits earned from January 1, 2021 to June 26, 2022, the expiration date of the gaming concession agreement.*

#### *Net income (loss) attributable to noncontrolling interests*

*Net loss attributable to noncontrolling interests was \$259.7 million for the year ended December 31, 2020, compared to net income of \$188.4 million for the year ended December 31, 2019. These amounts are primarily related to the noncontrolling interests' share of net income (loss) from WML.*

## **Adjusted Property EBITDA**

*We use Adjusted Property EBITDA to manage the operating results of our segments. Adjusted Property EBITDA is net income (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 and water rights leases), stock-based compensation, change in derivatives fair value, loss on extinguishment of debt, and other non-operating income and expenses. Adjusted Property 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. We also present 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 preopening 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 our performance, as an alternative to cash flows from operating activities as a measure of liquidity, or as an alternative to any other measure determined in accordance with GAAP. Unlike net income (loss), Adjusted Property EBITDA does not include depreciation or interest expense and therefore does not reflect current or future capital expenditures or the cost of capital. We have significant uses of cash flows, including capital expenditures, interest payments, debt principal repayments, income taxes and other non-recurring charges, which are not reflected in Adjusted Property EBITDA. Also, our calculation of Adjusted Property EBITDA may be different from the calculation methods used by other companies and, therefore, comparability may be limited.*

*The following table summarizes Adjusted Property EBITDA (in thousands) for Wynn Palace, Wynn Macau, Las Vegas Operations, and Encore Boston Harbor as reviewed by management and summarized in Item 8 —“Financial Statements and Supplementary Data,” Note 20, “Segment Information.” That footnote also presents a reconciliation of Adjusted Property EBITDA to net income (loss) attributable to Wynn Resorts, Limited.*

	<u>Years Ended December 31,</u>			
	<u>2020</u>	<u>2019</u>	<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
Wynn Palace	\$(149,647)	\$729,535	\$(879,182)	(120.5)
Wynn Macau	(87,189)	648,837	(736,026)	(113.4)



*Adjusted Property EBITDA at Wynn Palace and Wynn Macau decreased \$879.2 million and \$736.0 million, respectively, for the year ended December 31, 2020, primarily due to a decline in operating revenues precipitated by the adverse effects of the COVID-19 pandemic during the year ended December 31, 2020, which include the closure of our casino operations in Macau for a 15-day period and their subsequent reopening on a reduced basis.*

## ***Liquidity and Capital Resources***

### ***Operating Activities***

*During the year ended December 31, 2020, the decrease in net cash provided by operations was primarily due to the adverse effects of the COVID-19 pandemic on the results of our operations.*

*During the year ended December 31, 2019, the decrease in net cash provided by operations was primarily driven by lower operating revenues at our Macau Operations and Las Vegas Operations, offset by operating revenues from Encore Boston Harbor.*

### ***Investing Activities***

*During the year ended December 31, 2020, we incurred capital expenditures of \$61.3 million at Encore Boston Harbor primarily for the payment of construction retention and other payables related to its construction, \$85.9 million at our Las Vegas Operations for restaurant remodels and maintenance capital expenditures, \$45.3 million for the construction of the additional meeting and convention space at Wynn Las Vegas, and \$46.7 million and \$49.8 million at Wynn Palace and Wynn Macau, respectively, primarily related to maintenance capital expenditures.*

*During the year ended December 31, 2019, we incurred capital expenditures of \$471.4 million at Encore Boston Harbor, primarily related to the construction of the resort which opened in June 2019; \$211.1 million related to the construction of the Meeting and Convention Expansion and the reconfiguration of the golf course; \$142.1 million at Wynn Macau primarily related to our Encore Tower room remodel and Lakeside Casino expansion; and \$66.5 million and \$96.9 million at Wynn Palace and our Las Vegas Operations, respectively, primarily related to maintenance capital expenditures.*

### ***Financing Activities***

*During the year ended December 31, 2020, we issued \$1.0 billion aggregate principal amount of WML 5 1/2% Senior Notes due 2026, issued \$1.35 billion aggregate principal amount of WML 5 5/8% Senior Notes due 2028, issued \$600.0 million aggregate principal amount of WRF 7 3/4% Senior Notes due 2025, borrowed \$56.5 million, net of amounts repaid, under the Wynn Macau Revolver, borrowed \$716.0 million, net of amounts repaid, under the WRF Revolver, paid \$1.04 billion of outstanding principal owed under the Wynn Macau Term Loan, and made quarterly amortization payments under the WRF Term Loan totaling \$50.0 million.*

*During the fourth quarter of 2019, we received net proceeds of \$990.2 million from the issuance of the WML 2029 Notes. Throughout the year ended December 31, 2019, we repaid \$273.9 million, net of amounts borrowed, on the Wynn Macau Revolver. In addition, we used cash of \$566.5 million for the payment of dividends, of which \$400.6 million was paid to Wynn Resorts shareholders and \$165.9 million was paid to WML shareholders, excluding Wynn Resorts.*

## **Capital Resources**

*The COVID-19 pandemic has impacted and will continue to impact, materially, our business, financial condition and results of operations. While we believe our 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 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. We continue to monitor the rapidly evolving situation and guidance from international and domestic authorities.*

*The following table summarizes our unrestricted cash and cash equivalents and available revolver borrowing capacity.*

*The following table is presented by significant financing entity as of December 31, 2020 (in thousands):*

	<b><u>Cash and Cash Equivalents</u></b>	<b><u>Revolver Borrowing Capacity</u></b>
<i>Wynn Resorts (Macau) S.A. and subsidiaries</i>	<i>\$417,591</i>	<i>\$343,526</i>
<i>Wynn Macau, Limited and subsidiaries<sup>(1)</sup></i>	<i>2,011,382</i>	<i>—</i>

*(1) Excluding Wynn Resorts (Macau) S.A. and subsidiaries.*

*Wynn Resorts (Macau) S.A. and subsidiaries. Wynn Resorts (Macau) S.A. (“Wynn Macau SA”) generates cash from our Macau Operations and utilizes its revolver to fund short term working capital requirements as needed. We expect to use this cash to service our existing Wynn Macau Credit Facilities, make distributions to WML, and fund working capital and capital expenditure requirements at our Macau Operations.*

*The Wynn Macau Credit Facilities contain customary negative and financial covenants, including, but not limited to, leverage ratio and interest coverage ratio tests (as defined in the Wynn Macau Credit Facilities) that could restrict its ability to make distributions to WML and incur additional indebtedness. Wynn Macau SA is required to maintain a leverage ratio of not greater than 4.00 to 1 and an interest coverage ratio of not less than 2.00 to 1. Wynn Macau SA complied with these ratios as of December 31, 2020.*

*In January 2021, Wynn Macau SA prepaid approximately \$412.5 million of the term loan outstanding under the Wynn Macau Credit Facilities using proceeds from WML senior notes issuances.*

The Company is currently designing the second phase of Wynn Palace. We do not expect to incur significant capital expenditures related to the construction of this project in 2021.

Wynn Macau, Limited and subsidiaries. Wynn Macau, Limited (“WML”) primarily generates cash through distributions from Wynn Macau SA. We expect to use WML’s cash to service our existing WML Notes, pay dividends to shareholders of WML (of which we own approximately 72%), and fund working capital requirements at WML.

The WML board of directors concluded not to recommend the payment of a dividend with respect to the year ended December 31, 2019, in light of the unprecedented COVID-19 pandemic and our focus on safeguarding the Company’s Macau Operations and the well-being of our employees. As such, WML paid no dividends during 2020. The WML board of directors will be continuously monitoring the situation and market conditions in Macau and Greater China and may consider a special dividend in the future when such conditions have stabilized.

During 2020, WML issued \$1.0 billion of 5 1/2% Senior Notes due 2026 and \$1.35 billion of 5 5/8% Senior Notes due 2028 (collectively, the “2026 and 2028 WML Notes”). The Company used the proceeds from the 2026 and 2028 WML Notes to facilitate repayments on the Wynn Macau Credit Facilities and for general corporate purposes.

Wynn Resorts Finance, LLC and subsidiaries. Wynn Resorts Finance, LLC (“WRF” or “Wynn Resorts Finance”) generates cash from distributions from its subsidiaries, which include our Macau Operations, Wynn Las Vegas, and Encore Boston Harbor, and contributions from Wynn Resorts, as required.

#### Contractual Commitments

The following table summarizes our scheduled contractual commitments as of December 31, 2020 (in thousands):

	<i>Payments Due By Period</i>				<i>Total</i>
	<i>Less Than 1 Year</i>	<i>1 to 3 Years</i>	<i>4 to 5 Years</i>	<i>After 5 Years</i>	
Long-term debt obligations <sup>(1)</sup>	\$596,408	\$1,729,141	\$5,098,500	\$5,730,000	\$13,154,049

(1) In the Less Than 1 Year column, includes \$412.5 million related to the prepayment of the Wynn Macau Term Loan paid in January 2021.

## ***Critical Accounting Policies and Estimates***

### *Allowance for Credit Losses*

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

	<i>December 31,</i>	
	<i>2020</i>	<i>2019</i>
<i>Casino accounts receivable</i>	\$207,823	\$304,137

*As of December 31, 2020 and 2019, 50.0% and 61.0%, respectively, of our outstanding casino accounts receivable balance originated at our Macau Operations, which include advances to gaming promoters, which are settled within five days of period end.*

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

*During the year ended December 31, 2020, Wynn Palace, Wynn Macau, the Company's Las Vegas Operations, and Encore Boston Harbor each experienced a significant decline in revenues, operating income, and cash provided by operations as a result of the COVID-19 pandemic as noted in Note 1, "Organization and Business." As a result, we concluded that a triggering event occurred at each of these asset groups. We tested our asset groups for recoverability as of December 31, 2020 and concluded no impairment existed at that date as the estimated undiscounted future cash flows exceeded the net carrying amount for each of the asset groups. The tests for recoverability include estimates of future cash flows and the useful lives of our primary assets. These estimates are subjective and may change should the COVID-19 pandemic, including travel restrictions and operating capacity limitations, persist longer than expected. Unfavorable changes in the Company's estimates could require an impairment charge in the future.*

## **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

### **Foreign Currency Risks**

*The currency delineated in Wynn Macau SA's concession agreement with the government of Macau is the Macau pataca. The Macau pataca, which is not a freely convertible currency, is linked to the Hong Kong dollar, and in many cases the two are used interchangeably in Macau. The Hong Kong dollar is linked to the U.S. dollar and the exchange rate between these two currencies has remained relatively stable over the past several years. However, the exchange linkages of the Hong Kong dollar and the Macau pataca, and the Hong Kong dollar and the U.S. dollar, are subject to potential changes due to, among other things, changes in Chinese governmental policies and international economic and political developments.*

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

*We expect most of the revenues and expenses for any casino that we operate in Macau will be denominated in Hong Kong dollars or Macau patacas; however, a significant portion of our Wynn Macau, Limited and Wynn Macau SA debt is denominated in U.S. dollars. Fluctuations in the exchange rates resulting in weakening of the Macau pataca or the Hong Kong dollar in relation to the U.S. dollar could have materially adverse effects on our results, financial condition, and ability to service debt. Based on our balances as of December 31, 2020, an assumed 1% change in the U.S. dollar/Hong Kong dollar exchange rate would cause a foreign currency transaction gain/loss of \$34.5 million.*

## **Item 8. Financial Statements and Supplementary Data**

### **WYNN RESORTS, LIMITED AND SUBSIDIARIES**

#### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

##### **Note 1 — Organization and Business**

###### *Organization*

###### *Macau Operations*

*Wynn Palace, which opened in August 2016, features a luxury hotel tower with 1,706 guest rooms, suites and villas, approximately 424,000 square feet of casino space, 14 food and beverage outlets, approximately 37,000 square feet of meeting and convention space, approximately 107,000 square feet of retail space, public attractions including a performance lake and floral art displays, and recreation and leisure facilities.*

*Wynn Macau features two luxury hotel towers with a total of 1,010 guest rooms and suites, approximately 252,000 square feet of casino space, 12 food and beverage outlets, approximately 31,000 square feet of meeting and convention space, approximately 59,000 square feet of retail space, a rotunda show and recreation and leisure facilities.*

###### *Recent Developments Related to COVID-19*

*In January 2020, a new strain of coronavirus, COVID-19 (“COVID-19”), was identified. Since then, COVID-19 has spread around the world, and steps have been taken by various countries, including those in which the Company operates, to advise citizens to avoid non-essential travel, to restrict inbound international travel, to implement closures of non-essential operations, and to implement quarantines and lockdowns to contain the spread of the virus. Several vaccines have been granted authorizations in numerous countries and vaccines are being rolled out to citizens based on their priority of need. There can be no assurance as to when a sufficient number of individuals will be vaccinated, permitting travel restrictions to be lifted.*

###### *Macau Operations*

*In response to the COVID-19 pandemic, casino operations in Macau were closed for a 15-day period in February 2020 and resumed on a reduced basis on February 20, 2020. On March 20, 2020 casino operations were fully restored; however, certain COVID-19 specific protective measures, such as limiting the number of seats per table game, increasing the spacing between active slot machines and visitor entry checks and requirements involving temperature checkpoints, mask wearing, health declarations and proof of negative COVID-19 test results remain in effect at the present time.*

*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, the suspension or reduced availability of the Individual Visit Scheme (the “IVS”), group tour scheme and other travel visas for visitors, quarantine measures 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. At present, bans on entry or enhanced quarantine requirements remain in place for people attempting to enter Macau, depending on various conditions such as the usual visa requirements, their COVID-19 test results, purpose of visit, recent travel history and/or other conditions as applicable.*

*While many aspects of these travel restrictions and conditions continue to adversely impact visitations to Macau, beginning in June 2020 certain restrictions and conditions have eased to allow for visitation to Macau as certain regions recover from the COVID-19 pandemic. Quarantine-free travel, subject to COVID-19 safeguards such as testing and the usual visa requirements, was reintroduced between Macau and an increasing number of areas and cities within the PRC in progressive phases from June to August 2020, commencing with an area in Guangdong Province, which is adjacent to Macau, and expanding to additional areas and major cities within Guangdong Province, followed by most other areas of the PRC. On September 23, 2020, PRC authorities fully resumed the IVS exit visa program, which permits individual PRC citizens from nearly 50 PRC cities to travel to Macau for tourism purposes.*

*Notwithstanding these developments, certain border control, travel-related restrictions and conditions, including certain quarantine and medical observation measures, stringent health declarations, COVID-19 testing and other procedures remain in place, and all visitors need to test negative for COVID-19 before entering Macau.*

*Given the evolving conditions created by and in response to the COVID-19 pandemic, the Company is currently unable to determine when travel-related restrictions and conditions will be further lifted. Measures that have been lifted or are expected to be lifted may be reintroduced if there are adverse developments in the COVID-19 situation in Macau and other regions with access to Macau.*

### *Summary*

*The COVID-19 pandemic has had and will continue to have an adverse effect on the Company’s results of operations. The Company is currently unable to determine when protective measures in effect at our Macau Operations, Las Vegas Operations, and Encore Boston Harbor 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.*

As of December 31, 2020, the Company had total cash and cash equivalents, excluding restricted cash, of \$3.48 billion, and had access to \$117.9 million of available borrowing capacity from the WRF Revolving Facility and \$343.5 million of available borrowing capacity from the Wynn Macau Revolving Facility. The Company has suspended its dividend program and has postponed major project capital expenditures. In addition, the Company raised \$842.5 million in an equity offering in February 2021. Given the Company's liquidity position at December 31, 2020 and the steps the Company has taken as further described in Note 7, "Long-Term Debt," the Company believes it is able to support continuing operations and respond to the current COVID-19 pandemic challenges.

## **Note 2 — Basis of Presentation and Significant Accounting Policies**

### *Leases*

#### *Lessor Arrangements*

The Company is the lessor under non-cancelable operating leases for retail and food and beverage outlet space at its integrated resorts, which represents approximately 101,000, 59,000, 140,000, and 35,500 square feet of space at Wynn Palace, Wynn Macau, Wynn Las Vegas, and Encore Boston Harbor, respectively.

Lease revenue includes the impact of rent concessions provided to tenants at the Company's Macau operations due to the adverse effects of the COVID-19 pandemic and is recorded in Entertainment, retail and other revenue in the accompanying Consolidated Statements of Operations.

## **Note 3 — Cash, Cash Equivalents and Restricted Cash**

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

	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
<i>Restricted cash</i> <sup>(3)</sup>	4,352	6,388

(3) *Restricted cash consists of cash collateral associated with obligations and cash held in a trust in accordance with WML's share award plan.*

## **Note 6 — Goodwill and Intangible Assets, net**

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

	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
<b><i>Finite-lived intangible assets:</i></b>		
<i>Macau gaming concession</i>	\$42,300	\$42,300
<i>Less: accumulated amortization</i>	(38,731)	(36,348)
	<b>3,569</b>	<b>5,952</b>



The Macau gaming concession is a finite-lived intangible asset that is being amortized over the 20 year life of the concession. The Company expects that amortization of the Macau gaming concession will be \$2.4 million in 2021 and \$1.2 million in 2022.

## Note 7 — Long-Term Debt

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

	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Macau Related:</b>		
<b>Wynn Macau Credit Facilities<sup>(1)</sup>:</b>		
Wynn Macau Term Loan, due 2022 <sup>(2)</sup>	\$1,268,106	\$2,302,540
Wynn Macau Revolver, due 2022 <sup>(3)</sup>	407,443	350,232
WML 4 7/8% Senior Notes, due 2024	600,000	600,000
WML 5 1/2% Senior Notes, due 2026	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	—
WML 5 1/8% Senior Notes, due 2029	1,000,000	1,000,000

(1) 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 Wynn Resorts Macau S.A.'s leverage ratio.

(2) Approximately \$717.3 million and \$550.8 million of the Wynn Macau Term Loan bears interest at a rate of LIBOR plus 2.25% per year and HIBOR plus 2.25% per year, respectively. As of December 31, 2020 and 2019, the weighted average interest rate was approximately 2.41% and 3.95%, respectively.

(3) Approximately \$231.7 million and \$175.7 million of the Wynn Macau Revolver bears interest at a rate of LIBOR plus 2.25% per year and HIBOR plus 2.25% per year, respectively. As of December 31, 2020 and 2019, the weighted average interest rate was approximately 2.44% and 3.92%, respectively. As of December 31, 2020, the available borrowing capacity under the Wynn Macau Revolver was \$343.5 million.

## Macau Related Debt

### Wynn Macau Credit Facilities

The Wynn Macau Term Loan is repayable in graduating installments of between 2.875% to 4.50% of the principal amount on a quarterly basis commencing September 30, 2020, with a final installment of 75% of the principal amount repayable in June 2022; and the final maturity of any outstanding borrowings from the Wynn Macau Revolver is in June 2022. The Company prepaid \$938.2 million, excluding contractual amortization payments of \$100.7 million, on the Wynn Macau Term Loan during 2020 using the proceeds from issuances of WML Senior Notes and operating cash. In January 2021, the Company prepaid \$412.5 million of the Wynn Macau Term Loan, and accordingly, has presented that amount as a current liability on the accompany Consolidated Balance Sheet as of December 31, 2020. The commitment fee required to be paid for unborrowed amounts under the Wynn Macau Revolver, if any, is between 0.52% and 0.79%, per annum, based on Wynn Macau SA's Leverage Ratio. The annual commitment fee is payable quarterly in arrears and is calculated based on the daily average of the unborrowed amounts.

## *WML Senior Notes*

*During 2020, WML issued \$1.0 billion of 5 1/2% Senior Notes due 2026 and \$1.35 billion of 5 5/8% Senior Notes due 2028 (the “2026 and 2028 WML Senior Notes” and collectively with the WML 4 7/8% Senior Notes, due 2024, the WML 5 1/2% Senior Notes, due 2027, and the WML 5 1/8% Senior Notes, due 2029, the “WML Senior Notes”). The Company used the proceeds from the 2026 and 2028 WML Senior Notes to facilitate repayments on the Wynn Macau Credit Facilities and for general corporate purposes. The WML Senior Notes bear interest at each of their respective interest rates and interest is payable semi-annually. In connection with the issuance of the 2026 and 2028 WML Senior Notes, the Company paid fees and expenses totaling \$20.7 million, which were recorded as debt issuance costs within the Consolidated Balance Sheets.*

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

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

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

## **Note 8 — Stockholders' Equity (Deficit)**

### *Noncontrolling Interests*

*The WML board of directors concluded not to recommend the payment of a dividend with respect to the year ended December 31, 2019 due to the financial impact of the COVID-19 pandemic.*

*On September 16, 2019, WML paid a cash dividend of HK\$0.45 per share for a total of \$298.0 million. The Company's share of this dividend was \$215.1 million with a reduction of \$82.9 million to noncontrolling interest in the accompanying Consolidated Balance Sheet.*

*On June 19, 2019, WML paid a cash dividend of HK\$0.45 per share for a total of \$298.0 million. The Company's share of this dividend was \$215.0 million with a reduction of \$83.0 million to noncontrolling interest in the accompanying Consolidated Balance Sheet.*

*On October 5, 2018, WML paid a cash dividend of HK\$0.75 per share for a total of \$496.6 million. The Company's share of this dividend was \$358.3 million with a reduction of \$138.3 million to noncontrolling interest in the accompanying Consolidated Balance Sheet.*

*On April 25, 2018, WML paid a cash dividend of HK\$0.75 per share for a total of \$497.1 million. The Company's share of this dividend was \$358.8 million with a reduction of \$138.3 million to noncontrolling interest in the accompanying Consolidated Balance Sheet.*

## **Note 10 — Benefit Plans**

### *Defined Contribution Plans*

Wynn Macau SA also operates a defined contribution retirement benefit plan (the “Wynn Macau Plan”). Eligible employees are allowed to contribute 5% of their base salary to the Wynn Macau Plan and the Company matches any contributions. On July 1 2019, the Company offered the option for the eligible Macau resident employees to join the non-mandatory central provident fund (the “CPF”) system. Eligible Macau resident employees joining the Company from July 1, 2019 onwards will enroll in the CPF system while the Company’s existing Macau resident employees who are currently members of the Wynn Macau Plan will be provided with the option of joining the CPF system or staying in the existing Wynn Macau Plan, which will continue to be in effect in parallel. The CPF system allows eligible employees to contribute 5% or more of their base salary to the CPF while the Company matches with a 5% of such salary as employer’s contribution to the CPF. The Company’s matching contributions vest to the employee at 10% per year with full vesting in ten years. The assets of the Wynn Macau Plan and the CPF are held separately from those of the Company in independently administered funds, and the assets of the CPF are also overseen by the Macau government. Forfeitures of unvested contributions are used to reduce the Company’s liability for its contributions payable. During the years ended December 31, 2020, 2019 and 2018, the Company recorded matching contribution expenses of \$19.5 million, \$17.8 million, and \$16.6 million, respectively.

## **Note 12 — Stock-Based Compensation**

### *Wynn Macau, Limited Share Option and Share Award Plans*

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

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

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

The WML Share Option Plan was adopted for a period of 10 years commencing from May 30, 2019. The maximum number of shares which may be issued pursuant to the WML Share Option Plan is 519,695,860 shares. As of December 31, 2020, there were 510,800,860 shares available for issuance under the WML Share Option Plan.

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

*On June 30, 2014, WML adopted the WML Share Award Plan. The Share Award Plan allows for the grant of nonvested shares of WML’s common stock to eligible employees. The WML Share Award Plan has been mandated under the plan to allot, issue and process the transfer of a maximum of 75,000,000 shares. As of December 31, 2020, there were 50,290,387 shares available for issuance under the WML Share Award Plan.*

*Stock Options*

*The summary of stock option activity for the year ended December 31, 2020 is presented below:*

	<u>Options</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Term</u>	<u>Aggregate Intrinsic Value</u>
<b><i>WML Share Option Plan</i></b>				
<i>Outstanding as of January 1, 2020</i>	11,013,400	\$2.51		
<i>Granted</i>	8,895,000	\$2.16		
<i>Exercised</i>	(50,000)	\$1.41		
<i>Forfeited or expired</i>	<u>—</u>	<u>—</u>		
<b><i>Outstanding as of December 31, 2020</i></b>	<b><u>19,858,400</u></b>	<b>\$2.36</b>	<b>7.52</b>	<b>\$305,363</b>
<i>Fully vested and expected to vest as of December 31, 2020</i>	<u>19,858,400</u>	\$2.36	7.52	\$305,363
<i>Exercisable as of December 31, 2020</i>	<u>7,033,400</u>	\$2.53	5.03	\$233,592

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

	<i>Years Ended December 31,</i>		
	<i>2020</i>	<i>2019</i>	<i>2018</i>
<b><i>WML Share Option Plan</i></b> <sup>(2)</sup>			
<i>Weighted average grant date fair value</i>	\$0.54	\$0.55	\$0.57
<i>Intrinsic value of stock options exercised</i>	\$57	\$—	\$1,715
<i>Cash received from the exercise of stock options</i>	\$70	\$—	\$1,823

(2) As of December 31, 2020, there was \$6.2 million of unamortized compensation expense related to stock options, which is expected to be recognized over a weighted average period of 4.03 years.

### *Option Valuation Inputs*

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

	<i>Years Ended December 31,</i>		
	<i>2020</i>	<i>2019</i>	<i>2018</i>
<i>Expected dividend yield</i>	4.7%	5.7%	5.7%
<i>Expected volatility</i>	42.6%	40.7%	40.2%
<i>Risk-free interest rate</i>	1.0%	1.4%	2.3%
<i>Expected term (years)</i>	6.5	6.5	6.5

### *Nonvested and performance nonvested shares*

The summary of nonvested and performance nonvested share activity under the Company's stock-based compensation plans for the year ended December 31, 2020 is presented below:

	<i>Shares</i>	<i>Weighted Average Grant Date Fair Value</i>
<b><i>WML Share Award Plan</i></b>		
<i>Nonvested as of January 1, 2020</i>	9,666,163	\$2.36
<i>Granted</i>	6,747,501	\$1.86
<i>Vested</i>	(4,526,175)	\$1.67
<i>Forfeited</i>	(1,008,711)	\$2.47
<b><i>Nonvested as of December 31, 2020</i></b>	<b><u>10,878,778</u></b>	<b><u>\$2.33</u></b>

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

	<b>Years Ended December 31,</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>WML Share Award Plan</b>			
Weighted average grant date fair value	\$1.86	\$2.43	\$3.07
Fair value of shares vested	\$8,371	\$5,139	\$12,442

As of December 31, 2020, there was \$14.1 million of unamortized compensation expense, which is expected to be recognized over a weighted average period of 1.35 years under the WML Share Award Plan.

### **Note 13 — Income Taxes**

Wynn Macau SA received a five year exemption from Macau's 12% Complementary Tax on casino gaming profits through December 31, 2020. For the years ended December 31, 2019 and 2018, the Company was exempt from the payment of such taxes totaling \$77.7 million and \$96.8 million or \$0.73 and \$0.90 per diluted share, respectively. For the year ended December 31, 2020, the Company did not have any casino gaming profits in Macau. The Company's non-gaming profits remain subject to the Macau Complementary Tax and its casino winnings remain subject to the Macau special gaming tax and other levies in accordance with its concession agreement.

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

Wynn Macau SA also entered into an agreement with the Macau government that provides for an annual payment of MOP12.8 million (approximately \$1.6 million) as complementary tax otherwise due by stockholders of Wynn Macau SA on dividend distributions through 2020. As a result of the stockholder dividend tax agreements, income tax expense includes \$1.6 million for each of the years ended December 31, 2020, 2019, and 2018. In March 2020, Wynn Macau SA applied for an extension of this agreement for an additional five years through 2025. The extension is subject to approval and may only extend through June 26, 2022, the expiration date of the gaming concession agreement.

*On December 31, 2018, 2019 and 2020, the statute of limitations for the 2013, 2014, and 2015 Macau Complementary tax return expired, respectively. As a result of the expiration of the statute of limitations for the Macau Complementary Tax return, the total amount of unrecognized tax benefits decreased by \$4.7 million, \$4.2 million, and \$3.7 million, respectively.*

*In July 2018, the Financial Services Bureau issued final tax assessments for the Company's Macau income tax returns of Wynn Macau SA for the years 2013 and 2014. While no additional tax was due, adjustments were made to the Company's tax loss carryforwards.*

*In February 2018, the Financial Services Bureau concluded its examination of the 2013 and 2014 Macau income tax returns of Palo with no changes.*

*In January of 2020, the Financial Services Bureau commenced an examination of the 2015 and 2016 Macau income tax returns of Palo. 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 the Company's Macau income tax returns of Wynn Macau SA for the years 2015 and 2016, while no additional tax was due, adjustments were made to the Company's tax loss carryforwards.*

## **Note 15 — Leases**

### *Ground Leases*

#### *Macau Land Concessions*

*Wynn Palace and Wynn Macau were built on land that is leased under Macau land concession contracts each with terms of 25 years from May 2012 and August 2004, respectively, which may be renewed with government approval for successive 10-year periods in accordance with Macau legislation. The land concession payments are expected to be \$1.6 million per year through 2025 and total payments of \$14.0 million thereafter through 2037. At December 31, 2020 and 2019, the total liability associated with these leases was \$15.4 million and \$16.0 million, respectively.*

*At December 31, 2020 and 2019, operating lease assets included \$180.3 million and \$188.6 million of leasehold interests in land related to the Wynn Palace and Wynn Macau land concessions. The Company expects that the amortization associated with these leasehold interests will be approximately \$12.7 million per year from 2021 through 2028 and approximately \$9.4 million per year thereafter through 2037.*



## Note 16 — Related Party Transactions

### Home Purchase

In May 2010, the Company entered into an employment agreement with Linda Chen (“Ms. Chen”), who is the President and Executive Director of Wynn Macau SA. Under the terms of the employment agreement, the Company purchased a home in Macau for use by Ms. Chen and has made renovations to the home with a total cost of \$11.0 million. In addition, Ms. Chen has the option to purchase the home for no further consideration at any time before the expiration of her employment contract.

## Note 20 — Segment Information

The Company reviews the results of operations for each of its operating segments, and identifies reportable segments based upon factors such as geography, regulatory environment, and the Company’s organizational and management reporting structure. Wynn Macau and Encore, an expansion at Wynn Macau, are managed as a single integrated resort and have been aggregated as one reportable segment (“Wynn Macau”). Wynn Palace is presented as a separate reportable segment and is combined with Wynn Macau for geographical presentation. Other Macau primarily represents the assets for the Company’s Macau holding company.

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

	<b>Years Ended December 31,</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Operating revenues</b>			
<b>Macau Operations:</b>			
<b>Wynn Palace</b>			
Casino	\$368,284	\$2,139,756	\$2,356,022
Rooms	46,110	174,576	170,067
Food and beverage	43,198	117,376	110,638
Entertainment, retail and other <sup>(1)</sup>	47,828	111,986	120,839
	<b>505,420</b>	<b>2,543,694</b>	<b>2,757,566</b>
<b>Wynn Macau</b>			
Casino	344,595	1,796,209	1,994,885
Rooms	39,111	110,387	113,495
Food and beverage	33,094	81,576	76,369
Entertainment, retail and other <sup>(1)</sup>	57,857	81,857	109,776
	<b>474,657</b>	<b>2,070,029</b>	<b>2,294,525</b>
<b>Total Macau Operations</b>	<b>980,077</b>	<b>4,613,723</b>	<b>5,052,091</b>

	<i>Years Ended December 31,</i>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b><i>Adjusted Property EBITDA</i></b> <sup>(2)</sup>			
<i>Macau Operations:</i>			
<i>Wynn Palace</i>	\$(149,647)	\$729,535	\$843,902
<i>Wynn Macau</i>	(87,189)	648,837	733,238
<b><i>Total Macau Operations</i></b>	<b>(236,836)</b>	<b>1,378,372</b>	<b>1,577,140</b>

(1) *Includes lease revenue accounted for under lease accounting guidance. For more information on leases, see Note 15, “Leases”.*

(2) *“Adjusted Property EBITDA” is net income (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 and water rights leases), stock-based compensation, change in derivatives fair value, loss on extinguishment of debt, and other non-operating income and expenses. Adjusted Property 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. We also present 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 preopening 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 our performance, as an alternative to cash flows from operating activities as a measure of liquidity, or as an alternative to any other measure determined in accordance with GAAP. Unlike net income (loss), Adjusted Property EBITDA does not include depreciation or interest expense and therefore does not reflect current or future capital expenditures or the cost of capital. We have significant uses of cash flows, including capital expenditures, interest payments, debt principal repayments, income taxes and other non-recurring charges, which are not reflected in Adjusted Property EBITDA. Also, our calculation of Adjusted Property EBITDA may be different from the calculation methods used by other companies and, therefore, comparability may be limited.*

	<i>Years Ended December 31,</i>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><i>Capital expenditures</i></b>			
<i>Macau Operations:</i>			
<i>Wynn Palace</i>	\$46,717	\$66,545	\$89,617
<i>Wynn Macau</i>	49,845	142,112	62,542
	<hr/>	<hr/>	<hr/>
<b><i>Total Macau Operations</i></b>	<b>96,562</b>	<b>208,657</b>	<b>152,159</b>

	<i>December 31,</i>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><i>Assets</i></b>			
<i>Macau Operations:</i>			
<i>Wynn Palace</i>	\$3,393,790	\$3,734,210	\$3,858,904
<i>Wynn Macau</i>	1,202,709	1,656,625	1,903,921
<i>Other Macau</i>	2,026,098	1,023,411	68,487
	<hr/>	<hr/>	<hr/>
<b><i>Total Macau Operations</i></b>	<b>6,622,597</b>	<b>6,414,246</b>	<b>5,831,312</b>

	<i>December 31,</i>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><i>Long-lived assets</i></b>			
<i>Macau</i>	\$3,989,797	\$4,321,970	\$4,387,051”

This announcement contains forward-looking statements. Such forward-looking information involves 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, competition in the casino/hotel and resorts industries, our Company’s dependence on existing management, levels of travel, leisure and casino spending, general economic conditions, and changes in gaming laws or regulations. 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.

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

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

Hong Kong, 28 February 2021

*As at the date of this announcement, the Board comprises Matthew O. Maddox and Ian Michael Coughlan (as Executive Directors); Linda Chen (as Executive Director and Vice Chairman); Craig S. Billings (as Non-Executive Director); Allan Zeman (as Independent Non-Executive Director and Chairman); and Jeffrey Kin-fung Lam, Bruce Rockowitz, Nicholas Sallnow-Smith and Leah Dawn Xiaowei Ye (as Independent Non-Executive Directors).*