



Paradise

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# Paradise Entertainment Limited

*(Incorporated in Bermuda with limited liability)*

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1180.HK

2021 Annual Results

24 March 2022

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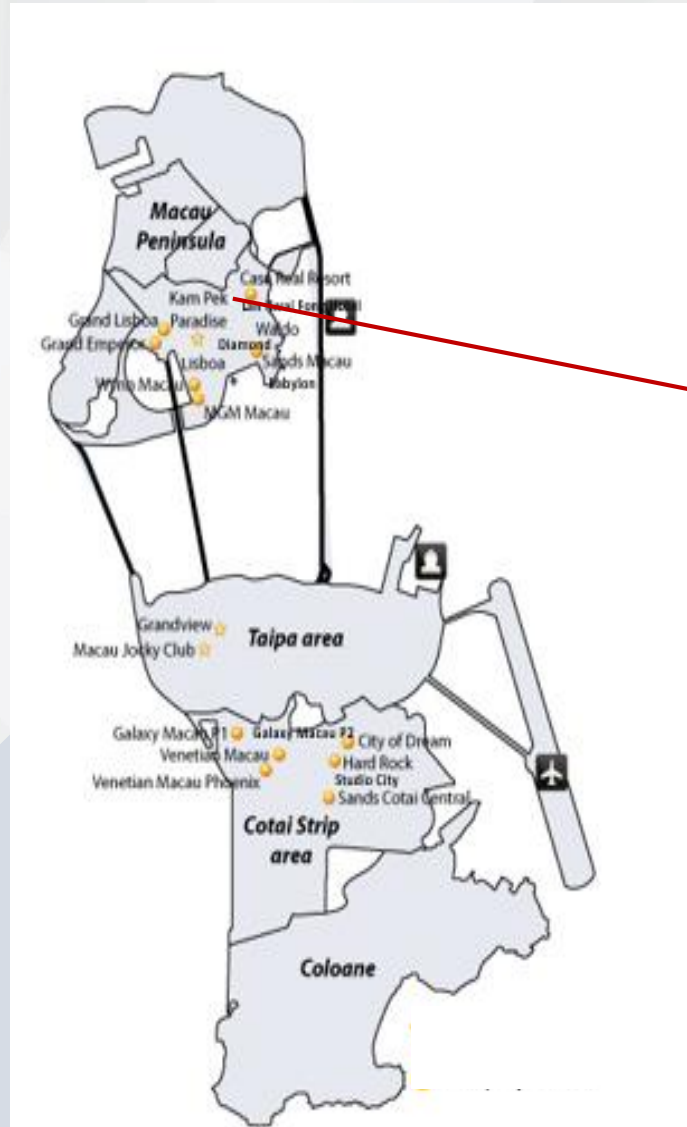
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## About Paradise

Paradise Entertainment Limited (SEHK: 1180)

Paradise is one of the world's unique and leading gaming equipment and systems suppliers in arrays of a range of high-tech products as well as a seasoned professional casino management services provider

# 2. Company Overview



# BUSINESS SEGMENTS

Unique Position from the Two Operating Segments  
Brings in Synergies to the Group



# C

**CASINO MANAGEMENT SERVICES**

- Provide casino management services to a satellite casino which generates stable and strong net cash inflows to the Group
- Focus on mass gaming segment in the Macau Peninsula
- Fully utilize the Group's patented high-tech innovative electronic table gaming experience into the satellite casino, which is unprecedented, unique, vibrant and prominent among the industry

# E

**ELECTRONIC GAMING EQUIPMENT & SYSTEMS**

- One of the worldwide leading gaming equipment and systems providers established
- Inventor, patent-owner and sole-supplier of our flagship product **LMG** in Macau
- Deployment of new self-developed **Slot** machines in the North American and Macau markets
- Dedicated to research and develop new innovative gaming equipment and systems
- Strategic agreement with IGT for overseas deployment of **LMG**



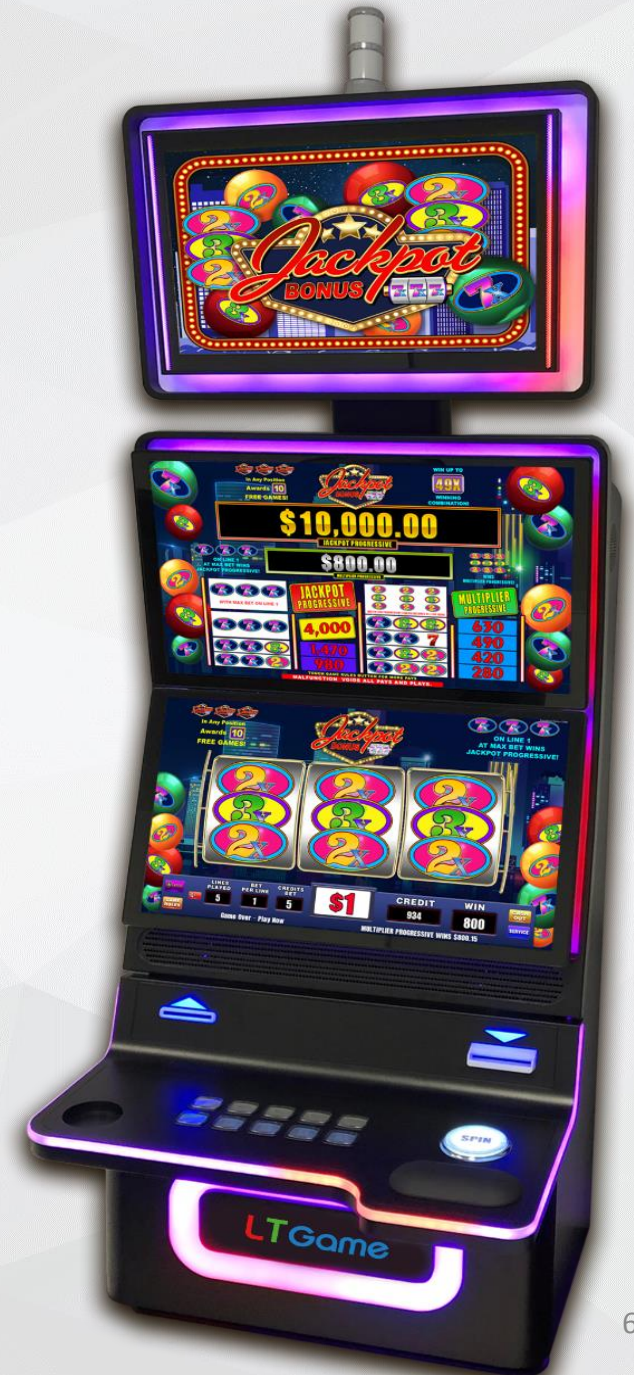
# 3. Business Update





# BUSINESS UPDATE - HIGHLIGHTS


1. The outbreak of Covid-19 since early 2020 continued to bring unprecedented challenges to the global economy, inevitably with no exception to the Group's operations
2. Continued to focus on mass gaming segment in the Macau Peninsula fully utilizing its patented high-tech innovative electronic table gaming experience into the Group-managed satellite casino, which aims to increase not only the operational efficiency but also patrons' gaming experiences
3. Continued to sell and provide upgrading services to **LMG** terminals in Macau
4. Reported encouraging results, and positive feedbacks, orders and re-orders from the debut of our self-developed **Slot** machines in the North American markets
5. Continued investment in R&D of electronic gaming equipment and systems to create more innovative gaming products that align well with casinos of mass market
6. Investment in R&D on AI and other high-tech products in areas of health, sports, education and living, etc.

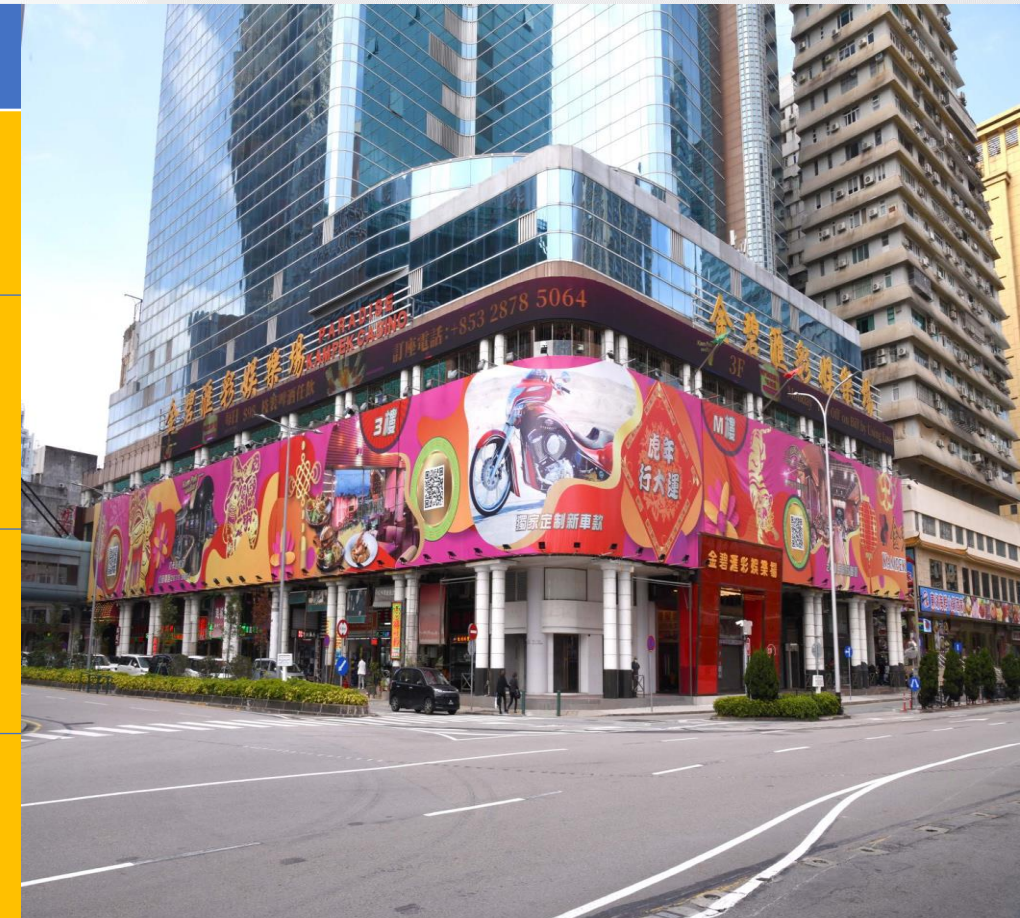




## Casino Management Services

# GAMING TABLES AND MACHINES IN OPERATION

(Average number of units)		FY2021	FY2020
 (managed by the Group since Aug 2008)	<i>Traditional gaming tables</i>	39	39
	<i>LMG gaming tables/machines</i>	10/486*	10/537*
	Total gaming tables	49	49
	<i>Slot machines</i>	89*	77*



Note: \* = Due to the pandemic with the safety distancing measures imposed by the Macau government, around half of the machines under the Group's management could be put into operations



# DEPLOYMENT OF GAMING MACHINES

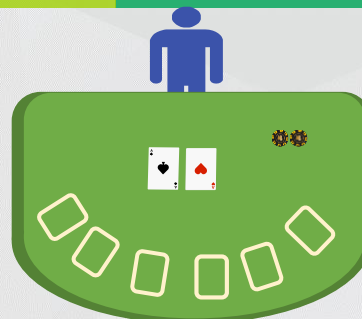
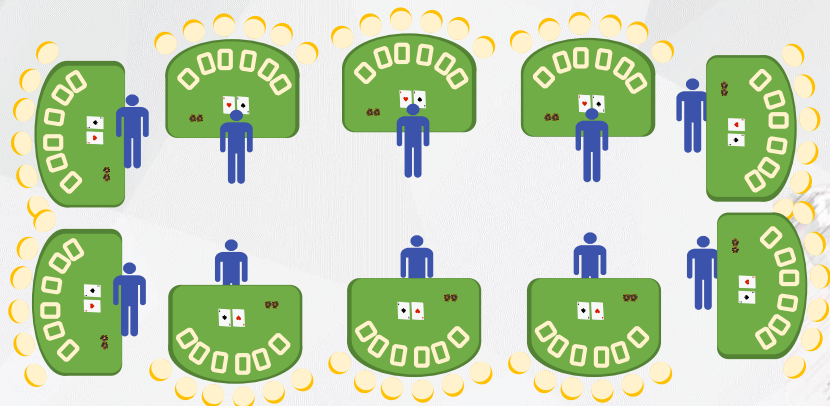


	FY2021 (Number of machines)	FY2020 (Number of machines)
<b>LMG</b> machines in Macau: <ul style="list-style-type: none"><li>- sale (for the year)</li><li>- provision of upgrading services (for the year)</li></ul>	116 1,607	20 438
<b>Slot</b> machines overseas: <ul style="list-style-type: none"><li>- sale (for the year)</li><li>- under lease (up to end of year)</li></ul>	99 220	23 70

LTGame



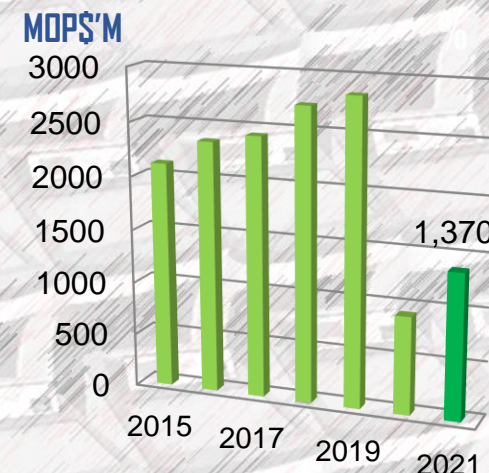
## WHY LMGs IN CASINOS?



LMG Table Machine  
Ratio in Casino  
Kam Pek Paradise

**1:100**

DICJ Gaming Statistics LMG Gross Revenue



Total LMG GGR  
in Macau  
FY2021

**MOP 1.37 bn**

Total number of  
LMG terminals  
deployed globally

**5,000+**

### Advantages of LMG over Traditional Gaming Tables:

- Improve gaming efficiency and reduce labor costs
- Increase game security and reliability
- Keep privacy of players with lower minimum wager
- Premium gaming experience for mass segment gaming players
- Can meet specific measures and requirements for maintaining appropriate social distance

Traditional Mass Table	
Single Shift	Single Day
1 pit manager	45 staffs
2 supervisors	
12 dealers	
Tables required	10 tables
Customers Served	
Maximum number of customers (Seats)	Max 60 - 80

LMG Stadium	
Single Shift	Single Day
1 supervisor	12 staffs
3 dealers	
Tables required	1 table, 2 games simultaneously
Customers Served	
Maximum number of customers (Seats)	Max 80

Comparison	
+ Increase / - Save	The cost of staffs can be saved every month (HK\$)
- 9 Tables	
+ 10 Games	
- 3 pit managers	
- 3 supervisors	(150,000)
- 27 dealers	(105,000)
- 33 staffs	(675,000)
	<b>(930,000)</b>



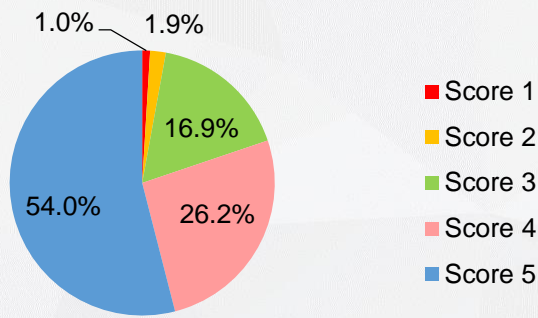
Note: One pit 10 tables set up floor space can fit 80-seater LMG stadium gaming



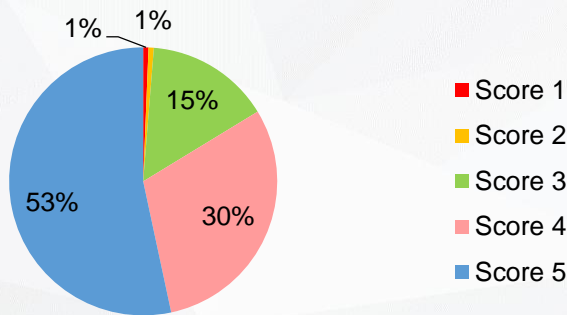
# SURVEY ON SATISFACTIONS WITH LMGs

The survey was conducted at Casino Kam Pek Paradise from November to mid-December 2021, successfully interviewed 313 casino guests randomly and asked them about their satisfactions with LMGs. The survey included quality of sound and picture, comfort of seats and related areas, privacy and safety of guests, accuracy of betting and pay outs, fairness of games, reliability of live streaming live cards, and the overall satisfaction level, etc.

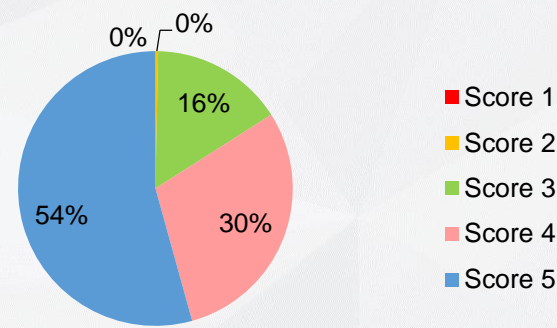
1. When experiencing LMGs, I think my financial privacy and personal information are well protected.



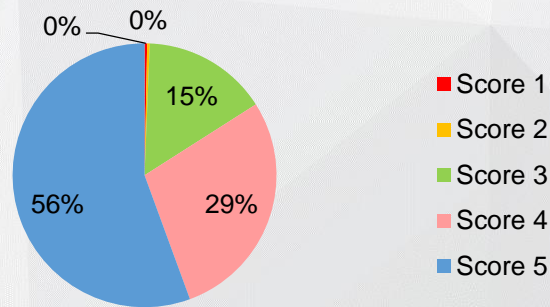
2. The calculation of game results and payouts by the LMGs is very accurate, and no error is noted.



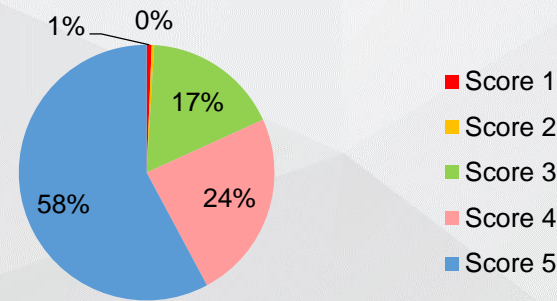
3. The LMGs can broadcast the games and results in real time which is reliable.



4. I am very satisfied with the overall performance of the LMGs.



5. The overall gaming experience of the LMGs is very enjoyable.



Our guests are very satisfied with the overall entertainment experience of our LMGs

Remarks: Scoring 1 to 5 points, 1 point is the most dissatisfied, 5 points are the most satisfactory

# OVERVIEW OF SLOT MACHINES WORLDWIDE

Geographic Location	# of Slots	%
Africa	32,766	2.2%
Asia & Middle East	55,393	3.7%
Caribbean	26,236	1.8%
Central & South America	268,253	17.9%
Europe	309,824	20.7%
North America	762,896	51.0%
Oceania	18,884	1.3%
Cruise Ships	20,567	1.4%
Total	1,494,819	100.0%

Source: Casino City's Global Gaming Almanac 2020

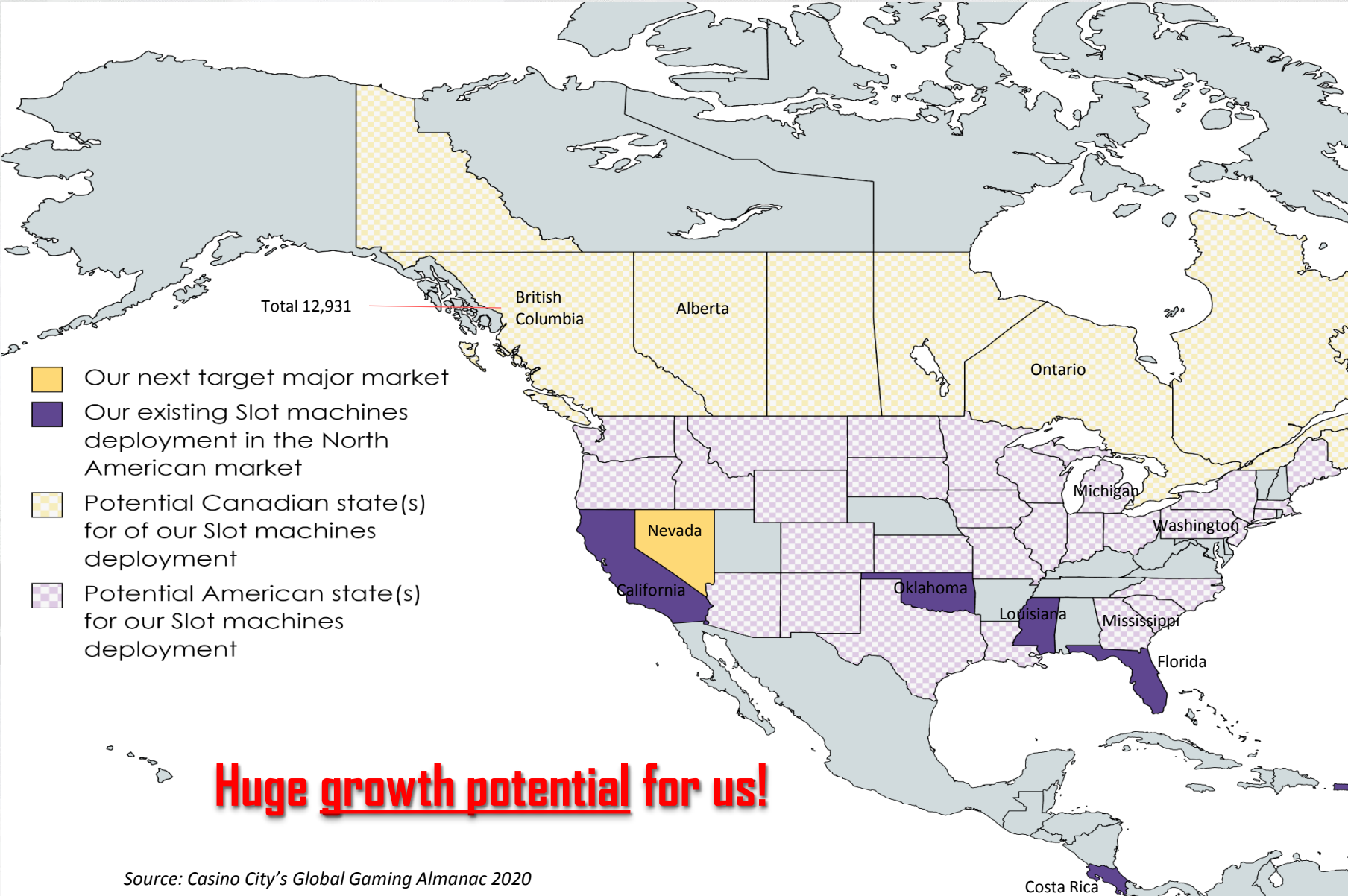


Paradise's primary strategic focus and major markets in the deployment of self-developed **Slot** machines

Around 1.5 million slot machines globally



# WHO ARE USING OUR SLOT MACHINES IN NORTH AMERICA?



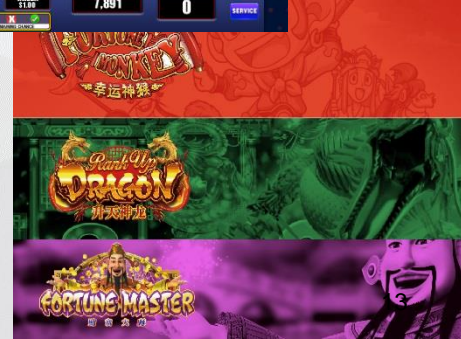
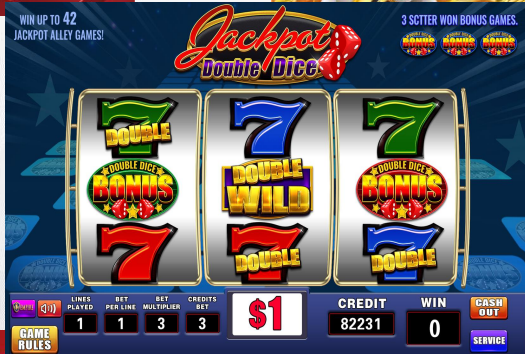
	Geographic locations	# of slots deployed by the Group*	# of total slots	% of total North America market
North America	Nevada	-	168,670	24.1%
	California	119	75,602	10.8%
	Oklahoma	145	44,987	6.4%
	Mississippi	32	30,964	4.4%
	Michigan	-	30,563	4.4%
	Washington	-	29,897	4.3%
	Louisiana	-	27,599	4.0%
	Florida	22	18,667	2.7%
	Others	-	335,947	38.9%
	Sub total	318	762,896	100%
Others	Puerto Rico	12	-	-
	Costa Rica	12	-	-
All	Total	342	1,494,819	

\*as of 31/12/2021

Huge growth potential for us!



# OUR FAST-GROWING SLOT GAME LIBRARY





# EXPECTED INCREASE IN DEMAND OF GAMING MACHINES

	Macau Total Gross Gaming Revenue (Annual)					Percentage to Macau Total Gross Gaming Revenue				
	Mass market tables	Live multi game machines	Slot machines	VIP tables	Total	Mass market tables	Live multi game machines	Slot machines	VIP tables	Total
	MOP'm	MOP'm	MOP'm	MOP'm	MOP'm	%	%	%	%	%
2016	90,516	2,350	11,384	118,960	223,210	40.6%	1.1%	5.1%	53.3%	100.0%
2017	99,475	2,431	13,164	150,673	265,743	37.4%	0.9%	5.0%	56.7%	100.0%
2018	118,973	2,728	15,048	166,097	302,846	39.3%	0.9%	5.0%	54.8%	100.0%
2019	139,249	2,840	15,138	135,228	292,455	47.6%	1.0%	5.2%	46.2%	100.0%
2020	29,763	923	3,475	26,280	60,441	49.2%	1.5%	5.7%	43.5%	100.0%
2021	52,286	1,370	4,718	28,489	86,863	60.2%	1.6%	5.4%	32.8%	100.0%

## Increase in GGR of gaming machines as a percentage of Macau's total GGR

With the outbreak of Covid-19 pandemic, awareness of public health is increasing, and gaming machines can provide customers with a more private, reclining and safe environment to casino patrons

## Increase in mass GGR and decrease in VIP GGR

In recent years, Macau government has put much effort to promote the development of Macau into a world tourism center, as well as diversification of local businesses. Such policies have reduced the number of VIP customers who come to Macau to gamble solely. On the other hand, more tourists will come to Macau for sightseeing and leisure and these tourists will also go to casinos to have moderate gaming entertainment

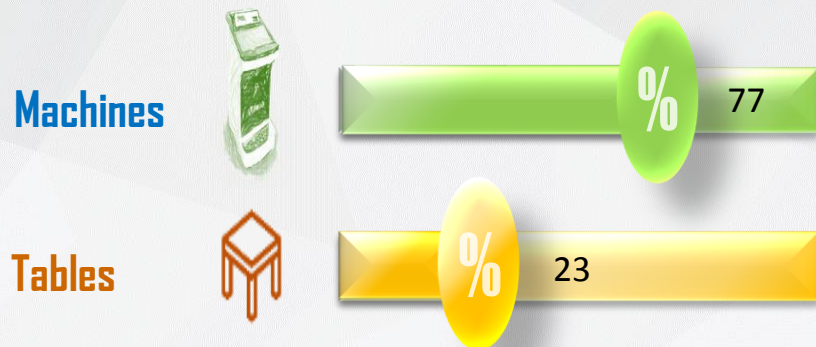
## Operating cost of traditional gaming tables keep increasing

In Macau, operating cost of traditional gaming tables, especially staff expenses, keeps increasing year-by-year, resulting in an increase in the minimum wage amount for the relevant tables, which may not be affordable for customers. So the demand for gaming machines (operating costs are relatively low) in casinos will be increased

**Demand for electronic gaming machines is expected to increase significantly**

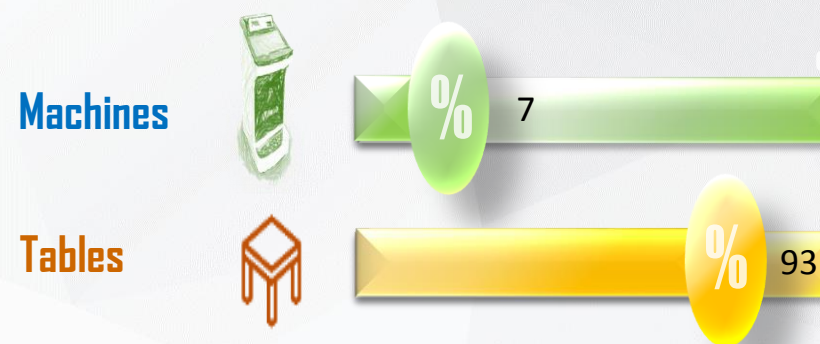
# GGR OF GAMING MACHINES VS GAMING TABLES

## North American markets (now)



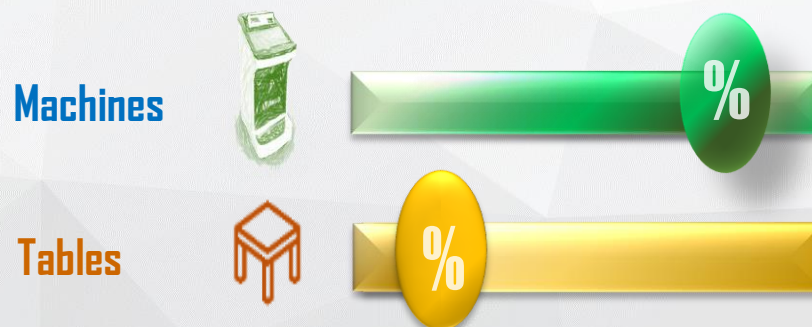
Source: American Gaming Association Statistics 2021

## Macau markets (now)



Source: DICJ Gaming Statistics 2021

## Macau and other South-east Asian markets (future)



**Huge potential growth demand for electronic gaming machines**



## AI AND OTHER HIGH-TECH PRODUCTS

In view of the trend of global attention to public health in recent years, the Group increases its R&D investment on high-tech healthcare innovative products to provide customers with the demand for professional solutions for high-tech products in health, sports and education, etc.





# 4. Financial Update

For the year ended 31 December 2021





# FINANCIAL HIGHLIGHTS – 2021 ANNUAL RESULTS

GGR

Casino Kam Pek Paradise

HK\$ **761.7** m  
(2020: HK\$556.6m)



Adjusted EBITDA loss

HK\$ **18.4** m  
(2020: loss of HK\$101.1m)



Reported Revenue

HK\$ **494.1** m  
(2020: HK\$351.7m)



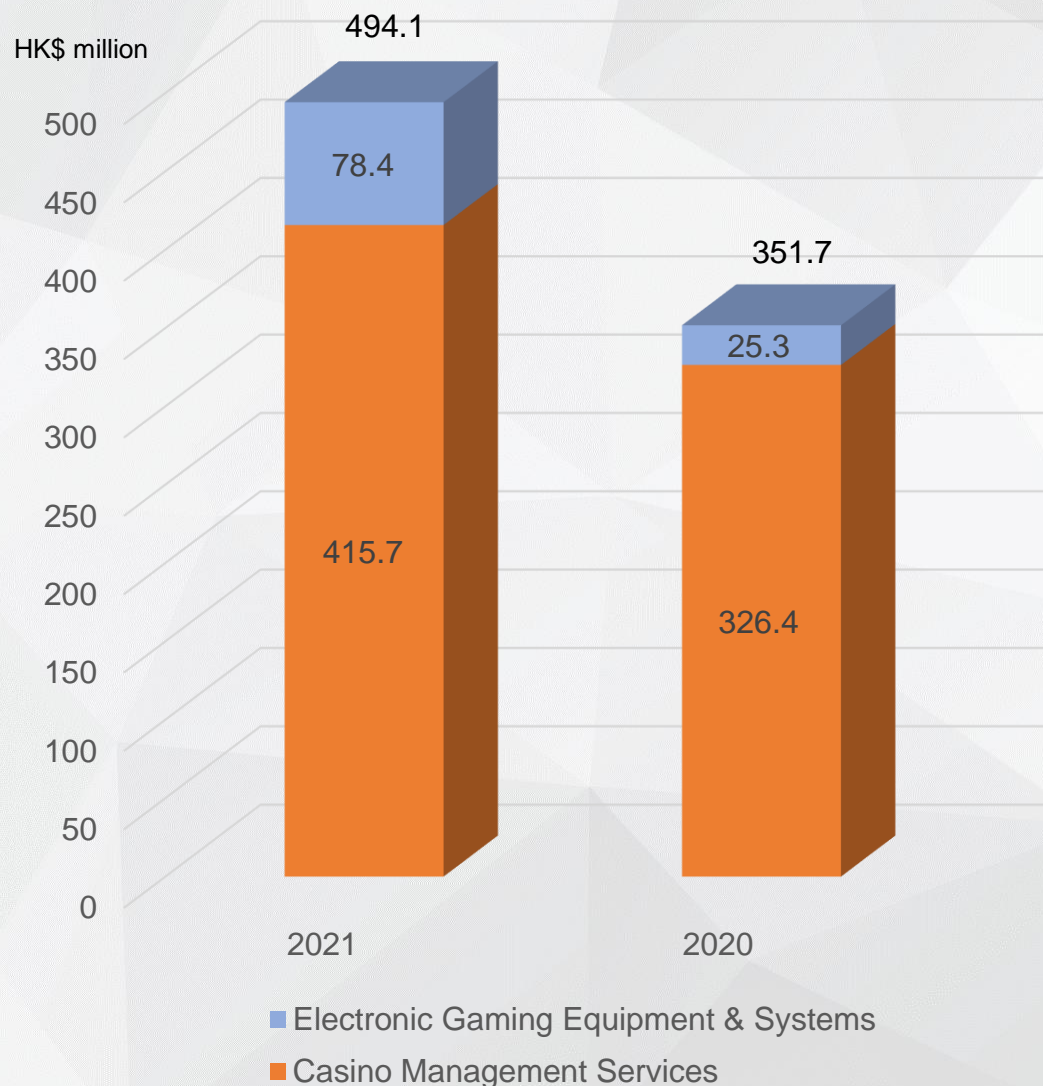
Net loss

HK\$ **88.4** m  
(2020: net loss of HK\$192.1m)



# GROUP REVENUE & ADJUSTED EBITDA

## Reported Revenue by Segment



## Group Adjusted EBITDA by Properties/Nature

HK\$ million	FY2021	FY2020
<b>Casinos under the Group's management:</b>		
• Casino Kam Pek Paradise	42.3	(42.7)
• Casino Waldo <sup>(1)</sup>	-	(17.8)
<b>Subtotal</b>	<b>42.3</b>	<b>(60.5)</b>
<b>Electronic gaming equipment and systems:</b>		
• Sale/leasing	28.6	(8.9)
• R&D and other costs	(52.6)	(64.0)
• Royalty income from IGT	2.8	1.3
<b>Subtotal</b>	<b>(21.2)</b>	<b>(71.6)</b>
<b>Other businesses <sup>(2)</sup></b>	<b>(22.8)</b>	<b>41.0</b>
<b>Corporate and other expenses <sup>(3)</sup></b>	<b>(16.7)</b>	<b>(10.0)</b>
<b>Group Adjusted EBITDA</b>	<b>(18.4)</b>	<b>(101.1)</b>

### Remarks:

(1) The Group ceased to provide casino management services in Casino Waldo since 1 March 2020. The numbers shown in the above table for Casino Waldo for FY2020 were for the period from 1 January 2020 to 29 February 2020

(2) Adjusted EBITDA of other businesses in FY2020 comprised positive contribution of HK\$53.9 million from the Group's provision of procurement services

(3) Corporate and other expenses in FY2020 comprised a net unrealized exchange gain of HK\$5.7 million (mainly from translation of the Group's bank deposits denominated in Euro into HK\$ as at 31 December 2020)



# CASINO UNDER MANAGEMENT PERFORMANCE HIGHLIGHTS



**FY2021**

**FY2020**

**FY2019**

**GGR**

- Traditional Tables

- LMG

- Slot Machines

HK\$ **761.7m** **(+36.8%)**

HK\$ **341.4m** **(+49.9%)**

HK\$ **390.7m** **(+28.4%)**

HK\$ **29.6m** **(+20.8%)**

HK\$ **556.6m** **(-56.2%)**

HK\$ **227.8m** **(-66.7%)**

HK\$ **304.3m** **(-43.1%)**

HK\$ **24.5m** **(-51.6%)**

HK\$ **1,270.2m**

HK\$ **684.9m**

HK\$ **534.7m**

HK\$ **50.6m**

**GGR Contribution**

- Traditional Tables

- LMG

- Slot Machines

44.8%

51.3%

3.9%

100.0%

40.9%

54.7%

4.4%

100.0%

53.9%

42.1%

4.0%

100.0%

**Reported Revenue**

HK\$ **415.7m** **(+37.1%)**

HK\$ **303.1m** **(-56.2%)**

HK\$ **692.7m**

**Adjusted EBITDA (loss)**

HK\$ **42.3m**

HK\$ **(42.7) m**

HK\$ **141.5m**

**Remarks: Macau Total GGR**

MOP **86,863m** **(+43.7%)**

MOP **60,441m** **(-79.3%)**

MOP **292,455m**





# KPIs FOR KAM PEK CASINO UNDER MANAGEMENT



金碧匯彩娛樂場  
KAMPEK PARADISE CASINO



FY2021  
HK\$

FY2020  
HK\$

Total GGR for the year

761.7 million

556.6 million

Traditional Gaming Tables  
GGR per table/day



24,000

22,200

LMG Gaming Tables  
GGR per table/day  
GGR per terminal/day



107,000  
2,202

83,100  
1,548

Blended Table  
GGR per table/day



40,900

38,300

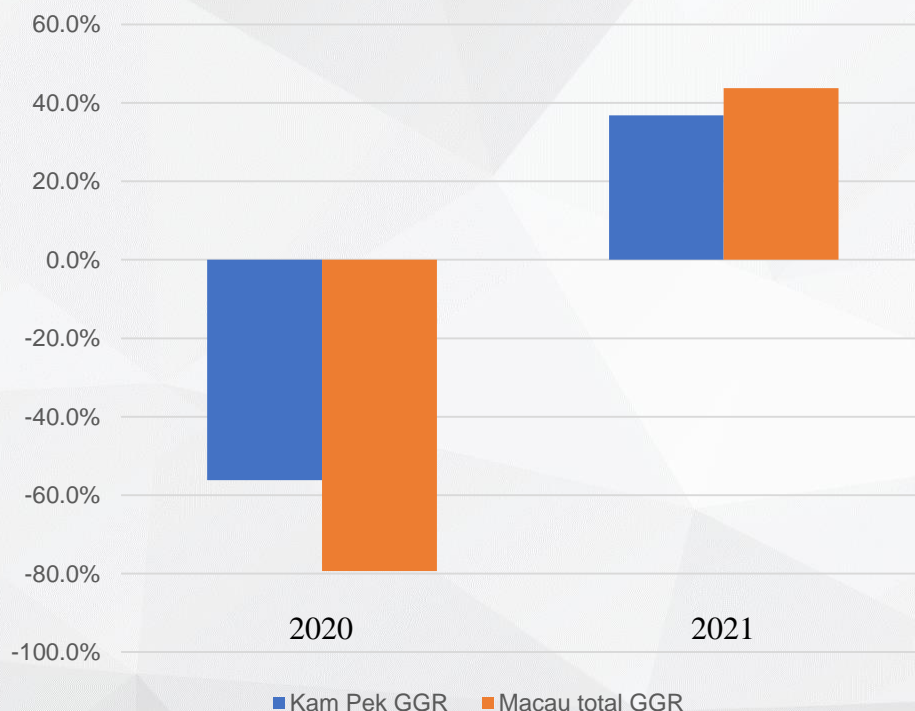


# CHANGES IN GGR: CASINO KAM PEK PARADISE VS MACAU MARKET

金碧匯彩娛樂場  
KAMPEK PARADISE CASINO

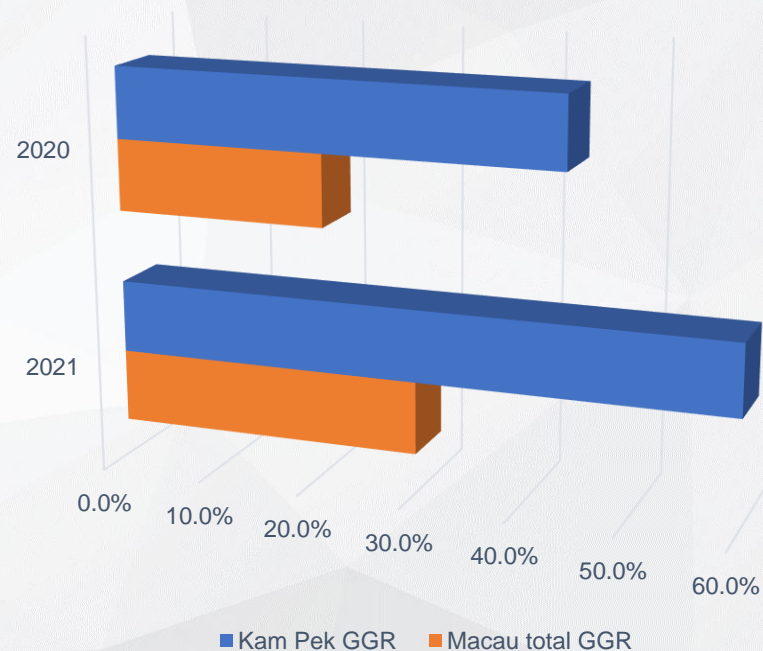


YoY change in GGR  
Casino Kam Pek Paradise vs Macau



YoY changes in GGR	2020	2021
Casino Kam Pek Paradise	-56.2%	+36.8%
Macau overall market	-79.3%	+43.7%

Percentage of GGR to  
2019 (pre-Covid-19) GGR  
Casino Kam Pek Paradise vs Macau



GGR to 2019 (pre-Covid-19) GGR	2020	2021
Casino Kam Pek Paradise	43.8%	60.0%
Macau overall market	20.7%	29.7%



# ELECTRONIC GAMING EQUIPMENT & SYSTEMS PERFORMANCE HIGHLIGHTS



	<u>FY2021</u>			<u>FY2020</u>
	<u>Macau</u>	<u>Overseas</u>	<u>Total</u>	
★ LMGs sale for the year (units)	116	--*	116	20
Upgrade of LMGs for the year (units)	1,607	--*	1,607	438
★ Slots sale for the year (units)	--	99	99	23
Slots under lease up to y.e. (units)	--	220	220	70
★ Reported Revenue	HK\$ 64.7m	HK\$ 10.9m	HK\$ 75.6m	HK\$ 24.0m
★ R&D and Other Costs incurred			HK\$ (52.6)m	HK\$ (64.0)m
★ Adjusted EBITDA (loss)			HK\$ (21.2)m	HK\$ (71.6)m

\* Remarks: In April 2016, the Group entered into a strategic agreement with IGT for overseas LMG deployment



# 5. Our Strengths, Growth and Comparative Advantages

## Net cash position

Flexibility to look into new corporate finance projects

## Patents

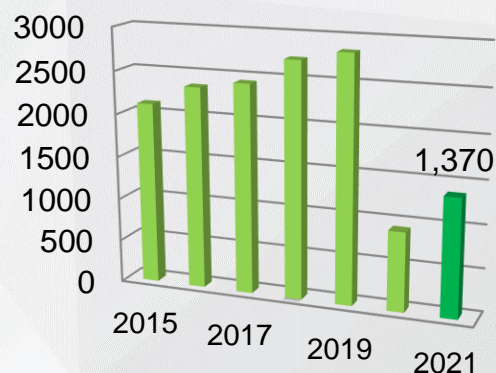
Patented rights for innovative gaming systems and gaming equipment:

- Great potential Macau market penetrations in ETGs due to increase labour costs and Covid-19 health measures;
- High potential penetrations for slot machines in North America and other States in the US.



## DICJ Gaming Statistics LMG Gross Revenue

MOP\$'M



## Steady flow of profit

Supported by the casino management of Casino Kam Pek Paradise

## LMG

Limited tables, more seats, mass market

## R&D expansion

Mainland China, Macau, Taiwan, US, Australia for testing and developments  
Continuous pipeline of innovative gaming products





## 6. Contacts Information



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