



PARADISE ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

REPORTS 2022 ANNUAL RESULTS

Hong Kong, 28 March 2023 – Paradise Entertainment Limited (“Paradise” or the “Company”, together with its subsidiaries referred to as the “Group”) (HKEx stock code: 1180) announces today its audited consolidated annual results for the year ended 31 December 2022.

2022 ANNUAL RESULTS HIGHLIGHTS

Overall

- Group’s reported revenue decreased by 39.7% year-on-year to HK\$297.8 million
- Group’s Adjusted EBITDA for the year was a loss of HK\$109.0 million
- Group’s loss for the year was HK\$166.3 million

Casino Kam Pek Paradise

- Total gross gaming revenue (“GGR”) decreased by 35.6% year-on-year to HK\$490.9 million
- GGR from live-multi game (“LMG”) machines outperformed traditional gaming tables
- Incurred a loss of HK\$38.0 million to Adjusted EBITDA of the Group

Electronic Gaming Equipment and Systems

- Revenue decreased by 60.6% year-on-year to HK\$30.9 million
- Revenue from sale/lease of electronic gaming equipment and systems in Macau amounted to HK\$7.4 million
- Revenue from sale/leasing of electronic gaming equipment and systems in overseas markets (mainly from the North American markets) amounted to HK\$21.3 million
- Incurred a loss of HK\$53.6 million to Adjusted EBITDA of the Group

Balance Sheet

- Cash and cash equivalents of HK\$20.2 million
- Gearing ratio of 119.4% (total borrowings over net assets)

Dr. Jay Chun, Co-Chairman and Managing Director of Paradise commented, “The Covid-19 pandemic and other uncertain external factors including geopolitical tensions, global surging inflation and interest rate hike, etc. remain a continuing challenge to the gaming and entertainment industry and other business sectors in 2022.”



Total reported revenue of the Group for the year ended 31 December 2022 was HK\$297.8 million, representing a decrease of 39.7% over that of HK\$494.1 million for the year ended 31 December 2021. The decrease was mainly due to the decrease in revenue from the provision of casino management services in Macau and the sale/leasing of electronic gaming equipment and systems in Macau, which was partially offset by the increase in revenue from sale/leasing of electronic gaming equipment and systems in overseas markets.

Casino under the Group's Management

For the year ended 31 December 2022, total GGR generated by Casino Kam Pek Paradise amounted to HK\$490.9 million, representing a decrease of 35.6% over that of HK\$761.7 million for the year ended 31 December 2021. Adjusted EBITDA from the casino under the Group's management segment for the year ended 31 December 2022 was a loss of HK\$38.0 million, as compared with a profit of HK\$42.3 million for the year ended 31 December 2021. The turnaround from profit to loss was mainly due to the decrease in GGR generated by Casino Kam Pek Paradise when compared with that generated for the year ended 31 December 2021.

Electronic Gaming Equipment and Systems

For the year ended 31 December 2022, revenue from electronic gaming equipment and systems segment amounted to HK\$30.9 million, representing a decrease of 60.6% over that of HK\$78.4 million for the year ended 31 December 2021. For the year ended 31 December 2022, revenue from electronic gaming equipment and systems derived mainly from the provision of upgrading services to 149 LMG terminals in Macau and the sale of 498 units of slot machine in overseas markets. Adjusted EBITDA from the electronic gaming equipment and systems segment for the year ended 31 December 2022 was a loss of HK\$53.6 million, as compared with a loss of HK\$21.2 million for the year ended 31 December 2021, which included the Group's investment of HK\$37.4 million in research and development and other costs on electronic gaming equipment and systems for the year ended 31 December 2022 in order to enhance its product specifications and competitive advantages, attract potential customers and increase market penetration and shares in the long run.

Prospects

Dr. Chun added, "The negative impact of the outbreak of the Covid-19 pandemic is expected to subside in the near future. Entering 2023, we see some green shoots of recovery and the Macau government has started to ease travel restrictions and lifted its quarantine requirements for inbound business and tourist travellers since early 2023. We believe this will help attract foreign investors and tourism to Macau after the reopening of the borders between Mainland China, Hong Kong and Macau. As far as the gaming market in Macau is concerned, the positive impact of arrivals remains in sight to give a tally of patrons to casinos focusing on mass markets in particular, and the local economy continues its recovery amid the easing of Covid-19 related restrictions. In addition, the enactment of the new gaming law and the signing of the new contracts in respect of the 10-year gaming concession served to clear the uncertainties regarding the prospects of the gaming industry in Macau and provide new regulations and guidelines for the healthy and orderly development of the Macau gaming industry including satellite casinos. As recovery momentum continues to build across Macau with the new legislative framework serving as a strong shield for the growth and development, we remain confident in the future of the gaming business in Macau which will become the most successful casino gaming



destination in the world, and we are cautiously optimistic about the performance of the Group in coming years.

We are particularly delighted to enter into a new service agreement with SJM Resorts, Limited (“SJM Resorts”) on 30 December 2022 for our provision of casino management services in Casino Kam Pek Paradise (which operates under SJM Resorts’ gaming concession) for the period from 1 January 2023 to 31 December 2025. Looking forward to the coming years, we will continue to apply the success of our casino management strategy in Casino Kam Pek Paradise embracing the distinctive synergies of our two principal business segments, namely, the provision of casino management services and the development, sale and leasing of electronic gaming equipment and systems to increase both the operational efficiency as well as patrons’ gaming experiences. The Group has a good reputation as a casino management service provider focusing on mass market patrons for satellite casinos in Macau, and has a strong foothold in this aspect of the gaming industry, which has been demonstrated by the outperformance of Casino Kam Pek Paradise as compared to many other satellite casinos in Macau.

We expect to continue facing unsteady headwinds while the world still faces austere economic and political uncertainties. The global geographical tensions are expected to impose great stress on the global economy, financial system, and logistics supply, amid the rise in global inflation and interest rate hikes in many countries. These uncertainties and tensions will continue to make precise prediction of the global economic growth difficult. In facing unpredictable market changes, the Group will maintain a prudent and conscientious attitude, and focus on developing its core business, continue to improve internal operation efficiency and management, and capture other good business opportunities so as to achieve steady growth and healthy returns for the Group.”

Paradise Entertainment Limited

Paradise Entertainment Limited (HKEx stock code: 1180) engages in the development, sale and leasing of electronic gaming equipment and systems, as well as the provision of casino management services in Macau. Paradise is the inventor, patent owner and sole provider of live-multi game terminals and dominates the electronic table games market in Macau. The Group has also been developing slot machines. Apart from casino management business in Macau, Paradise envisions to become a global leader in gaming equipment.

For more information about Paradise Entertainment Limited, please visit our company’s website: <http://www.hk1180.com>.

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