



Paradise

Paradise Entertainment Limited

(Incorporated in Bermuda with limited liability)

1180.HK

2023 Interim Results

29 August 2023

1. Company Overview



About Paradise

Paradise is proud to be one of the worldwide leading electronic gaming equipment and systems suppliers for high-tech and innovative products and delivers unique and professional casino management services focusing on mass markets. It also provides total solutions for supply of smart charging stations and equipment to electric vehicles

Business Segments



PROVISION OF CASINO MANAGEMENT SERVICES

- Provide casino management services to Casino Kam Pek Paradise, a satellite casino of SJM Resorts, Limited ("SJM Resorts") in Macau, which generates stable and strong net cash inflows to the Group
- Focus on mass gaming segment in the Macau Peninsula
- Fully utilise the Group's patented high-tech innovative electronic table gaming experience into the satellite casino, which is unprecedented, unique and prominent in the industry



ELECTRONIC GAMING EQUIPMENT AND SYSTEMS

- Inventor, patent-owner and sole-supplier of our flagship product **LMG** in Macau
- Deployment of new self-developed **slot** machines in North American, South-east Asian and Macau markets
- Dedicated to research and development of new innovative gaming equipment and systems
- Our high-tech innovative electronic gaming experience is fully utilised in the casino managed by us generating stable and strong net cash inflows



SMART CHARGING STATIONS AND EQUIPMENT

- Provide total solutions for smart charging stations and equipment to electric motorcycles, bicycles and vehicles, etc.
- Gather and provide analysis of scientific, comprehensive, safe and eco-friendly smart charging big data to relevant government institutions, owners or property management companies of commercial, residential or industrial premises, etc.
- Cope with the increasing demand of safe and eco-friendly smart charging stations and equipment in Mainland China

2. Business Update

For the six months ended 30 June 2023



BUSINESS UPDATE – 1H 2023

- 1) The impact of the Covid-19 pandemic on the global economy has further weakened. With the lifting of quarantine restrictions and reopening of borders, the market is gradually stepping out of the negative impact of the Covid-19 pandemic and heading towards the path of normality.
- 2) The Group entered into a new service agreement with 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.
- 3) With the reopening of borders between Hong Kong, Macau and Mainland China, revenue from the provision of casino management services for Casino Kam Pek Paradise in Macau has made a significant contribution to the improvement on the Group's business and financial results.



BUSINESS UPDATE – 1H 2023 (continued)



- 4) The enactment of the new gaming law coupled with the issuance of new gaming concessions last year marked an important milestone for the healthy and orderly development of the Macau gaming industry, in that it not only provided a set of clear and succinct regulations and guidelines to the business participants, forming a solid prognosis of the current situation and future trends, but also fully unleashed the intrinsic development potentials of the Macau gaming market.
- 5) The Group has commenced a new business activity of engaging in the supply of smart charging stations and related equipment for electric motorcycles, bicycles, and vehicles, etc. (collectively, “E-Vehicles”) to customers in Mainland China.
- 6) Given the increasing promotion of the use of innovative and renewable energy and reduction of carbon emissions, there is a potential growing demand for E-Vehicles and related smart charging stations and equipment in Mainland China.

Casino Management Services

GAMING TABLES AND MACHINES IN OPERATION

(Average number of units)		1H 2023 [^]	1H 2022
金碧匯彩娛樂場 KAMPEK PARADISE CASINO (managed by the Group since Aug 2008)	<i>Traditional gaming tables</i>	23	37
	LMG gaming tables/machines	9/872	9/495*
	Total gaming tables	32	46
	Slot machines	95	102*



The numbers shown in above table represent average number of gaming tables and machines which were in operation during the relevant periods.

[^] Pursuant to a new service contract, the Group has been allocated quotas for managing 30 gaming tables and 100 slot machines in Casino Kam Pek Paradise for the period from 1 January 2023 to 31 December 2025. In addition, the Group has been further allocated quotas for managing 10 gaming tables in Casino Kam Pek Paradise for the period from 8 May 2023 to 31 October 2023, the extension of which is subject to consent between parties concerned.

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

Electronic Gaming Equipment & Systems

DEPLOYMENT OF GAMING MACHINES



Major deployment during the period	1H 2023 (Number of machines)	1H 2022 (Number of machines)
LTG machines in Macau: - provision of upgrading services	62	84
Sale of Slot machines in overseas markets	-	498



Innovative and Renewable Energy Solutions Business in Mainland China

SUPPLY OF SMART CHARGING STATIONS AND EQUIPMENT FOR ELECTRIC VEHICLES

During 1H 2023, the Group has commenced a new business of engaging in the supply of smart charging stations and smart charging equipment for electric motorcycles, bicycles, and vehicles, etc. to customers in Mainland China.



3. Financial Update

For the six months ended 30 June 2023



FINANCIAL HIGHLIGHTS – 1H 2023

GGR

Casino Kam Pek Paradise

HK\$ **439.5** m

(1H 2022 HK\$283.1m)

+55.2% YoY



Adjusted EBITDA

HK\$ **31.0** m

(1H 2022: loss of HK\$64.4m)

**Turnaround
Loss → Profit**



Reported Revenue

HK\$ **246.7** m

(1H 2022: HK\$181.1m)

+36.2% YoY



Net loss

HK\$ **3.0** m

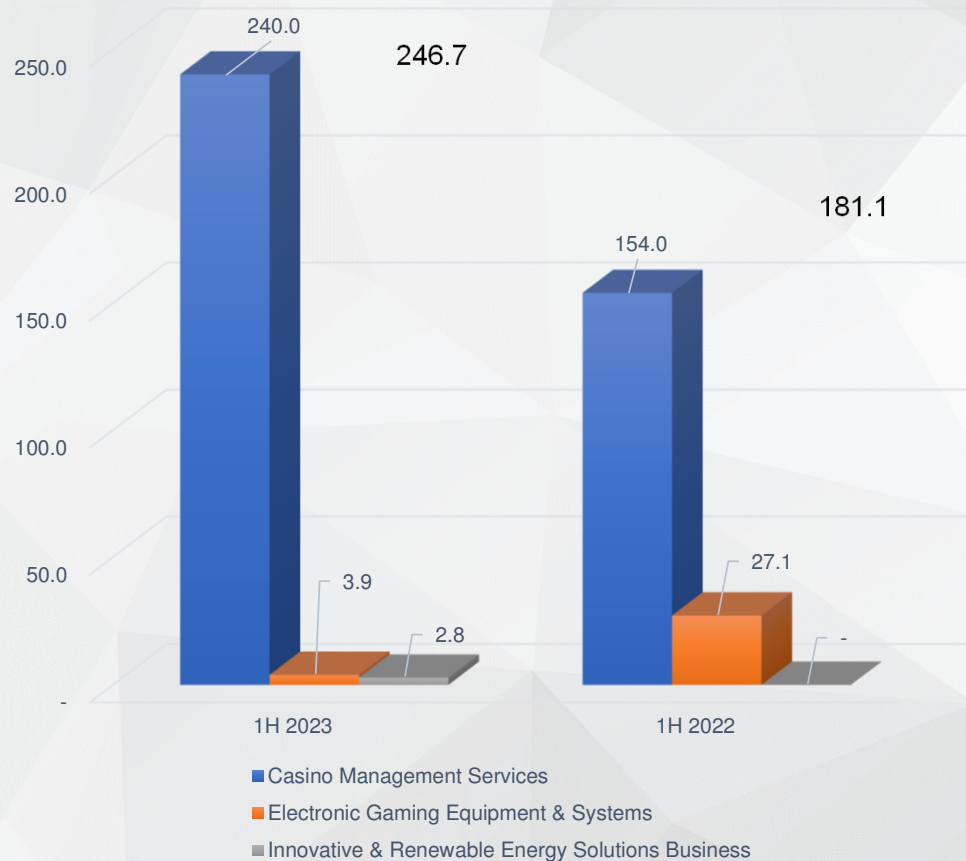
(1H 2022: net loss of HK\$96.7m)

**Loss Reduced
by 96.9%**

GROUP REVENUE & ADJUSTED EBITDA

Reported Revenue by Segments

HK\$ million



Group Adjusted EBITDA by Nature

HK\$ million

1H 2023

1H 2022

Casino under the Group's management:

• Casino Kam Pek Paradise	55.8	(23.3)
Subtotal	55.8	(23.3)

Electronic gaming equipment and systems:

• Sale/leasing	(4.0)	(9.4)
• R&D and other costs	(13.7)	(22.0)
• Royalty income from IGT	0.2	1.0
Subtotal	(17.5)	(30.4)

Other businesses	(0.7)	(3.6)
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Corporate and other expenses	(6.6)	(7.1)
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Group Adjusted EBITDA	31.0	(64.4)
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CASINO UNDER MANAGEMENT PERFORMANCE HIGHLIGHTS



1H 2023

1H 2022

GGR

- Traditional Tables

- LMG

- Slot Machines

HK\$ **439.5m** (+55.2%)

HK\$ **190.5m** (+59.3%)

HK\$ **226.5m** (+52.1%)

HK\$ **22.5m** (+54.1%)

HK\$ **283.1m**

HK\$ **119.6m**

HK\$ **148.9m**

HK\$ **14.6m**

GGR Contribution

- Traditional Tables

- LMG

- Slot Machines

43.4%

51.5%

5.1%

100.0%

42.2%

52.6%

5.2%

100.0%

Reported Revenue

HK\$ **240.0m** (+55.8%)

HK\$ **154.0m**

Adjusted EBITDA (loss)

HK\$ **55.8m**

HK\$ **(23.3)m**



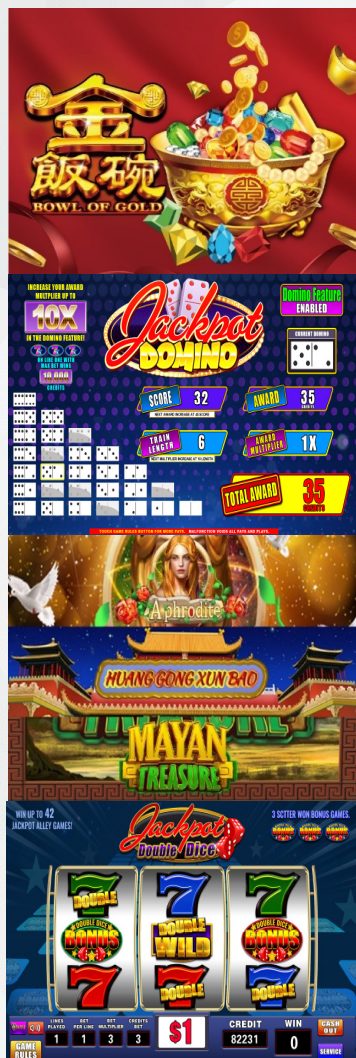
KPIs FOR CASINO UNDER MANAGEMENT



	1H 2023 HK\$	1H 2022 HK\$
Total GGR for the period	439.5 million	283.1 million
Traditional Gaming Tables GGR per table/day	45,800	17,900
LMG Gaming Tables GGR per table/day	139,000	91,400
GGR per terminal/day	1,435	1,662
Blended Table GGR per table/day	72,000	32,200



ELECTRONIC GAMING EQUIPMENT & SYSTEMS PERFORMANCE HIGHLIGHTS



Reported Revenue



R&D and Other Costs incurred



Adjusted EBITDA (loss)

1H 2023

1H 2022

Macau

Overseas

Total

Macau

Overseas

Total

HK\$ **3.7m** HK\$ **0.2m** HK\$ **3.9m**

HK\$ **4.8m** HK\$ **22.3m** HK\$ **27.1m**

HK\$ **(13.7)m**

HK\$ **(22.0)m**

HK\$ **(17.5)m**

HK\$ **(30.4)m**



4. Summary of Our Key Differentiators



Patent-Protected Technologies and Strong Team of Talents (Gaming Machines)

Inventor, patent owner and sole supplier of our flagship product **LMG** in Macau; self-developed **slot** machines to deploy in North American, South-east Asian and Macau markets; possess around 200 P&D professionals in US, Australia and China



Policy-Fuelled Growth Opportunity (LMG)

With limited table quota, casinos in Macau do not have enough tables to fill their big casinos. **LMG** terminals and accessories save valuable table quota for casinos so that they can utilise tables for the highest and best use



Over the Hurdles (Slot)

Has invested few years on R&D on **slot** cabinets and games and getting necessary certification and licences, and started to debut self-developed **slot** machines in various major gaming jurisdictions in US (Oklahoma, Mississippi, California and Florida) and regions nearby (Puerto Rico and Costa Rica)



Low Valuation (Corporate)

Comparatively, Paradise's valuation is cheaper than other Macau gaming stocks or other gaming tech companies



Increasing Demand for Electronic Gaming Machines (Gaming Machines)

Macau is shifting from VIP to mass market; awareness of public health is increasing with the outbreak of Covid-19; operating cost of traditional gaming tables keeps increasing



Synergistic Application (Gaming Machines and Casino Management)

Our high-tech innovative electronic gaming experience is fully utilised in the casino managed by us generating stable and strong net cash inflows



Policy-Fuelled Growth Opportunity (Smart Charging Stations and Equipment)

Committed unswervingly and swiftly to global substantiality for the supply of innovative or renewable energy solutions united by shared value and inspiring mission to the Central Government's major strategic deployment of "Emission Peak" and "Carbon Neutrality"



5. Contacts Information



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