



## PARADISE ENTERTAINMENT LIMITED

### REPORTS 2020 ANNUAL RESULTS

**Hong Kong, 25 March 2021** – 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 2020.

#### **2020 ANNUAL RESULTS HIGHLIGHTS**

2020 annual results were significantly affected by the outbreak of Covid-19 since early 2020 and the related measures/policies to contain the spread of Covid-19; the Group has since 1 March 2020 ceased the provision of casino management services in Casino Waldo

#### **Overall**

- Group’s reported revenue decreased by 70.2% year-on-year to HK\$351.7 million
- Group’s Adjusted EBITDA for the year was a loss of HK\$101.1 million
- Group’s loss for the year was HK\$192.1 million

#### **Casino Kam Pek Paradise**

- Total gross gaming revenue (“GGR”) decreased by 56.2% year-on-year to HK\$556.6 million
- GGR from live-multi game (“LMG”) machines outperformed relative to traditional gaming tables during the pandemic period. GGR from LMG machines accounted for 54.7% of total GGR of the casino (2019: 42.1%)
- Contributed a loss of HK\$42.7 million to Adjusted EBITDA of the Group

#### **Casino Waldo**

- The Group provided casino management services for the casino for January to February 2020 in current reporting period (the “Period”)
- GGR for the Period was HK\$43.4 million
- Contributed a loss of HK\$17.8 million to Adjusted EBITDA of the Group

#### **Electronic Gaming Equipment and Systems**

- Revenue decreased by 85.8% year-on-year to HK\$25.3 million
- Sold 20 LMG terminals and provided upgrading services to 438 LMG terminals in Macau and sold 23 slot machines overseas
- Research and development and other costs of HK\$64.0 million were incurred to Adjusted EBITDA of this segment, continue to invest to prepare for increasing competitive advantages and getting more market shares in the long run
- Contributed a loss of HK\$71.6 million to Adjusted EBITDA of the Group

#### **Other income**

- Made use of the Group’s extensive network in the PRC to provide procurement services for overseas customers
- Contributed HK\$53.9 million to Adjusted EBITDA of the Group



### **Balance Sheet**

- Cash and cash equivalents of HK\$159.6 million
- Net cash (cash and cash equivalents less bank and other borrowings) of HK\$21.0 million
- Gearing ratio of 34.1% (bank and other borrowings over net assets)

**Mr. Jay Chun, Chairman and Managing Director of Paradise commented,** “2020 has been an exceptionally challenging and difficult time for all business sectors, and the gaming industry was not an exception, as Covid-19 has impacted every sphere of life and has upended all economies including Macau, Hong Kong and nearby regions as well as the global economy, with travel, tourism, retail and gaming being some of the worst hit industries. The pandemic has brought not only the regional, but global travel and tourism industry almost to a standstill. Gaming markets in Macau and other major jurisdictions have been significantly disrupted as a result of Covid-19.”

Total reported revenue of the Group for 2020 was HK\$351.7 million, representing a decrease of 70.2% over that of HK\$1,181.8 million for 2019. The decrease was mainly attributable to a decrease in revenue from provision of casino management services as a result of the outbreak of Covid-19 since early 2020 and the cessation of our provision of casino management services in Casino Waldo since 1 March 2020, and from sale of electronic gaming equipment and systems.

### Casinos under the Group’s Management

As for the operations at Casino Kam Pek Paradise in 2020, total GGR generated by the casino amounted to HK\$556.6 million, representing a decrease of 56.2% over that of the last corresponding period of HK\$1,270.2 million. The distinctive features of our flagship product, the LMG machines, fitted well and are in harmony with the specific measures and requirements imposed by DICJ, such as keeping a safe distance between gaming tables, and between gaming machines. The beauty of the LMG machines is that they offer greater flexibilities to provide a more private, comfortable, spacious gaming environment for individual gaming patrons than what traditional gaming tables could provide. Total GGR of LMG machines at Casino Kam Pek Paradise as a percentage of total GGR of the casino increased from 42.1% for 2019 to 54.7% for 2020. This not only echoed the Group’s belief that attainment of technology and innovation shall be a key driving force to capture the rebound of the economies in good time, but also encouraged the Group when designing and developing gaming products, the objectives should not offer gaming satisfaction to patrons solely, but also highlight the importance of facilitating and prompting public health awareness on casino management strategy as a whole.

### Electronic Gaming Equipment and Systems

For 2020, revenue from electronic gaming equipment and systems segment amounted to HK\$25.3 million, representing a decrease of 85.8% over that of 2019. Revenue for 2020 comprised mainly revenue derived from the sale of 20 LMG terminals and the provision of upgrading services to 438 LMG terminals in Macau, and the sale of 23 slot machines overseas.

Albeit the tough business environment, the Group continued to invest in research and development and other costs on electronic gaming equipment and systems of HK\$64.0 million for 2020 in order to prepare for increasing our competitive advantages and getting more market shares in the long run. Adjusted EBITDA from the electronic gaming equipment and systems segment for 2020 was a loss of HK\$71.6 million, as compared to adjusted EDITDA of HK\$5.4 million for 2019.



### Other business

During the year under review, the Group has undertaken a detailed review to identify its strengths in facing this pandemic and explored other businesses in this connection for such attainments. During the extraordinary time, for instance, the Group has made use of its extensive network in the PRC to provide procurement services for overseas customers which has made positive contribution to the Group's results for the year.

### Prospects

**Mr. Jay Chun added,** “The year of 2020 was a remarkable year for our electronic gaming equipment and systems segment in terms of deployment of new slot machines. Recently, our new “Jackpot Series” has just been approved for the Macau market, which contains a group of slot games that are straight-forward, simple and perfectly suited for high denomination areas with non-progressive, standalone progress and linked progressive options. The first two games of the series approved in Macau, namely “Jackpot Tornado” and “Jackpot Bonus”, have received encouraging results in the North American markets and other games in the series are due out soon. Our another brand-new slot game, namely, “TEKKEN” series has also hit the market. Being a famous Japanese media franchise, TEKKEN centered on a series of fighting video and arcade games, which have been very popular with players over decades. The Group is dedicated to continuous innovation in the gaming equipment industry using top-notch and innovative technology to create more good gaming products that are primarily catered for mass market.

We trust technology and innovation would be the key to driving future growth despite the pandemic. The Group shall continue to focus on optimising table productivity in the casino under our management by applying cutting-edge gaming technology that has enabled our GGR per table per day in the mass market to rival the tables in other casinos in Macau. The Group will follow our unique business model to embracing more synergies of our two business segments which is complement to the development of our high-tech products.”

In recent years, the Group has also increased its investment on research and development for the attainments of innovation and breakthrough in design and applications of AI and other high-tech products with a view to fulfilling customers' needs with professional solutions on high-tech products in areas of education, sports and living, etc. These high-tech products will generate fresh revenue streams for the Group in the years ahead and we believe that high-tech and gaming industry will merge more closely in future.

Looking ahead, the Group will never rest on its laurels but will continue to acquire top talents and increase its investment in high-tech and avant-garde gaming products, aiming to explore more opportunities in the gaming technology space and expand its market share in global gaming industry. Nevertheless, we are cautious due to a range of geo-political and economic challenges and the Covid-19 pandemic which may impact consumer confidence in 2021. We remain confident in the longer-term outlook for Macau in general and believe that the Greater Bay Area integration plan will further facilitate the flow of people, logistics and capital within Macau, Hong Kong and the other cities of the Greater Bay Area and also other parts of the PRC. We will continue to support and leverage on the Greater Bay Area integration plan. The Group remains cautiously optimistic and will strive to identify new business opportunities in Macau and overseas markets and maximise returns to the shareholders of the Company.

### **Paradise Entertainment Limited**

Paradise Entertainment Limited (HKEx: 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. In addition, the Group also develops high-tech products including artificial intelligence related products in areas of education, sports and living, etc.

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

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