



## PARADISE ENTERTAINMENT LIMITED

*(Incorporated in Bermuda with limited liability)*

### REPORTS 2022 INTERIM RESULTS

**Hong Kong, 25 August 2022** – Paradise Entertainment Limited (“Paradise” or the “Company”, together with its subsidiaries referred to as the “Group”) (HKEx stock code: 1180) announces today its unaudited consolidated interim results for the six months ended 30 June 2022.

#### 2022 INTERIM RESULTS HIGHLIGHTS

##### Overall

- The Group’s reported revenue decreased by 29.8% year-on-year to HK\$181.1 million
- The Group’s Adjusted EBITDA for the period incurred a loss of HK\$64.4 million
- The Group’s loss for the period was HK\$96.7 million

##### Casino Kam Pek Paradise

- Total gross gaming revenue (“GGR”) decreased by 32.1% year-on-year to HK\$283.1 million
- GGR from live-multi game (“LMG”) machines outperformed traditional gaming tables
- Incurred a loss of HK\$23.3 million to the Adjusted EBITDA of the Group

##### Electronic Gaming Equipment and Systems

- Revenue decreased by 10.3% year-on-year to HK\$27.1 million
- Revenue from the sales/leasing of electronic gaming equipment and systems in overseas markets, mainly from North American markets, amounted to HK\$21.3 million
- Revenue from the sales/leasing of electronic gaming equipment and systems in Macau was HK\$4.8 million
- Incurred a loss of HK\$30.4 million to the Adjusted EBITDA of the Group

##### Balance Sheet

- Cash and cash equivalents of HK\$36.7 million
- Gearing ratio of 69.2% (total borrowings over net assets)



**Dr. Jay Chun, Chairman and Managing Director of Paradise commented,** “During the six months ended 30 June 2022, with the emergence of divergent variants, the global economies continued to be affected by the prolonged Covid-19 pandemic. The highly infectious variants caused significant disruptions of varying durations in Macau where we principally operate, in particular the latest lockdown in July 2022 in Macau has taken a heavy toll on the Group’s businesses for the provision of casino management services in Casino Kam Pek Paradise and as an electronic gaming equipment and system supplier.”

Total reported revenue of the Group for the six months ended 30 June 2022 was HK\$181.1 million, representing a decrease of 29.8% over that of HK\$257.9 million for the six months ended 30 June 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 six months ended 30 June 2022, total GGR generated by Casino Kam Pek Paradise amounted to HK\$283.1 million, representing a decrease of 32.1% over that of HK\$416.9 million for the six months ended 30 June 2021. Adjusted EBITDA from the casino under the Group’s management segment for the six months ended 30 June 2022 was a loss of HK\$23.3 million, as compared with a profit of HK\$39.1 million for the six months ended 30 June 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 six months ended 30 June 2021.

#### Electronic Gaming Equipment and Systems

For the six months ended 30 June 2022, revenue from electronic gaming equipment and systems segment amounted to HK\$27.1 million, representing a decrease of 10.3% over that of HK\$30.2 million for the six months ended 30 June 2021. Revenue for the six months ended 30 June 2022 comprised mainly revenue derived from the provision of upgrading services to 84 LMG terminals in Macau, and the sale of 498 slot machines in overseas markets.

The Group continued to invest a total of HK\$22.0 million in research and development and other costs on electronic gaming equipment and systems for the six months ended 30 June 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. Jay Chun added,** “The passing of the new gaming law in Macau by the Macau Legislative Assembly on 21 June 2022 served to provide new regulations and clear guidelines for the healthy and orderly development of the Macau gaming industry including satellite casinos, and to pave the way for officials to begin the process of issuing new gaming concessions, and therefore the long-term prosperity and stability of the city. Macau’s current six gaming concessions/subconcessions expired on 26 June 2022 and the Macau government agreed to extend the gaming concessions/sub-concessions for a further period up to 31 December 2022. The Group has confirmed its commitment to SJM Resorts to continue providing efficient casino management services for Casino Kam Pek Paradise to 31 December 2022. The Group shall stay tuned on the developments of the new gaming law in Macau in compliance with regulatory changes, as well as identifying cooperation opportunities in order to contribute to the Macau gaming industry within the ambit of the new gaming law.



Our flagship product, the LMG machines, made strides in the gaming industry on the improvement of the operational efficiency of casinos and the provision of an optimal solution to resolve the issue of the climbing operating costs of casinos, particularly the labour costs of dealers. The unique features of the LMG machines compromised well to meet specific measures and requirements in view of the pandemic such as keeping a safe distance between gaming tables, and between gaming machines. As the new gaming law in Macau has accelerated the demise of the VIP gaming segment, we expect that the demand for our LMG machines and other ETG machines should continue to grow. The Group remains confident that LMG machines and other ETG machines have ample room for development in the future, both in Macau and in overseas gaming markets.

Looking ahead, the Group will brave challenges such as the protracted Covid-19 pandemic, and unstable market environment and geopolitical risks, etc. Despite our efforts to mitigate the current market quandary, we expect to continue facing strong headwinds and a lot of challenges from the threats and uncertainty of the outbreak of the Omicron sub-variants or more mutations and the enactment of the new gaming law in Macau in forthcoming years. The Group will closely monitor the performance, development and potential business risks of the gaming market business and will continue to identify cooperation opportunities to contribute to the Macau gaming industry within the ambit of the new gaming law in Macau, adopt a prudent investment policy on our research and development for our electronic gaming equipment and systems, and equip well for capturing the business opportunities from increasing demand for gaming machines in the global gaming markets so as to achieve a sustainable success in the long run.”

#### **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. 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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