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GALAXY ENTERTAINMENT GROUP LIMITED

銀河娛樂集團有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 27)

ANNOUNCEMENT ON CERTAIN SELECTED UNAUDITED KEY PERFORMANCE INDICATORS FOR THE FIRST QUARTER ENDED 31 MARCH 2023

This announcement is issued pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

LETTER FROM THE CHAIRMAN OF GALAXY ENTERTAINMENT GROUP LIMITED (“GEG” or the “Company”)

Thank you for the opportunity to provide you with a broad market overview and a review of the financial performance of GEG in Q1 2023. But firstly, I would like to take a few moments to put the business performance of Q1 2023 into perspective. On 8 January 2023 the Macau Government announced the official end of COVID-19 restrictions. It has been very pleasing to see solid pent-up customer demand following the relaxation of travel restrictions. Visitors arrivals, hotel occupancy, gaming revenue and retail sales have all seen good growth. Looking forward into Q2 2023, we would expect further improvements as more existing facilities come online following additional staff recruitment, expanded flight and ferry capacity, and the opening of new amenities such as Galaxy International Convention Center (“GICC”), Raffles at Galaxy Macau and Andaz Macau. The re-opening after COVID-19 and Phase 3 expansion, will generate 900 new jobs for locals.

Moving onto our financial performance, the Group Net Revenue in Q1 2023 was HK\$7.05 billion, up 72% year-on-year and up 142% quarter-on-quarter; Adjusted EBITDA was HK\$1.91 billion, versus HK\$0.6 billion in Q1 2022 and HK\$(0.2) billion in Q4 2022. We were particularly encouraged by the performance over the Chinese New Year Golden Week which demonstrated solid demand.

Our balance sheet remained healthy and liquid. As of Q1 2023, cash and liquid investments were HK\$28.7 billion and net cash was HK\$21.3 billion. Debt of HK\$7.4 billion primarily reflects our ongoing treasury yield management initiatives.

The GICC soft opened in April and hosted its first MICE event. Our state-of-the-art Galaxy Arena also soft opened and hosted two world-class K-Pop concerts including the highly popular BLACKPINK and TREASURE. We are recruiting additional staff in preparation for the opening of the highly anticipated Raffles at Galaxy Macau and Andaz Macau which will add another 1,150 rooms bringing our total Macau hotel room count to around 6,000 rooms and suites. The upcoming launch of Raffles at Galaxy Macau will bring a new level of service and opulence to Macau.

We continue to make good progress with Phase 4, our next generation integrated resort, which will include retail, F&B, entertainment, resort deck, gaming and more upgraded hotel suites and rooms. This will bring our total Macau hotel capacity to around 7,500 rooms and suites.

We have submitted our investment plans to the Macau Government for the next 10 years and are in active discussions with the Government to refine those investment plans. We are confident that the final mutually agreed plans will further diversify and broaden GEG's non-gaming offerings, attract a more diverse customer base including international visitors and support the Macau Government's vision of becoming the World Centre of Tourism and Leisure.

GEG is committed to fulfilling its investment obligation under the new license and committed to invest in Macau's economic diversification and support the Macau Government's vision of becoming a World Centre of Tourism and Leisure by hosting a variety of world class shows and performances. We will bring known proven events to Macau to support the Government's non-gaming drive. Additionally, we will introduce new and innovative events to further diversify Macau's economy and attract international tourists. In the medium to longer term, we remain confident in the future of Macau in general and GEG specifically.

Finally, I would like to extend my sincere appreciation to all of our team members whom without their commitment we would not have been able to navigate through the pandemic. Our team members continue to deliver exceptional customer experiences and 'World Class, Asian Heart' service each and every day. Thank you.

Dr. Lui Che Woo

GBM, MBE, JP, LLD, DSSc, DBA

Chairman

Q1 2023 RESULTS

The Board of Directors (the “Board”) of GEG is pleased to announce certain selected unaudited key performance indicators of GEG and its subsidiaries (collectively referred to as the “Group”) for the first quarter ended 31 March 2023 as follows:

Q1 2023 RESULTS HIGHLIGHTS

GEG: Well Positioned for Future Growth

- Q1 Group Net Revenue of HK\$7.05 billion, up 72% year-on-year and up 142% quarter-on-quarter
- Q1 Group Adjusted EBITDA of HK\$1.91 billion, versus HK\$0.58 billion in Q1 2022 and HK\$(0.16) billion in Q4 2022
- Played lucky which increased Adjusted EBITDA by approximately HK\$59 million, normalized exclude luck factor (“Normalized”) Adjusted EBITDA of HK\$1.85 billion, versus HK\$0.57 billion in Q1 2022 and HK\$(0.12) billion in Q4 2022
- Latest twelve months Adjusted EBITDA of HK\$779 million, down 76% year-on-year and up 241% quarter-on-quarter

Galaxy Macau™: Well Positioned for Future Growth

- Q1 Net Revenue of HK\$5.35 billion, up 74% year-on-year and up 192% quarter-on-quarter
- Q1 Adjusted EBITDA of HK\$1.85 billion, up 155% year-on-year, versus HK\$58 million in Q4 2022
- Played lucky which increased Adjusted EBITDA by approximately HK\$59 million, Normalized Adjusted EBITDA of HK\$1.79 billion, up 148% year-on-year, versus HK\$98 million in Q4 2022
- In Q1, approximately 60% of rooms were staffed, occupancy of those rooms was effectively 100%

StarWorld Macau: Well Positioned for Future Growth

- Q1 Net Revenue of HK\$938 million, up 121% year-on-year and up 281% quarter-on-quarter
- Q1 Adjusted EBITDA of HK\$216 million, versus HK\$(58) million in Q1 2022 and HK\$(142) million in Q4 2022
- Hotel occupancy for Q1 was 96%

Broadway Macau™, City Clubs and Construction Materials Division (“CMD”)

- Broadway Macau™: Q1 Adjusted EBITDA was HK\$(10) million, versus HK\$(17) million in Q1 2022 and HK\$(10) million in Q4 2022
- City Clubs: Q1 Adjusted EBITDA was HK\$3 million, versus HK\$8 million in Q1 2022 and HK\$(14) million in Q4 2022
- CMD: Q1 Adjusted EBITDA was HK\$101 million, down 15% year-on-year and down 37% quarter-on-quarter

Balance Sheet: Healthy and Liquid Balance Sheet

- As at 31 March 2023, cash and liquid investments were HK\$28.7 billion and net cash was HK\$21.3 billion
- As at 31 March 2023, debt was HK\$7.4 billion which primarily reflects ongoing treasury yield management initiatives with core debt of HK\$0.4 billion

Development Update: Soft opened Phase 3 including GICC and Galaxy Arena, expect to open Raffles at Galaxy Macau and Andaz Macau later this year; Progressing with Phase 4

- Cotai Phase 3 – Soft opened GICC and Galaxy Arena, expect to open Raffles at Galaxy Macau and Andaz Macau later this year
- Cotai Phase 4 - Our efforts are firmly focused on the development of Phase 4. Phase 4 has a strong focus on non-gaming, primarily targeting Meetings, Incentives, Conferences and Events (MICE), entertainment, family facilities and also includes gaming

Macau Market Overview

All COVID-19 restrictions were lifted in the beginning of 2023 which increased visitations to Macau and associated revenue. Based on DICJ reporting, Macau's gross gaming revenue ("GGR") for Q1 2023 was HK\$33.6 billion, up 95% year-on-year and up 234% quarter-on-quarter.

In Q1 2023, visitor arrivals to Macau were 4.9 million, up 164% year-on-year and up 270% quarter-on-quarter. Mainland visitor arrivals were 3.2 million, up 88% year-on-year and up 175% quarter-on-quarter. 64% of the Mainland visitors were from the Individual Visit Scheme. Overnight visitors were 2.6 million, up 290% year-on-year and up 257% quarter-on-quarter.

Group Financial Results

In Q1 2023, the Group posted Net Revenue of HK\$7.05 billion, up 72% year-on-year and up 142% quarter-on-quarter. Group Adjusted EBITDA was HK\$1.91 billion, versus HK\$0.6 billion in Q1 2022 and HK\$(0.2) billion in Q4 2022. Latest twelve months Adjusted EBITDA of HK\$779 million, down 76% year-on-year and up 241% quarter-on-quarter.

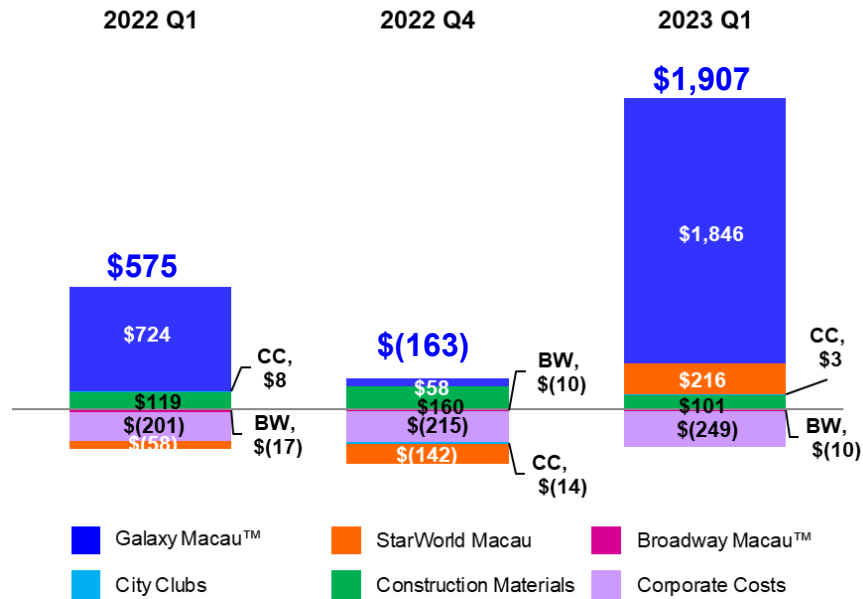
In Q1 2023, GEG played lucky in its gaming operation which increased its Adjusted EBITDA by approximately HK\$59 million. Normalized Adjusted EBITDA was HK\$1.85 billion, versus HK\$0.6 billion in Q1 2022 and HK\$(0.1) billion in Q4 2022.

Summary Table of GEG Q1 2023 Adjusted EBITDA and Adjustments:

<i>in HK\$m</i>	Q1 2022	Q4 2022	Q1 2023	YoY	QoQ
Adjusted EBITDA	575	(163)	1,907	232%	1,270%
<i>Luck</i> ¹	<i>3</i>	<i>(40)</i>	<i>59</i>	<i>-</i>	<i>-</i>
Normalized Adjusted EBITDA	572	(123)	1,848	223%	1,602%

¹ Reflects luck associated with our rolling chip program.

GEG Adjusted EBITDA (HK\$m)



The Group's total GGR in Q1 2023 was HK\$6.07 billion, up 79% year-on-year and up 233% quarter-on-quarter. Mass GGR was HK\$4.93 billion, up 86% year-on-year and up 214% quarter-on-quarter. Rolling chip GGR was HK\$794 million, up 40% year-on-year and up 436% quarter-on-quarter. Electronic GGR was HK\$337 million, up 108% year-on-year and up 227% quarter-on-quarter.

Group Key Financial Data

(HK\$m)

	Q1 2022	Q4 2022	Q1 2023
Revenues:			
Net Gaming	2,902	1,615	5,323
Non-gaming	623	504	1,033
Construction Materials	575	797	698
Total Net Revenue	4,100	2,916	7,054
Adjusted EBITDA	575	(163)	1,907

Gaming Statistics²

(HK\$m)

	Q1 2022	Q4 2022	Q1 2023
Rolling Chip Volume ³	17,914	6,815	21,548
Win Rate %	3.2%	2.2%	3.7%
Win	566	148	794
Mass Table Drop ⁴	9,463	6,311	20,675
Win Rate %	28.0%	24.9%	23.9%
Win	2,652	1,573	4,934
Electronic Gaming Volume	4,380	2,964	8,576
Win Rate %	3.7%	3.5%	3.9%
Win	162	103	337
Total GGR Win ⁵	3,380	1,824	6,065

Balance Sheet

The Group's balance sheet remains healthy and liquid. As of 31 March 2023, cash and liquid investments were HK\$28.7 billion and net cash was HK\$21.3 billion. Debt was HK\$7.4 billion which primarily reflects our ongoing treasury yield management initiatives. Core debt remained minimal at HK\$0.4 billion. This provides us with valuable flexibility in managing our ongoing operations and allows us to continue investing in our longer-term development plans.

² Gaming statistics are presented before deducting commission and incentives.

³ Represents sum of junket VIP and inhouse premium directed.

⁴ Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

⁵ Total GGR win includes gaming win from City Clubs.

Galaxy Macau™

Galaxy Macau™ is the primary contributor to Group revenue and earnings. In Q1 2023, Galaxy Macau™'s Net Revenue was HK\$5.35 billion, up 74% year-on-year and up 192% quarter-on-quarter. Adjusted EBITDA was HK\$1.85 billion, versus HK\$724 million in Q1 2022 and HK\$58 million in Q4 2022. Adjusted EBITDA margin was 35% (Q1 2022: 24%).

Galaxy Macau™ played lucky in its gaming operations which increased its Adjusted EBITDA by approximately HK\$59 million. Normalized Q1 2023 Adjusted EBITDA was HK\$1.79 billion, up 148% year-on-year, versus HK\$98 million in Q4 2022.

In Q1 due to staffing constraints just over 60% of hotel rooms were available for guests. Of those available rooms, hotel occupancy was 100%. Currently we are effectively fully staffed for our existing resorts and all rooms are available except for Broadway Hotel.

Galaxy Macau™ Key Financial Data

(HK\$'m)

	Q1 2022	Q4 2022	Q1 2023
Revenues:			
Net Gaming	2,503	1,378	4,442
Hotel / F&B / Others	228	208	470
Mall	346	248	436
Total Net Revenue	3,077	1,834	5,348
Adjusted EBITDA	724	58	1,846
Adjusted EBITDA Margin	24%	3%	35%

Gaming Statistics⁶

(HK\$'m)

	Q1 2022	Q4 2022	Q1 2023
Rolling Chip Volume ⁷	17,914	6,815	21,548
Win Rate %	3.2%	2.2%	3.7%
Win	566	148	794
Mass Table Drop ⁸	6,627	4,916	15,124
Win Rate %	32.0%	27.2%	26.2%
Win	2,121	1,335	3,970
Electronic Gaming Volume	3,021	1,925	6,290
Win Rate %	4.5%	4.2%	4.6%
Win	136	81	291
Total GGR Win	2,823	1,564	5,055

⁶ Gaming statistics are presented before deducting commission and incentives.

⁷ Represents sum of junket VIP and inhouse premium directed.

⁸ Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

StarWorld Macau

In Q1 2023, StarWorld Macau's Net Revenue was HK\$938 million, up 121% year-on-year and up 281% quarter-on-quarter. Adjusted EBITDA was HK\$216 million, versus HK\$(58) million in Q1 2022 and HK\$(142) million in Q4 2022.

Hotel occupancy⁹ was 96% for Q1 2023.

StarWorld Macau Key Financial Data

(HK\$m)

	Q1 2022	Q4 2022	Q1 2023
Revenues:			
Net Gaming	391	217	828
Hotel / F&B / Others	27	24	105
Mall	6	5	5
Total Net Revenue	424	246	938
Adjusted EBITDA	(58)	(142)	216
Adjusted EBITDA Margin	NEG ¹⁰	NEG ¹⁰	23%

Gaming Statistics¹¹

(HK\$m)

	Q1 2022	Q4 2022	Q1 2023
Mass Table Drop ¹²	2,183	1,320	5,289
Win Rate %	18.8%	17.3%	17.5%
Win	410	229	926
Electronic Gaming Volume	475	522	1,406
Win Rate %	2.2%	2.4%	2.3%
Win	10	12	32
Total GGR Win	420	241	958

Broadway Macau™

Broadway Macau™ is a unique family friendly, street entertainment and food resort supported by Macau SMEs. In Q1 2023, Broadway Macau™'s Net Revenue was HK\$18 million, up 13% year-on-year, down 5% quarter-on-quarter. Adjusted EBITDA was HK\$(10) million, versus HK\$(17) million in Q1 2022 and HK\$(10) million in Q4 2022.

⁹ Hotel occupancy is based upon available rooms.

¹⁰ NEG represents negative margin.

¹¹ Gaming statistics are presented before deducting commission and incentives.

¹² Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

City Clubs

In Q1 2023, City Clubs' Net Revenue was HK\$52 million, up 550% year-on-year and up 160% quarter-on-quarter. Adjusted EBITDA was HK\$3 million, versus HK\$8 million in Q1 2022 and HK\$(14) million in Q4 2022.

Construction Materials Division (“CMD”)

In Q1 2023, CMD delivered Adjusted EBITDA of HK\$101 million, down 15% year-on-year and down 37% quarter-on-quarter. Q1 is historically a seasonally softer quarter, additionally this year was impacted by challenging market conditions and lower levels of infrastructure and property development. The weak China market performance was partially offset by higher demand of ready-mixed concrete from Hong Kong airport for catch up works of the Three-runway System.

Development Update

Galaxy Macau™ and StarWorld Macau

We continue to make ongoing progressive enhancements to our resorts to ensure that they remain competitive and appealing to our guests.

Cotai – The Next Chapter

In April 2023, we soft opened Phase 3 GICC and Galaxy Arena. GICC has successfully hosted its first MICE event on 12 April 2023. Our state-of-the-art Galaxy Arena also hosted two world-class K-Pop concerts including the highly popular BLACKPINK and TREASURE. We are recruiting additional staff in preparation for the opening of the highly anticipated Raffles at Galaxy Macau and Andaz Macau which will add another 1,150 rooms bringing our total Macau hotel room count to around 6,000 rooms and suites. The upcoming launch of Raffles at Galaxy Macau will bring a new level of service and opulence to Macau.

We are now firmly focused on the development of Phase 4, which is already well under way. We see the premium market evolving with this segment preferring higher quality and more spacious rooms. We continue to proceed with the construction of Cotai Phase 4, our next generation integrated resort, which will complete our ecosystem in Cotai. Phase 4 will include entertainment, retail, F&B, gaming and multiple hotels. On completion our total Macau hotel capacity will be around 7,500 rooms and suites. As you can see, we remain highly confident about the future of Macau where Cotai Phases 3 & 4 will support Macau's vision of becoming a World Centre of Tourism and Leisure.

Selected Major Awards in Q1 2023

AWARD	PRESENTER
GEG	
Best Gaming Operator	Asia Gaming Awards 2023
Sustainability Award	International Gaming Awards 2023
GALAXY MACAU™	
Michelin One-Star Restaurant - 8½ Otto e Mezzo BOMBANA - Lai Heen	The MICHELIN Guide Hong Kong Macau 2023
2023 Forbes Travel Guide Five-Star Hotel - Galaxy Hotel™ - Hotel Okura Macau - Banyan Tree Macau - The Ritz-Carlton, Macau 2023 Forbes Travel Guide Five-Star Restaurant - 8½ Otto e Mezzo BOMBANA - Lai Heen 2023 Forbes Travel Guide Five-Star Spa - Banyan Tree Spa Macau - The Ritz-Carlton Spa, Macau	Forbes Travel Guide
SCMP 100 Top Tables 2023 Award - 8½ Otto e Mezzo BOMBANA - Lai Heen	South China Morning Post
EarthCheck Certified Silver - Galaxy Hotel™ - Hotel Okura Macau	EarthCheck
The Best Hotel Selected Restaurant - The Apron	iFood Award
STARWORLD MACAU	
Michelin Two-Star Restaurant – Feng Wei Ju	The MICHELIN Guide Hong Kong Macau 2023
SCMP 100 Top Tables 2023 Award - Feng Wei Ju	South China Morning Post
CMD	
Caring Company Scheme – 20 Years Plus Caring Company Logo	The Hong Kong Council of Social Service
21 st Hong Kong Occupational Safety & Health Award - Safety Management System Award - All Industries – Certificate of Attainment - Safety Performance Award - All Industries – Outstanding Award	Labour Department / Occupational Safety and Health Council

Outlook

Following the reopening of Macau in early January, Macau experienced a significant rebound in business. We are currently effectively at full staff complement for our existing resorts. We have commenced to recruit and train staff at both the Raffles at Galaxy Macau and Andaz Macau in preparation of opening later this year. We are generating 900 new jobs for locals across existing properties and our Phase 3 expansion.

In mid-April we soft opened GICC and Galaxy Arena. The addition of our MICE, exhibition and Arena positions GEG well for future growth. We expect to formally launch Raffles at Galaxy Macau and Andaz Macau later this year. The launch of these two world-class hotels will substantially increase our room capacity and drive increased customers across our existing resort assets. We continue to upgrade, renovate and introduce new and exciting concepts and amenities to our existing resorts. Looking further out we continue with the development of Phase 4. We continue to consider development and investment opportunities in both the Greater Bay Area and other jurisdictions. We are well positioned for growth with our development pipeline and our exceptionally strong, unlevered balance sheet.

We are actively marketing for international customers which will further leverage our resort offering and we are building out our entertainment offering to capitalize upon our MICE and Arena facilities. GEG has signed multi-year cooperation agreements with a number of major Mainland and international entertainment enterprises to source a broad range of cultural and entertainment events for GICC and Galaxy Arena.

Effective from June 2022, we ceased operations at Rio Casino and President Casino with the aim to optimize the Company's operational scale. All related gaming tables were effectively reallocated for better use in our Mass and Premium Mass business, including the reallocation of some former VIP tables.

Following the opening up of Macau, transportation to Macau continues to improve with increased airlift into both Hong Kong and Macau, and an increase in bus and ferry schedules to Macau. During the COVID-19 period both the Central and Macau Governments continued to expand and enhance infrastructure that enables easier access to Macau and further extends the reach of Macau into Mainland China.

With our world-class resort portfolio, significant development pipeline and strong balance sheet GEG is well positioned for longer term growth and in turn will support the Macau Government's vision of becoming a "World Center of Tourism and Leisure".

CAUTION STATEMENT

The Board wishes to remind shareholders and potential investors that the above financial data primarily relates only to a part of operations of the Group and is based on the Group's internal records and management accounts. The above financial data has not been reviewed or audited by independent auditor and is not a forecast of the performance of the gaming and entertainment division or of the Group as a whole. Shareholders and potential investors are cautioned not to unduly rely on such data and are advised to exercise caution when dealing in the shares of GEG.

By Order of the Board
Galaxy Entertainment Group Limited
Jenifer Sin Li Mei Wah
Company Secretary

Hong Kong, 22 May 2023

As at the date of this announcement, the executive Directors of GEG are Dr. Lui Che Woo (Chairman), Mr. Francis Lui Yiu Tung, Mr. Joseph Chee Ying Keung and Mrs. Paddy Tang Lui Wai Yu; the non-executive Director of GEG is Dr. Charles Cheung Wai Bun; and the independent non-executive Directors of GEG are Mr. James Ross Ancell, Dr. William Yip Shue Lam, Professor Patrick Wong Lung Tak and Mr. Michael Victor Mecca.

Website: www.galaxyentertainment.com