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PARADISE 3Q 2020 Earnings Release

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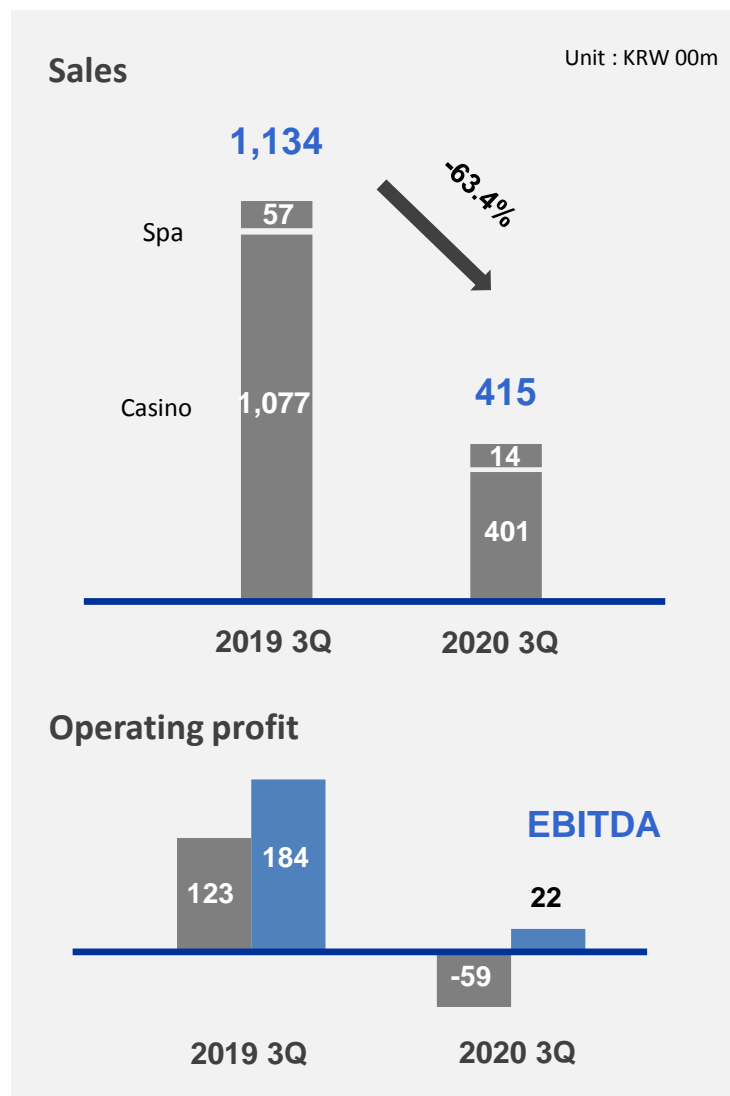
1. 3Q 2020 Earnings Summary

- After the COVID-19 outbreak, 3Q20 Sales down 67% YoY
- Operating profit turned into loss of KRW 31.1bn but loss narrowed QoQ backed by cost savings effect

KRW mn

	2020 3Q	2019 3Q	YoY (%)	2020 2Q	QoQ (%)
Sales	90,551	274,384	(67.0%)	74,636	21.3%
Casino	40,110	107,724	(62.8%)	35,554	12.8%
Hotel	19,613	25,150	(22.0%)	12,017	63.2%
Integrated Resort	29,249	135,172	(78.4%)	26,015	12.4%
Other	1,578	6,338	(75.1%)	1,050	50.2%
Cost of sales	108,518	211,252	(48.6%)	103,688	4.7%
Gross profit	(17,967)	63,131	-	(29,052)	-
SG&A	13,092	22,070	(40.7%)	15,453	(15.3%)
Operating profit	(31,059)	41,062	-	(44,506)	-
OPM (%)	-	15.0%	-	-	-
EBITDA	(5,232)	65,605	-	(18,262)	-
Net profit	(31,993)	42,334	-	(48,658)	-
Controlling interest	(16,300)	34,207	-	(31,876)	-

2-1. Earnings by Subsidiary – Paradise (Separated)



- Casino sales down 63% YoY due to overseas travel restrictions after the COVID-19 outbreak
- 3Q operating loss narrowed and EBITDA turned into profit QoQ backed thanks to the effect of cost savings

Paradise

KRW mn

	2020 3Q	2019 3Q	YoY (%)	2020 2Q
Sales	41,548	113,431	(63.4%)	36,305
Casino	40,110	107,724	(62.8%)	35,554
Spa	1,437	5,706	(74.8%)	751
Cost of sales	41,594	92,781	(55.2%)	41,630
Gross profit	(47)	20,649	nm	(5,325)
SG&A	5,865	8,368	(29.9%)	8,629
Operating profit	(5,912)	12,281	nm	(13,954)
OPM (%)	-	10.8%	-	-
EBITDA	2,161	18,414	(88.3%)	(5,697)
Net profit	3,305	22,561	(85.4%)	(10,190)

2-2. Earnings by Subsidiary – Paradise SegaSammy

Paradise SegaSammy

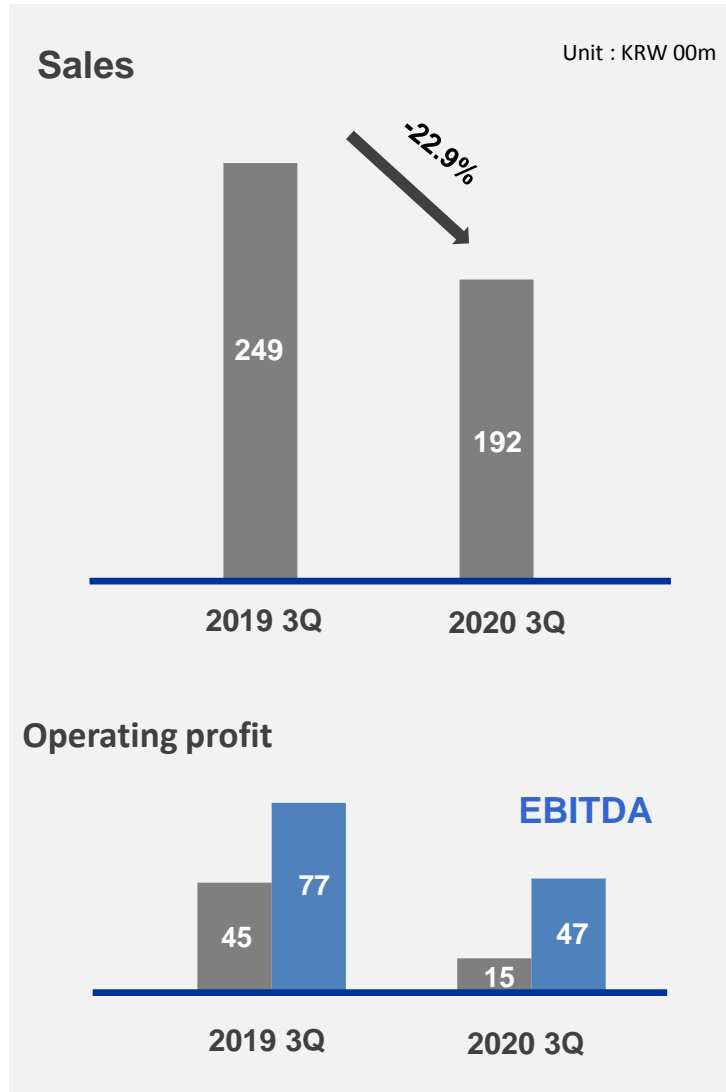
KRW mn

- **Casino sales down 86% YoY following the impact of COVID-19**
- **Hotel sales up QoQ as a recovery in domestic demand**
 - Local demand shows sign of fast recovery after eased social distancing measure from 2.5 level
- **P-City resort facilities to partially shut down from Jul 1**
 - Hotel 'Art Paradiso, Club 'CROMA', Spa 'CIMER', theme park 'WONDER BOX' was decided to temporary close
- **One-off cost related restructuring actions reflected in 3Q**
 - Made early retirement program(Sep) and start to introduce un-paid/paid leave, 3~4 days a week to employee

	2020 3Q	2019 3Q	YoY (%)	2020 2Q
Sales	29,249	135,270	(78.4%)	26,015
Casino	15,127	107,875	(86.0%)	15,989
Hotel	13,424	21,211	(36.7%)	8,594
Fun City	698	6,184	(88.7%)	1,433
Cost of sales	48,084	97,283	(50.6%)	47,721
Casino	18,901	52,404	(63.9%)	18,423
(Comp.)	196	7,229	(97.3%)	136
(Tax *)	1,695	15,489	(89.1%)	1,740
Hotel	20,779	29,835	(30.4%)	20,318
Fun City	8,404	15,043	(44.1%)	8,980
Gross profit	(18,835)	37,986	nm	(21,706)
SG&A	6,734	13,511	(50.2%)	6,508
Operating profit	(25,569)	24,475	nm	(28,214)
OPM (%)	-	18.1%	-	-
EBITDA	(11,038)	40,608	nm	(13,488)
Financial cost	10,335	10,270	0.6%	9,419
Net Profit	(35,427)	16,308	nm	(36,373)

* Note : Tourism promotion tax and Consumption tax levied on casino net sale

2-3. Earnings by Subsidiary – Paradise Hotel Busan



- Hotel sales increased 59.2% q-q following a recovery in domestic demand
- Turned into Operating profit of KRW1.5b q-q, backed by cost saving measures
- Showing signs of very fast recovery after eased social distancing measure from the level 2.5 in Sep

Paradise Hotel Busan

KRW mn

	2020 3Q	2019 3Q	YoY (%)	2020 2Q
Sales	19,155	24,856	(22.9%)	12,034
Cost of sales	12,546	14,822	(15.4%)	9,745
Gross profit	6,608	10,034	(34.1%)	2,289
SG&A	5,152	5,526	(6.8%)	3,786
Operating profit	1,456	4,508	(67.7%)	(1,447)
OPM (%)	7.6%	18.1%	-10.5 pt	-
EBITDA	4,675	7,739	(39.6%)	1,792
Net profit	955	3,739	(74.7%)	(1,652)

3. Financial Summary

Income Statement

KRW mn

	2020. 09		2019	
Sales	349,856	100.0%	979,433	100.0%
Casino	153,937	44.0%	408,306	42.0%
Hotel	45,934	13.1%	89,272	9.2%
Integrated Resort	144,994	41.4%	463,165	46.7%
Other	4,990	1.4%	18,690	2.2%
Cost of sales	376,443	107.6%	839,893	85.7%
Gross profit	(26,588)	-	139,540	14.2%
SG&A	44,130	12.6%	87,671	9.6%
Operating profit	(70,717)	-	51,868	5.3%
Pre-tax profit	(88,355)	-	15,480	1.6%
Net profit	(86,241)	-	6,730	0.7%
Controlling interest	(50,636)	-	15,105	1.5%

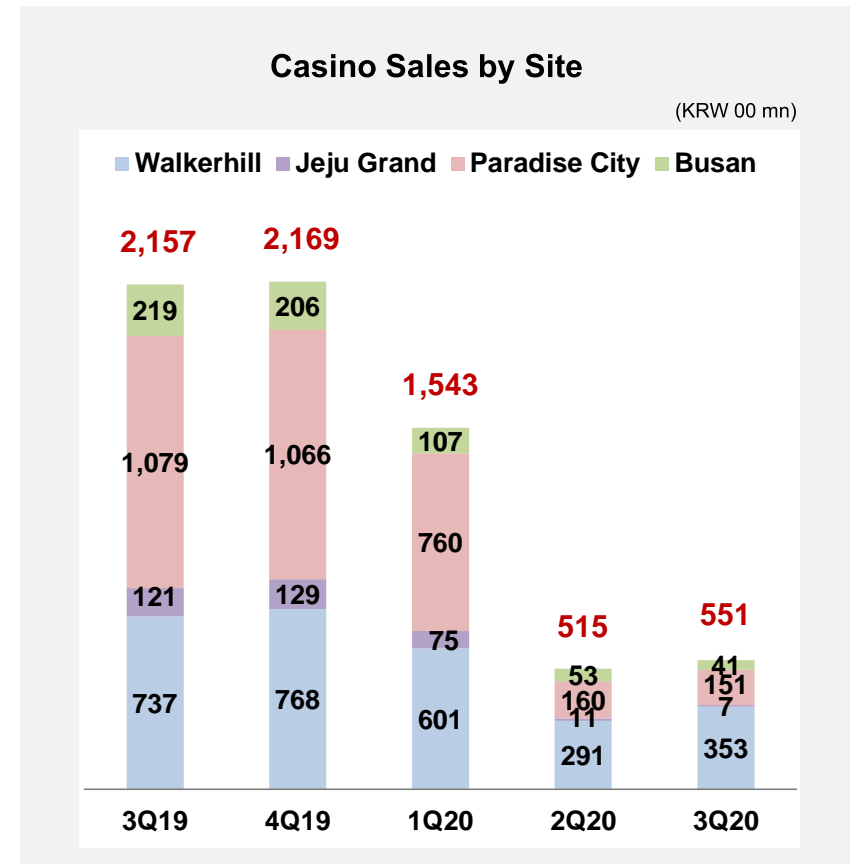
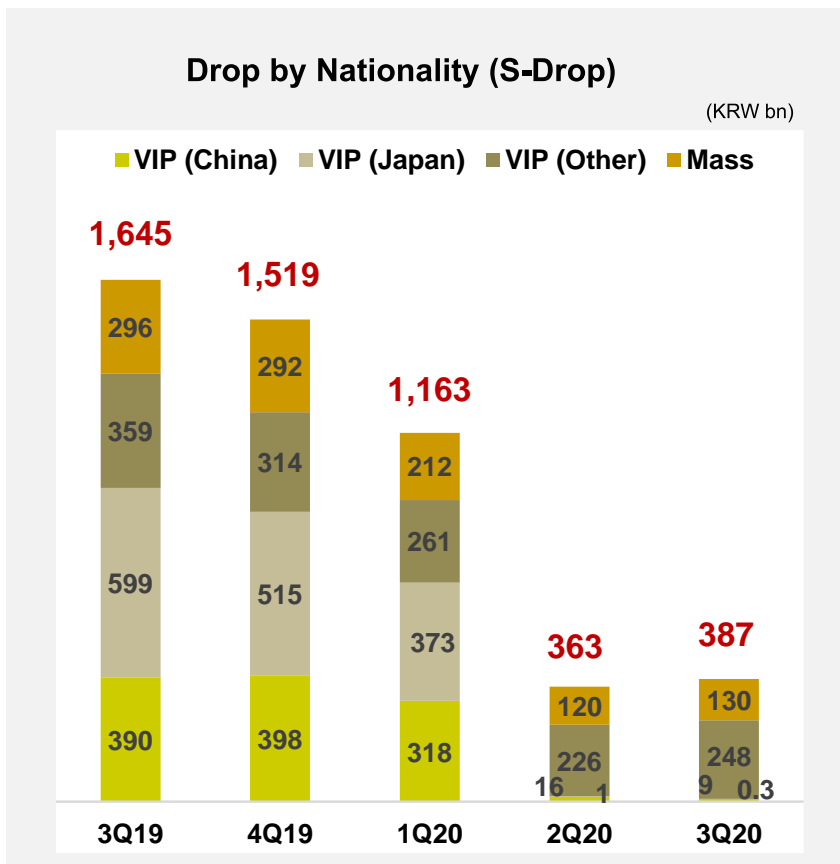
Statements of Financial Position

KRW mn

	2020.09	2019. 12	2018. 12
	Total Asset	3,313,696	3,470,583
Current assets	445,994	498,625	327,545
Cash & equivalents	405,473	431,935	266,946
Accounts receivable	10,054	31,471	22,199
Non-current assets	2,867,703	2,938,158	2,823,222
Tangible assets	2,352,825	2,449,983	2,501,941
Intangible assets	254,049	263,033	276,240
Total Liability	1,805,306	1,866,151	1,524,676
Current liability	403,210	632,417	421,769
Borrowings	152,369	292,104	108,668
Non-current liabilities	1,402,096	1,233,734	1,102,907
Bond & borrowings	999,240	825,856	897,406
Total Equity	1,508,391	1,604,203	1,626,092
Controlling interest	1,208,173	1,266,266	1,272,238

4-1. Casino Business

- Casino visitors plunged due to the impact of the COVID-19 outbreak - Facing overseas travel restrictions such self-quarantine for 14 days in Korean



Note: 1) Soft Drop: The amount of cash exchanged for chips by customers at the table
 2) Figures are based on consolidated 4 casino property.

4-2. Hotel Business

- Paradise Hotel operation trends

(ADR : '000 won)

City	Hotel		2018				2019				2020		
			1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Incheon	Paradise City	Occ.(%)	44.3	48.3	64.1	56.5	59.6	64.2	73.7	72.7	48.9	27.8	36.7
		ADR	265	276	318	283	277	281	336	290	295	281	394
	Art Paradiso	Occ.(%)	-	-	21.2	29.7	35.9	46.9	63.5	69.9	61.0	56.9	-
		ADR	-	-	107	364	342	353	413	361	318	316	-
Busan	Paradise Hotel Busan	Occ.(%)	66.0	73.0	83.7	76.5	70.4	73.6	84.2	81.0	44.4	44.7	66.6
		ADR	249	256	299	255	252	257	311	266	252	238	324
Orlando (US)	Embassy Suites Orlando Downtown	Occ. (%)	70.4	78.6	74.5	86.2	91.9	87.4	84.6	86.3	79.6	21.2	38.1
		ADR(US\$)	204	167	152	171	189	167	164	177	185	123	121

Note: Hotel Art Paradise has been temporarily closed to prevent the spread of COVID-19, from July 1, 2020 – until further notice