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PARADISE 1Q 2021 Earnings Release

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As a note, it is suggested to use this material only as a reference, as it contains information and data that are subject to changes without prior notice due to uncertainties, changes in the organizational structure, redefinition of accounting policies, etc., and may cause the actual result to differ from those stated or implied in this material.

1. 1Q 2021 Earnings Summary

- After the COVID-19 outbreak, Casino sales continue to decrease
- Hotel sales improved q-q thanks to strong local demand
- Operating loss decreased q-q driven by cost savings

KRW mn

	2021 1Q	2020 1Q	YoY (%)	2020 4Q	QoQ (%)
Sales	96,607	184,669	(47.7%)	104,026	(7.1%)
Casino	37,864	78,273	(51.6%)	54,990	(31.1%)
Hotel	15,530	14,304	8.6%	16,097	(3.5%)
Integrated Resort	42,426	89,730	(52.7%)	32,512	30.5%
Other	787	2,362	(66.7%)	427	84.4%
Cost of sales	95,691	164,238	(41.7%)	100,591	(4.9%)
Gross profit	916	20,431	(95.5%)	3,435	(73.3%)
SG&A	13,131	15,584	(15.7%)	18,868	(30.4%)
Operating profit	(12,215)	4,847	nm	(15,433)	nm
OPM (%)	-	2.6%	-	-	-
EBITDA	12,934	31,555	(59.0%)	7,334	76.3%
Net profit	(26,250)	(5,590)	nm	(80,635)	nm
Controlling interest	(18,202)	(2,461)	nm	(67,500)	nm

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



- Casino sales down 52.1% following the impact of COVID-19
- Strong cost savings minimized operating loss

Paradise

KRW mn

	2021 1Q	2020 1Q	YoY (%)	2020 4Q
Sales	38,557	80,250	(52.0%)	55,845
Casino	37,864	78,273	(51.6%)	54,990
Spa	693	1,978	(65.0%)	856
Cost of sales	37,040	69,343	(46.6%)	46,209
Gross profit	1,517	10,908	(86.1%)	9,637
SG&A	5,474	6,247	(12.4%)	13,001
Operating profit	(3,957)	4,661	nm	(3,364)
OPM (%)	-	5.8%	-	-
EBITDA	3,907	12,934	(69.8%)	5,949
Net profit	(7,534)	2,454	nm	(84,274)

2-2. Earnings by Subsidiary – Paradise SegaSammy

- **Casino sales down 53% YoY following the impact of COVID-19**
- **Hotel sales has affected by social distancing level**
 - Occupancy ratio is getting recovery quickly after easing social distancing measure in Feb
- **Ready to reopen of theme park and Spa from the upcoming summer session**
 - Resort faculties such as Hotel 'Art Paradiso, Club 'CROMA', Spa 'CIMER', theme park, 'WONDER BOX' was shut down temporarily from Jul 1, 2020
- **EBITDA turned to profit of KRW 6.9b driven by cost savings**

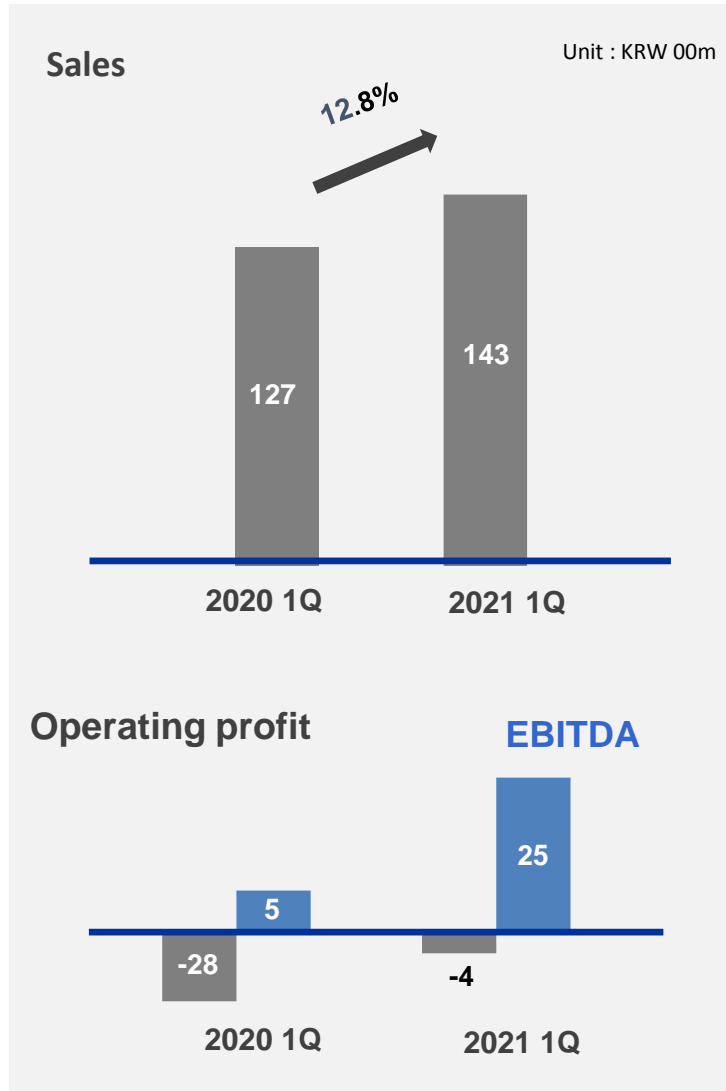
Paradise SegaSammy

KRW mn

	2021 1Q	2020 1Q	YoY (%)	2020 4Q
Sales	42,426	89,730	(52.7%)	32,520
Casino	30,201	75,820	(60.2%)	19,948
Hotel	11,445	10,855	5.4%	11,565
Fun City	780	3,054	(74.5%)	1,007
Cost of sales	42,760	78,436	(45.5%)	41,857
Casino	17,430	40,827	(57.3%)	17,139
(Comp.)	223	4,453	(95.0%)	294
(Tax *)	3,079	10,192	(69.8%)	2,036
Hotel	18,579	25,952	(28.4%)	18,403
Fun City	6,750	11,658	(42.1%)	6,316
Gross profit	(334)	11,294	nm	(9,337)
SG&A	7,186	8,826	(18.6%)	6,062
Operating profit	(7,520)	2,468	nm	(15,400)
OPM (%)	-	2.8%	-	-
EBITDA	6,888	17,515	(60.7%)	(796)
Financial cost	11,024	10,307	7.0%	11,080
Net Profit	(17,495)	(5,332)	nm	(29,111)

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

2-3. Earnings by Subsidiary – Paradise Hotel Busan



- Hotel sales increased 12.8% y-y backed by strong demand from local residents
- In May, hotel occupancy ratio from local residents expect to exceed pre-COVID level, 2019

Paradise Hotel Busan

KRW mn

	2021 1Q	2020 1Q	YoY (%)	2020 4Q
Sales	14,324	12,694	12.8%	15,340
Cost of sales	10,900	11,465	(4.9%)	11,180
Gross profit	3,424	1,229	178.6%	4,160
SG&A	3,831	4,049	(5.4%)	4,474
Operating profit	(407)	(2,820)	nm	(314)
OPM (%)	-	-	-	-
EBITDA	2,534	491	415.6%	2,903
Net profit	(679)	(2,887)	nm	(2,717)

3. Financial Summary

Income Statement

KRW mn

	2021.03		2020	
Sales	96,607	100.0%	453,881	100.0%
Casino	37,864	39.2%	208,927	46.0%
Hotel	15,530	16.1%	62,031	13.7%
Integrated Resort	42,426	43.9%	177,506	39.1%
Other	787	0.8%	5,417	1.2%
Cost of sales	95,691	99.1%	477,035	105.1%
Gross profit	916	0.9%	(23,153)	-
SG&A	13,131	13.6%	62,997	13.9%
Operating profit	(12,215)	-	(86,151)	-
Pre-tax profit	(26,157)	-	(175,416)	-
Net profit	(26,250)	-	(166,876)	-
Controlling interest	(18,202)	-	(118,136)	-

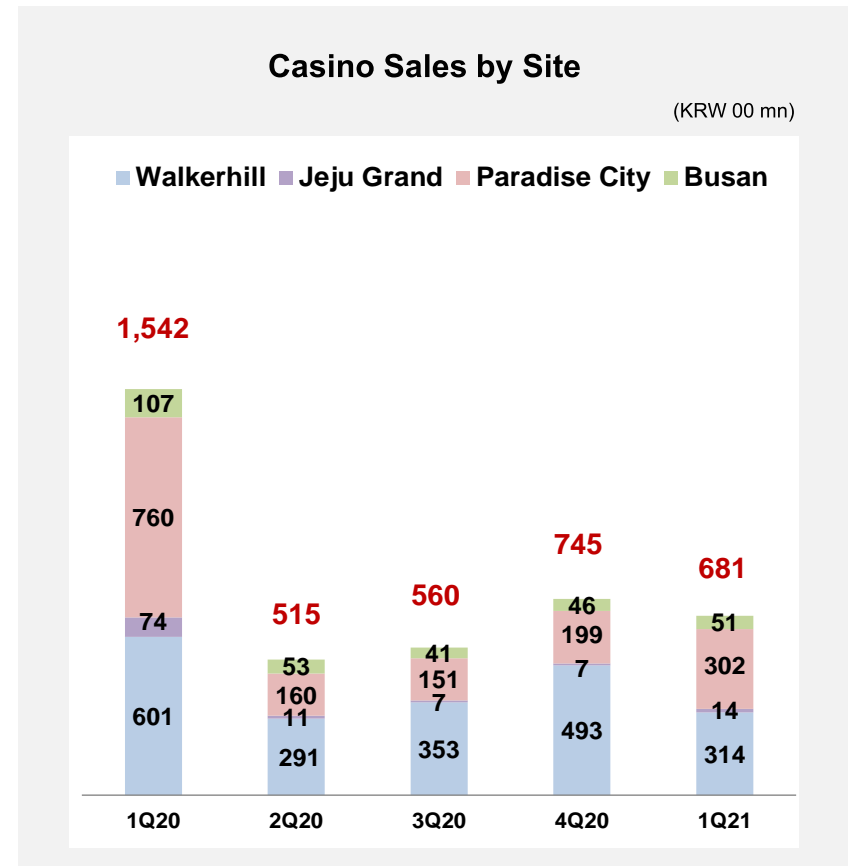
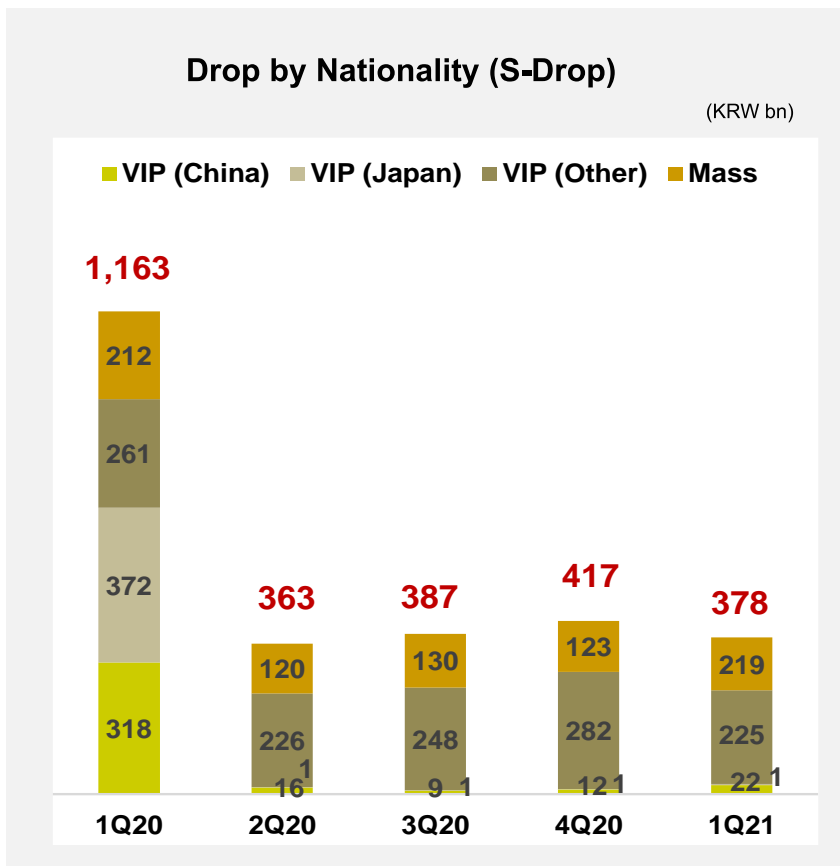
Statements of Financial Position

KRW mn

	2021.03	2020.12	2019. 12
	Total Asset	3,285,951	3,313,512
Current assets	585,844	520,916	498,625
Cash & equivalents	483,482	489,724	431,935
Accounts receivable	6,598	5,408	31,471
Non-current assets	2,700,107	2,792,596	2,938,158
Tangible assets	2,240,347	2,323,690	2,401,827
Intangible assets	203,141	204,564	263,033
Total Liability	1,871,492	1,879,962	1,866,151
Current liability	356,082	361,867	632,417
Borrowings	168,866	164,659	292,104
Non-current liabilities	1,515,410	1,518,095	1,233,734
Bond & borrowings	1,144,277	1,145,466	825,856
Total Equity	1,414,459	1,433,550	1,604,203
Controlling interest	1,130,448	1,144,352	1,266,266

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				2021
			1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
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	38.0	38.2
		ADR	265	276	318	283	277	281	336	290	295	281	394	302	290
	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	53.1	52.1
		ADR	249	256	299	255	252	257	311	266	252	238	324	262	257
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	52.3	68.9
		ADR(US\$)	204	167	152	171	189	167	164	177	185	123	121	127	137

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