



Q1'19 Earnings Presentation

Pearl Abyss Corp.
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PEARLABYSS

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This presentation contains future “expectation” data. This is related to future events and show the company's future expectations on financial and business results. However, the actual results may differ due to unexpected changes in global and domestic financial markets, changes in the industry and changes in the company's business plan.

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1. Q1'19 Overview

◆ 'Global' + 'All-round' Game Studio

✓ Service All Global Game Market

- Japan : Black Desert Mobile (*launch in 26 Feb.*)
- NA/EU : Black Desert XBOX ONE (*launch in 4 Mar.*)

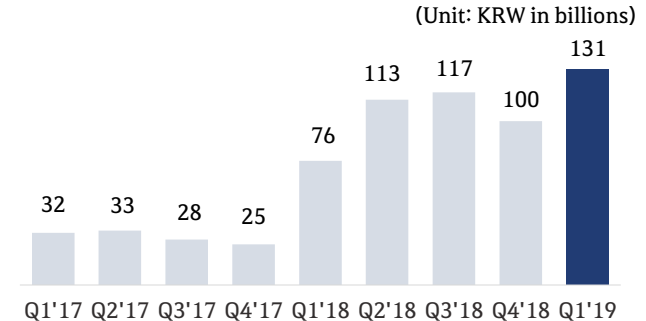
✓ Service All Game Platform

- PC, Mobile and Console Development Experience
- Experienced in Servicing Every Platform

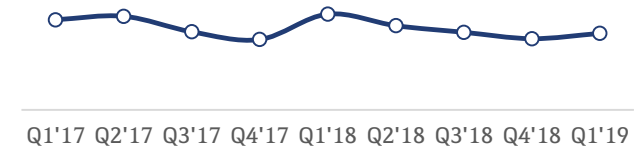
✓ Provide Stable Service

- Contents Updates
 - Continued Updates for Every Region / Platform
- User Care Activity
 - Black Desert : 'Voice of Adventure' (*Turkey, SEA, Thailand*)
 - EVE Online : EVE Invasion World Tour (*23 Mar. ~*)
 - 'Meet & Greet' Program

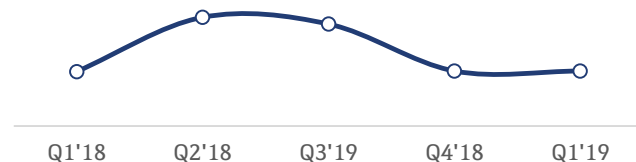
<Quarterly Operating Revenue>



<Black Desert(Global) Revenue Trend>



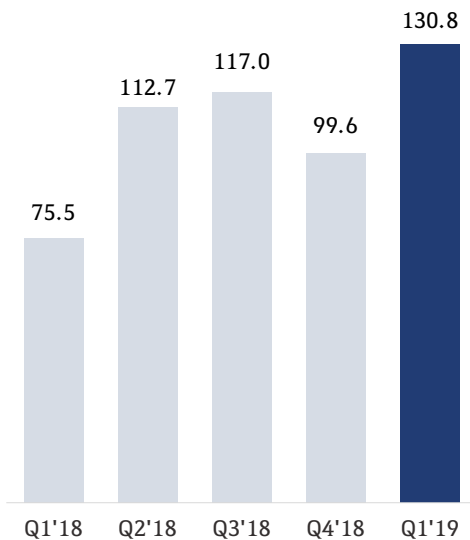
<Black Desert Mobile (Korea) Revenue Trend>



2. Q1'19 Highlights

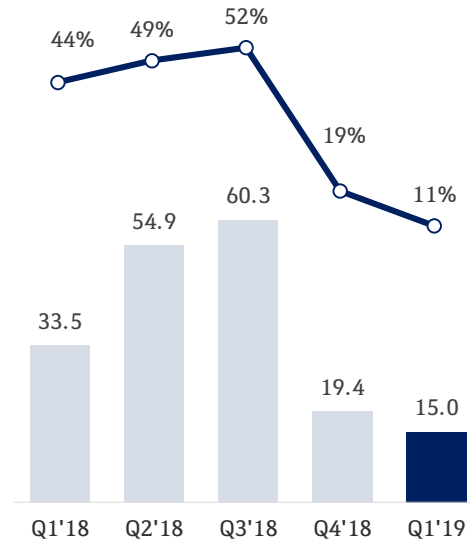
- ◆ Operating Revenue : 130.8bil., Operating Profit : 15.0bil., Net Profit : 12.5bil. (KRW)
- ◆ Record High Revenue : 31.3% increase in operating revenue (QoQ)

Operating Revenue



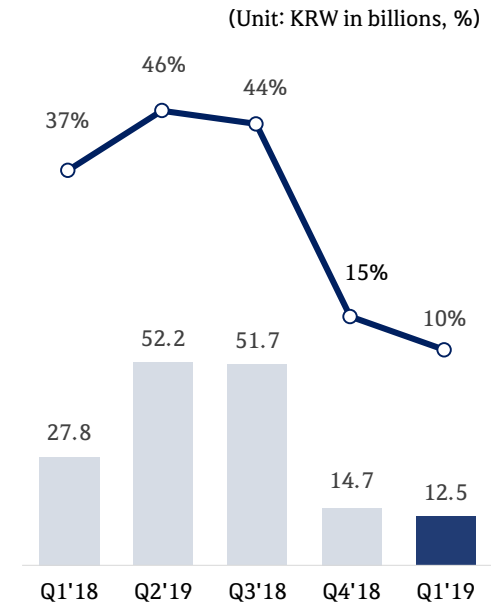
YoY 73.2 %
QoQ 31.3 %

Operating Profit



YoY -55.4 %
QoQ -22.7 %

Net Profit



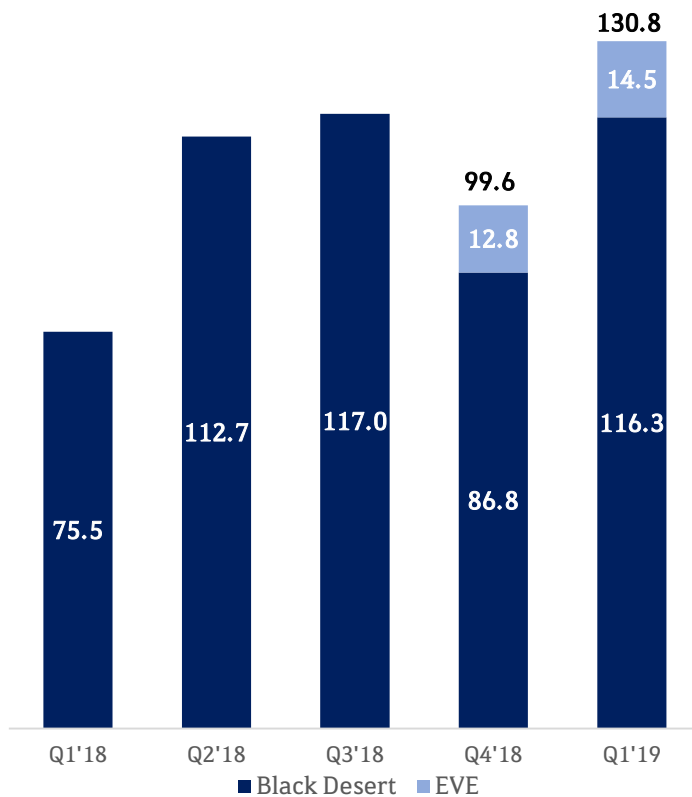
YoY -55.0 %
QoQ -15.0 %

3. Q1'19 Revenue

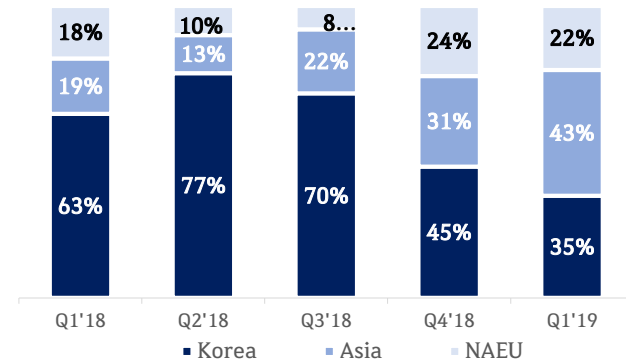
- ◆ Increase in 'Black Desert' IP revenue : BDM (JP) / BDC (NAEU) launch + Stable Revenues BD / BDM
- ◆ Recognized 16% of BDC's Sales as Q1 Revenue : Deferred Revenue

<Revenue by IP>

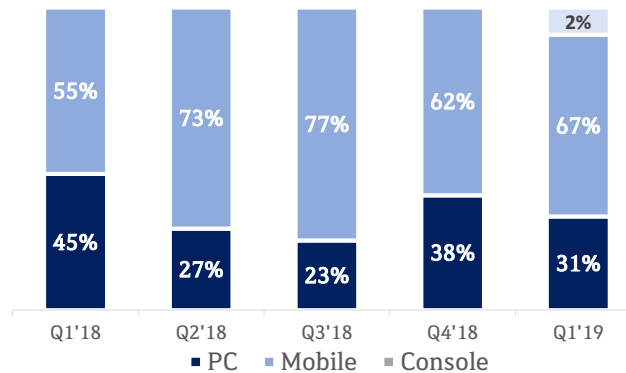
(Unit: KRW in billions)



<Revenue by Region>



<Revenue by Platform>



4. Q1'19 Expenses

◆ Operating Expenses : KRW 115.7bil. (QoQ 44.4%)

- Labor costs increased 59.9% QoQ due to incentives and salary increase
- Commissions increased 2.9% QoQ in line with increased mobile and console platform revenue
- Advertising costs increased 201.6% QoQ due to initial launching marketing fee for BDM(JP) and BDC(NA/EU)

(Unit : KRW in millions, %)

	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Ratio	% of Rev.	QoQ	YoY
Operating Expenses	41,934	57,860	56,676	80,185	115,749	100.0%	88.4%	44.4%	176.0%
Labor	9,789	14,975	11,879	21,249	33,987	29.4%	26.0%	59.9%	247.2%
Commissions	17,836	29,998	31,461	41,238	42,425	36.7%	32.4%	2.9%	137.9%
Advertising	10,506	9,195	9,959	10,029	30,251	26.1%	23.1%	201.6%	187.9%
D&A	645	700	873	2,585	3,687	3.2%	2.8%	42.6%	471.6%
etc.	3,158	2,992	2,504	5,084	5,399	4.6%	4.1%	6.2%	70.9%

※ Number of employee trends

(Unit: # of employee, %)

	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Ratio	QoQ	YoY
Employees	440	513	570	953	1,005	100.0%	1.8%	128.4%
Development	268	311	347	595	620	61.7%	4.2%	131.3%
Business / Staff	172	202	223	358	385	38.3%	5.8%	123.8%

- CCP Games and its affiliates : 275 employees

5. Q2'19 Highlights

◆ Preparing Next Tide : To be a Top Global Game Studio

✓ Preparing for a changing game landscape

- Next Generation Engine
 - Super high quality contents
 - Faster contents development speeds

✓ Secure AAA IPs

- Project K, Project V

✓ Pursue revenue growth from existing IPs

- Black Desert
 - Black Desert : Re-publishing in Korea by PA (May 30)
 - Black Desert Mobile : Global launch (early Q4)
 - Black Desert / Black Desert Mobile : Preparing China launch
- EVE
 - EVE Echoes (mobile) / EVE Franchise

✓ Strengthen Global Brand Identity

- 'Into the Abyss' event (in E3)

<Sample rendering images by new engine>



Appendix

- ▶ Consolidated Financial Statements

A1. Consolidated Financial Statements

Statement of Financial Position

(Unit : million KRW)

	2018.12.31	2019.03.31
Assets		
I . Current Assets	354,489	424,188
Cash and Cash Equivalents	228,971	140,691
ST Financial Instruments	53,092	160,061
AFS financial assets	3,958	6,674
Account receivables & Other receivables	50,016	102,346
Other Current Assets	18,452	14,416
II . Non-Current Assets	358,041	368,597
Account receivables & Other receivables	16,550	16,059
LT Financial Instruments	128	129
Financial assets measured at fair value	6,407	5,687
Tangible Assets	35,646	43,950
Intangible Assets	287,723	290,856
Investment in affiliated companies	736	740
Deferred tax asset	9,711	10,408
Other non-current assets	1,140	768
Total Assets	712,530	792,785

	2018.12.31	2019.03.31
Liabilities		
I . Current Liabilities	115,077	153,065
Other liabilities	25,933	47,975
Short-term borrowings	20,000	20,000
Current portion of long-term debt	20,000	20,000
Lease liabilities	0	1,981
Capital lease liabilities	13	0
Income taxes payable	23,503	24,794
Other current liabilities	25,628	38,315
II . Non-Current Liabilities	189,427	208,428
Other liabilities	1,740	1,927
Long-term debt	115,905	116,890
Non-current financial liabilities at fair value	27,329	27,811
Lease liabilities	0	26,297
Capital lease liabilities	20,377	0
Provision	385	386
Other non-current liabilities	0	11,349
Deferred tax liabilities	23,691	23,768
Total Liabilities	304,504	361,493
Capital		
I . Capital stock	6,472	6,508
II . Capital Surplus	192,111	198,287
III . Retained Earnings	231,580	244,129
IV . Capital Adjustments	(18,972)	(18,323)
V . Accumulated other comprehensive Income	(3,165)	691
VI . Non-controlling interests	0	0
Total Capital	408,026	431,292

※ This financial statement may change as a result of final settlements.

A2. Consolidated Financial Statements

Comprehensive Income Statement

(Unit : million KRW)

	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	2019Y YTD
Revenue	75,518	112,682	116,986	99,578	130,775	130,775
Operating Expenses	41,934	57,860	56,675	80,185	115,749	115,749
Operating Profit	33,584	54,822	60,311	19,393	15,026	15,026
Financial Income	761	6,063	(1,774)	2,447	1,682	1,682
Non-Operating Income	(135)	6	151	(390)	253	253
Income from Equity Method	73	114	(6)	(63)	33	33
Income before Income Tax	34,283	61,005	58,682	21,387	16,994	16,994
Income Tax Expenses	6,450	8,844	6,971	6,645	4,445	4,200
Net Profit	27,833	52,161	51,711	14,742	12,549	12,794

※ This financial statement may change as a result of final settlements.

Q & A