



Q2'19 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. Q2'19 Overview

◆ A Growth in All IPs + Platforms = A Record High Revenue

✓ Continued Growth from All IPs

- Direct publishing → Improved user index
- Simultaneous updates and events for all region
- Stable revenues from both BDM JP and BDC(Xbox)

✓ Diversified User Communication Channels

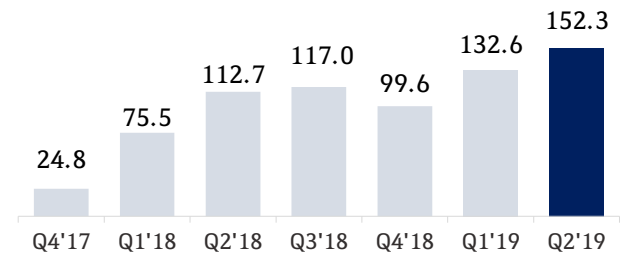
- User meetings : Into the abyss, Voice of adventure, Heidel banquet
- Events : Dinner subsidy for clans, Collaboration (a chewing gum)
- Broadcast : 'Black Desert TV', 'Game Manager' notification

✓ Technical Advancement

- Next Generation Engine : Superior graphics / Fast contents development
- Massive Multi-play Server Tech. : Integrated playground for +10,000 players

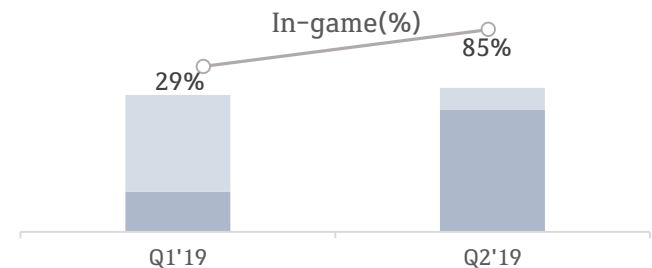
<Quarterly Operating Revenue>

(Unit: KRW in billions)



<Black Desert Console Revenue Trend>

■ Package rev. ■ In-game rev.

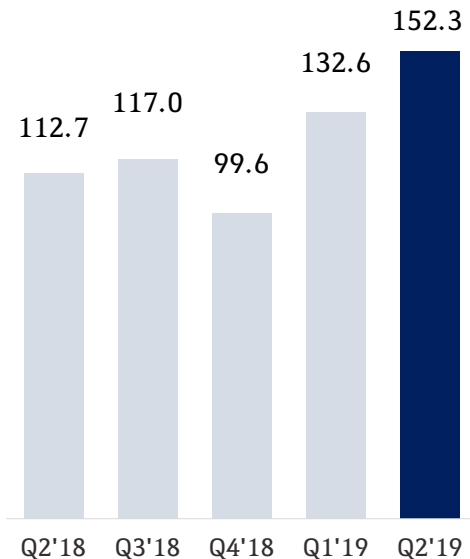


2. Q2'19 Highlights

◆ **Operating Revenue : 152.3bil., Operating Profit : 56.9bil., Net Profit : 51.6bil. (KRW)**

- A 14.9% increase in operating revenue (QoQ)

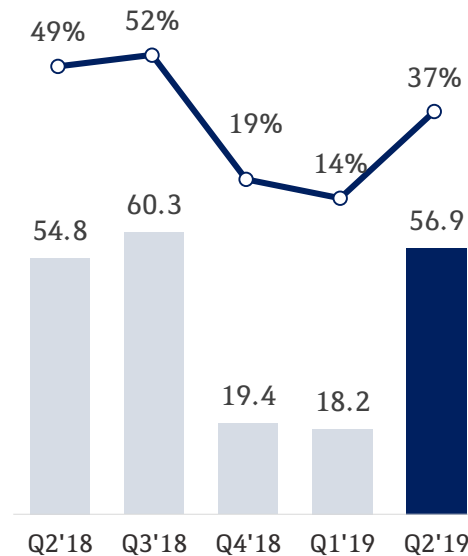
Operating Revenue



YoY 35.1 %

QoQ 14.9 %

Operating Profit

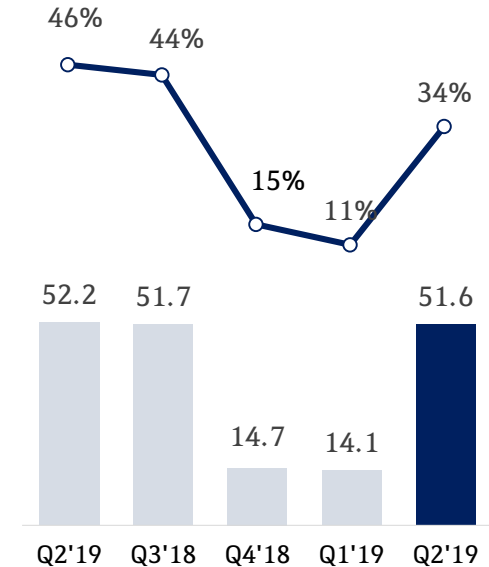


YoY 3.8 %

QoQ 212.6 %

Net Profit

(Unit: KRW in billions, %)



YoY -1.1 %

QoQ 266.0 %

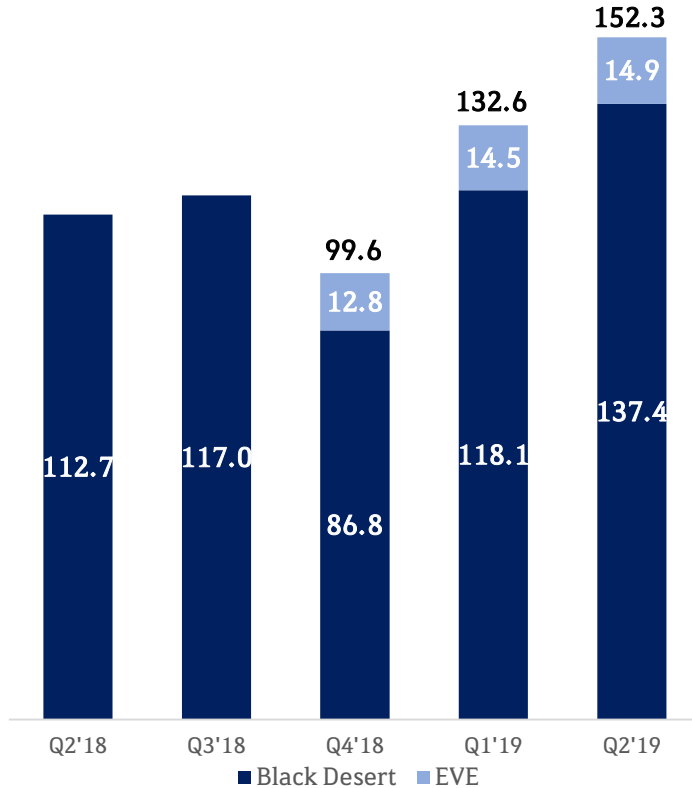
3. Q2'19 Revenue Breakdown

◆ Revenue Expansion from all IPs and Platforms

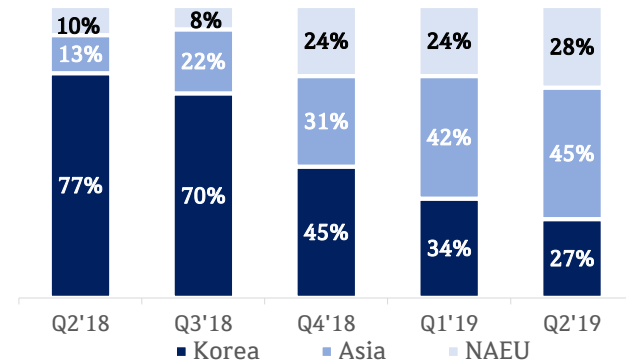
- Recorded highest revenue in all platforms by payment base
- Diversified platform ratio with growing console sales

<Revenue by IP>

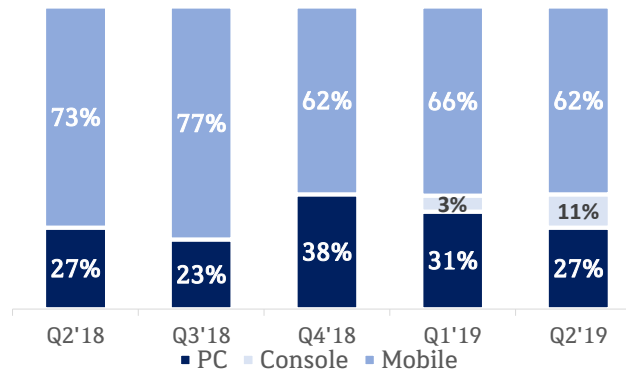
(Unit: KRW in billions)



<Revenue by Region>



<Revenue by Platform>



4. Q2'19 Expenses

◆ Operating Expenses : KRW 95.4bil. (QoQ -16.7%)

- Labor costs decreased 25.1% QoQ with the elimination of incentive payment effects in Q1
- Commissions increased 6.5% QoQ in line with increased mobile and console revenue
- Advertising costs decreased 49.0% QoQ with no initial launching marketing fees (Q1'19: BDM JP and BDC)

(Unit : KRW in millions, %)

	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Ratio	% of Rev.	QoQ	YoY
Operating Expenses	57,860	56,676	80,185	114,472	95,352	100.0%	62.6%	-16.7%	64.8%
Labor	14,975	11,879	21,249	33,987	25,461	26.7%	16.7%	-25.1%	70.0%
Commissions	29,998	31,461	41,238	41,148	43,818	46.0%	28.8%	6.5%	46.1%
Advertising	9,195	9,959	10,029	30,251	15,434	16.2%	10.1%	-49.0%	67.9%
D&A	700	873	2,585	3,687	4,088	4.3%	2.7%	10.9%	484.1%
etc.	2,992	2,504	5,084	5,399	6,551	6.9%	4.3%	21.3%	119.0%

※ Number of employee trends

(Unit: # of employee, %)

	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Ratio	QoQ	YoY
Employees	513	570	959	1,005	1,074	100.0%	6.9%	109.4%
Development	311	347	595	620	635	59.1%	2.4%	104.2%
Business / Staff	202	223	364	385	439	40.9%	14.0%	117.3%

5. Q3'19 Highlights

◆ Next Generation Engine(New IPs) + IP expansion = Quantum Jump

✓ Reinforce IP value / life cycle

- **Prompt & meaningful updates for longer PLC**
 - New class / New territories (All platforms)
 - Entertainments : 'The Great Expedition' updates (BD)
 - PVP Contents : 'Hadum's Realm', Server integration (BDM)
- **Bettered user accessibility for new users**
 - 'User Interface' improvement (All platforms)
 - Upgrade initial experiences for early users

✓ Diversify revenue with IP expansion

- **Region Expansion**
 - Black Desert Mobile for global (Q4 '19)
- **Platform Expansion**
 - Black Desert for PlayStation 4 (Q3 '19)
- **Spin-offs**
 - Shadow Arena : Proximity war with BD IP ('Battle Royale' genre)

✓ Secure AAA IPs with next-generation engine

- Project K, V + α : Plans to open details within 2019

Appendix

- ▶ Consolidated Financial Statements

A1. Consolidated Financial Statements

Statement of Financial Position

(Unit : million KRW)

	2018.12.31	2019.06.30
Assets		
I . Current Assets	354,489	443,553
Cash and Cash Equivalents	228,971	162,990
ST Financial Instruments	53,092	187,775
AFS financial assets	3,958	2,450
Account receivables	50,016	79,798
Other Current Assets	18,452	10,540
II . Non-Current Assets	358,041	382,274
Account receivables	16,550	16,165
LT Financial Instruments	128	131
Financial assets measured at fair value	6,407	5,990
Tangible Assets	35,646	50,275
Intangible Assets	287,723	293,814
Investment in affiliated companies	736	811
Deferred tax asset	9,711	13,819
Other non-current assets	1,140	1,269
Total Assets	712,530	825,827

	2018.12.31	2019.06.30
Liabilities		
I . Current Liabilities	115,077	148,588
Other liabilities	25,933	33,356
Short-term borrowings	20,013	20,000
Income taxes payable	23,503	8,678
Current portion of long-term debt	20,000	20,000
Lease liabilities	0	3,045
Other current liabilities	25,628	35,233
Current financial liabilities at fair value	0	28,276
II . Non-Current Liabilities	189,428	184,251
Other liabilities	1,740	2,189
Long-term debt	136,282	117,840
Provision	385	317
Other non-current liabilities	0	12,324
Deferred tax liabilities	23,691	23,858
Lease liabilities	0	27,723
Non-current financial liabilities at fair value	27,330	0
Total Liabilities	304,504	332,839
Capital		
I . Capital stock	6,472	6,510
II . Capital Surplus	192,111	199,957
III . Retained Earnings	231,580	297,299
IV . Capital Adjustments	(18,972)	(15,003)
V . Accumulated other comprehensive Income	(3,165)	4,225
VI . Non-controlling interests	0	0
Total Capital	408,026	492,988

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

A2. Consolidated Financial Statements

Comprehensive Income Statement

(Unit : million KRW)

	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	2019Y YTD
Revenue	112,682	116,986	99,578	132,630	152,273	284,903
Operating Expenses	57,860	56,675	80,185	114,471	95,352	209,824
Operating Profit	54,822	60,311	19,393	18,159	56,921	75,080
Financial Income	6,063	(1,774)	2,447	1,682	2,263	3,944
Non-Operating Income	6	151	(390)	252	(47)	205
Income from Equity Method	114	(6)	(63)	(3)	62	59
Income before Income Tax	61,005	58,682	21,387	20,090	59,199	79,288
Income Tax Expenses	8,844	6,971	6,645	5,943	7,627	13,569
Net Profit	52,161	51,711	14,742	14,147	51,572	65,719

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

Q & A