



Q3'19 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. Q3'19 Overview

◆ Solidified IP Value from Multi-platforms

✓ Stable Live Operations

- BD : Simultaneous global updates / Secret quests
- BDM : Collaborations / Bespoken updates for all service regions
- BDC : Massive updates for Xbox / PS4 release (Aug.23)

✓ Improvement in User Communication Channels

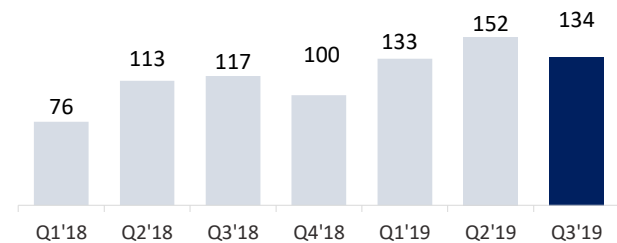
- Official Youtube Creator : Real-time communication with BDM users
- Events : Annul 'Fanfest event' in Berlin

✓ Diverse Challenges for Future Growth

- Cloud Game : Provided 'Black Desert' for 'Xcloud' platform's demonstration service
- Cross-platform technology : Secured a new technology supporting cross-platform

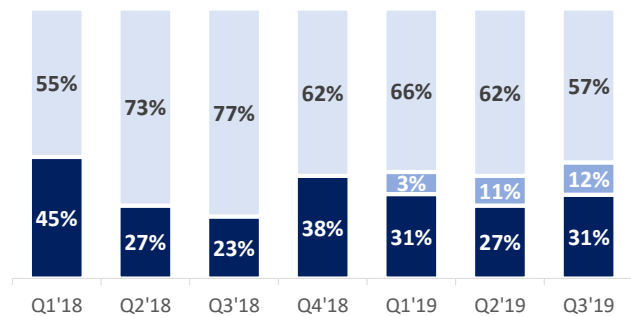
<Quarterly Operating Revenue>

(Unit: KRW in billions)



<Revenue by Platform>

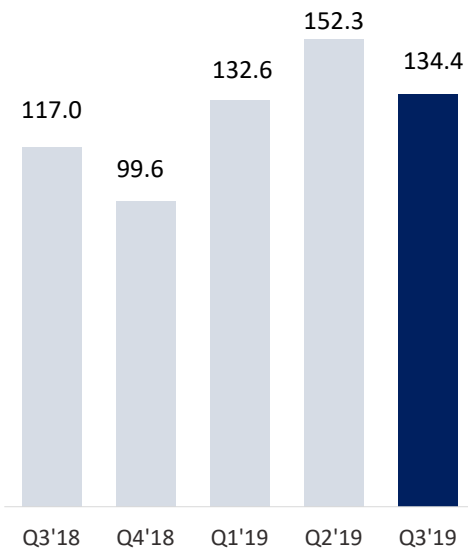
■ PC ■ Console ■ Mobile



2. Q3'19 Highlights

◆ Operating Revenue : 134.4bil., Operating Profit : 39.5bil., Net Profit : 44.5bil. (in KRW)

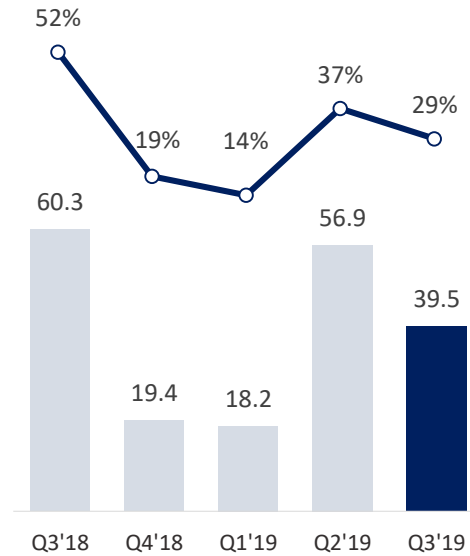
Operating Revenue



YoY +14.9 %

QoQ -11.8 %

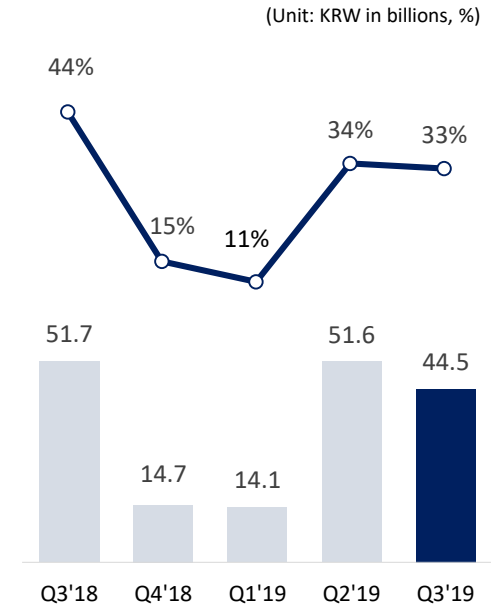
Operating Profit



YoY -34.5 %

QoQ -30.6 %

Net Profit



YoY -13.9 %

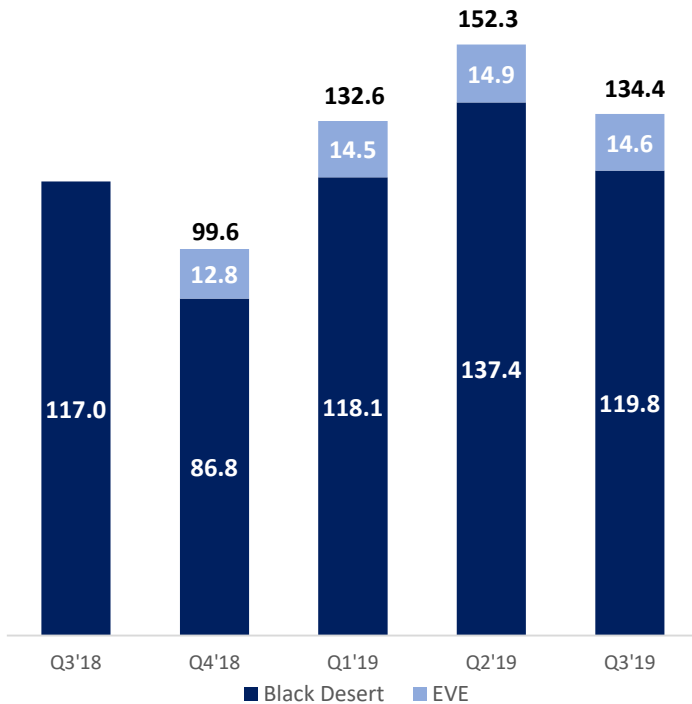
QoQ -13.8 %

3. Q3'19 Revenue Breakdown

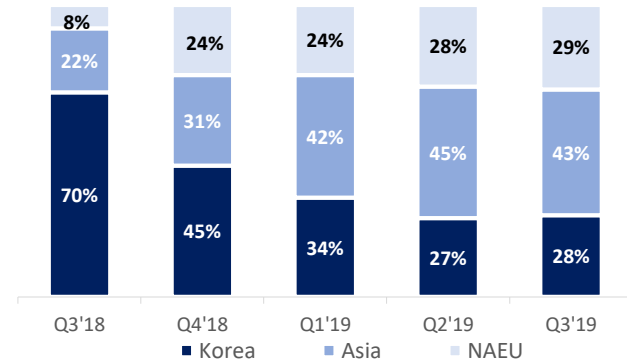
◆ Portfolio Diversification with Multi-platforms

<Revenue by IP>

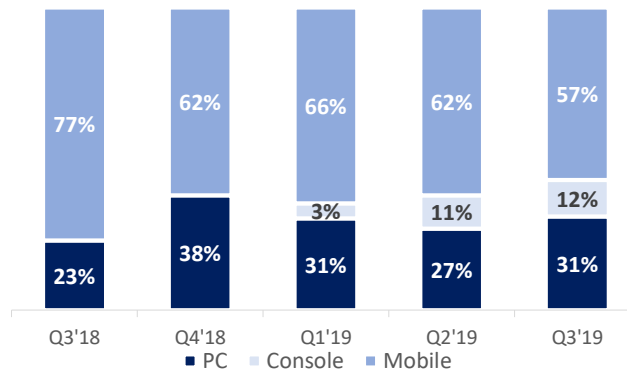
(Unit: KRW in billions)



<Revenue by Region>



<Revenue by Platform>



4. Q3'19 Expenses

◆ Operating Expenses : KRW 94.9bil. (QoQ -0.5%)

- Labor costs ticked up 4.8% QoQ with a 7.2% increase in employees
- Commissions decreased 6.5% QoQ in line with revenue decline
- Advertising costs inched up 2.6% QoQ with PS4 launch

(Unit : KRW in millions, %)

	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	QoQ	YoY	Ratio	% of Rev.
Operating Expenses	56,676	80,185	114,472	95,352	94,853	-0.5%	67.4%	100.0%	70.6%
Labor	11,879	21,249	33,987	25,461	26,688	4.8%	124.7%	28.1%	19.9%
Commissions	31,461	41,238	41,148	43,818	40,971	-6.5%	30.2%	43.2%	30.5%
Advertising	9,959	10,029	30,251	15,434	15,835	2.6%	59.0%	16.7%	11.8%
D&A	873	2,585	3,687	4,088	4,618	13.0%	429.0%	4.9%	3.4%
etc.	2,504	5,084	5,399	6,551	6,741	2.9%	169.2%	7.1%	5.0%

※ Number of employee trends

(Unit: # of employee, %)

	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Ratio	QoQ	YoY
Employees	570	959	1,005	1,074	1,151	100.0%	7.2%	101.9%
Development	347	595	620	635	709	61.6%	11.7%	104.3%
Business / Staff	223	364	385	439	442	38.4%	0.7%	98.2%

5. Q4'19 Highlights

◆ New Blockbusters & Service Expansion

✓ IP Reinforcement

- **Prolong PLC with upgraded live operations**
 - Massive-scale updates (all platforms)
 - User care events in KR, JP, TR
- **Improve user connectivity in G-star**
 - Arena of ARSHA (Black Desert) / 2:2 Tournament

✓ Service Expansion

- **Region Expansion**
 - Black Desert Mobile for global (Dec. '19)
- **Spin-off**
 - Shadow Arena (CBT: Nov. 21)

✓ New AAA IPs

- **PLAN 8**
 - Genre : Exosuit MMO Shooter
- **DokeV**
 - Genre : Collectible MMORPG for all ages
- **Crimson Desert**
 - Genre : Epic-fantasy open-world MMORPG



Appendix

- ▶ Consolidated Financial Statements

A1. Consolidated Financial Statements

Statement of Financial Position

	2018.12.31	2019.09.30
Assets		
I . Current Assets	354,489	501,554
Cash and Cash Equivalents	228,971	185,083
ST Financial Instruments	53,092	215,984
Financial assets measured at fair value	0	4,551
AFS financial assets	3,958	6,056
Account receivables	50,015	77,496
Other Current Assets	18,452	12,384
II. Non-Current Assets	358,041	398,400
Account receivables	16,550	16,845
LT Financial Instruments	128	135
Financial assets measured at fair value	6,407	5,422
AFS financial assets	0	203
Tangible Assets	35,646	55,421
Intangible Assets	287,723	303,035
Investment in affiliated companies	736	842
Deferred tax asset	9,711	15,465
Other non-current assets	1,140	1,032
Total Assets	712,530	899,954

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

	(Unit : million KRW)	
	2018.12.31	2019.09.30
Liabilities		
I . Current Liabilities	115,077	136,514
Other liabilities	25,933	40,552
Short-term borrowings	20,000	20,000
Income taxes payable	23,503	7,935
Current portion of long-term debt	20,000	20,000
Lease liabilities	0	3,789
Other current liabilities	25,628	44,238
Finance lease obligations	13	0
II. Non-Current Liabilities	189,428	217,847
Other liabilities	1,740	2,335
Long-term debt	115,905	120,065
Provision	385	571
Other non-current liabilities	0	12,717
Deferred tax liabilities	23,691	24,415
Lease liabilities	0	28,381
Non-current financial liabilities at fair value	27,330	29,363
Finance lease obligations	20,377	0
Total Liabilities	304,504	354,361
Capital		
I . Capital stock	6,472	6,512
II. Capital Surplus	192,111	200,034
III. Retained Earnings	231,580	341,756
IV. Capital Adjustments	(18,972)	(14,926)
V . Accumulated other comprehensive Income	(3,165)	12,217
VI. Non-controlling interests	0	0
Total Capital	408,026	545,593

A2. Consolidated Financial Statements

Comprehensive Income Statement

(Unit : million KRW)

	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	2019Y YTD
Revenue	116,986	99,578	132,630	152,273	134,402	419,305
Operating Expenses	56,675	80,185	114,472	95,352	94,853	304,677
Operating Profit	60,311	19,393	18,158	56,921	39,549	114,628
Financial Income	(1,774)	2,447	1,682	2,263	5,461	9,406
Non-Operating Income	151	(390)	252	(47)	686	891
Income from Equity Method	(6)	(63)	(3)	62	13	72
Income before Income Tax	58,682	21,387	20,089	59,199	45,709	124,997
Income Tax Expenses	6,971	6,645	5,942	7,627	1,252	14,821
Net Profit	51,711	14,742	14,147	51,572	44,457	110,176

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

Q & A