

Q2 '20 Earnings Presentation

Pearl Abyss Corp.
13 Aug. 2020



Disclaimer

This presentation contains forward-looking statements that relate to our future operations, prospects, developments, strategies, business growth, and financial outlook. Forward-looking statements are identified by words such as 'believes', 'estimates', 'expects', 'intends', 'may', 'projects', 'could', 'should', 'will', 'continue' and other similar expressions.

All statements other than statements of historical fact could be forward-looking statements, which speak only as of the date they are made, do not guarantee future performance and are subject to certain risks, uncertainties, and other factors beyond our control and difficult to predict.

Also, Forward-looking statements are identified based on the current market situation and company's strategies, therefore, can be altered without notifications due to changes in market or the company's strategies.

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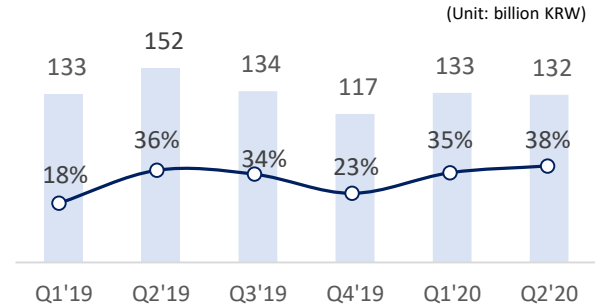
❖ Secured Stable Revenue and Increased Profitability with Enhanced IP Power

❖ Q2 Business Highlight

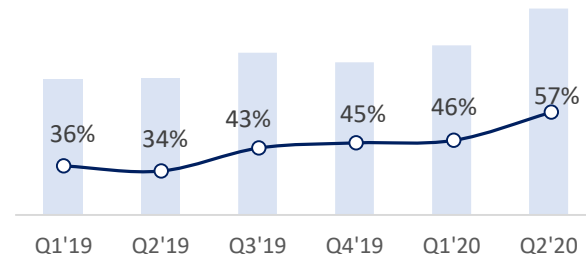
- Black Desert
 - Active user communication amid COVID19
 - ✓ Haidel Ball at Home : Global online streaming (On-air)
 - PC/Console maintained the upward trend
 - ✓ Operating revenue grew 25.3%, 11.5% respectively (QoQ)
 - Black Desert Japan : Self-publishing (24 April)
 - ✓ Record-high concurrent users in 5 years of service
 - Shadow Arena : Global Early Access (21 May)
 - ✓ Constant improvement in game play and design

- EVE Online
 - Better accessibility and user experience
 - ✓ Operating revenue up by 31.9% (QoQ)
 - EVE China Service (27 April)
 - EVE Echoes (Mobile) : Pre-registration at 5 millions

❖ Operating Revenue and OPM



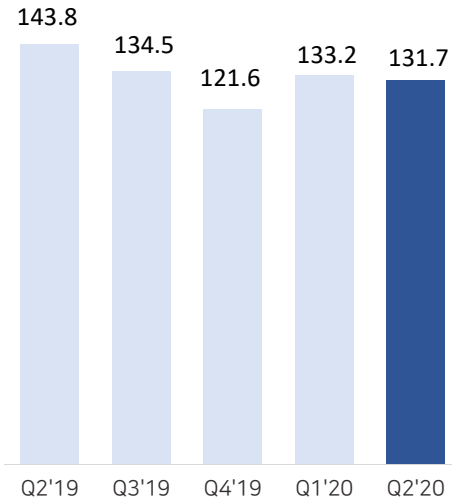
❖ PC/Console Revenue and Ratio



2. Q2'20 Operating Performance

◇ Operating Revenue : 131.7 bil., Operating Profit : 50.6 bil., Net Profit : 23.6 bil. (KRW)

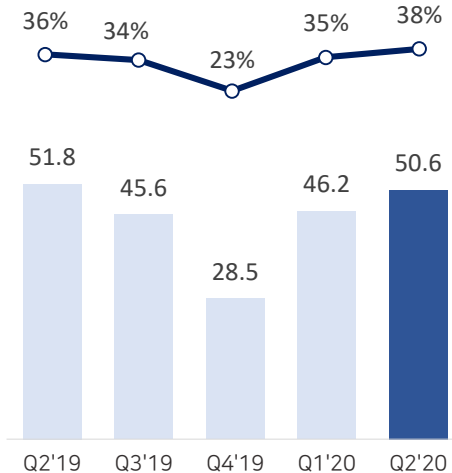
◇ Operating Revenue



YoY -8.4%

QoQ -1.1%

◇ Operating Profit

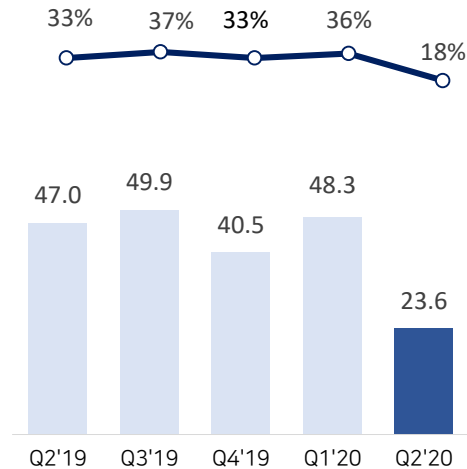


YoY -2.3%

QoQ 9.5%

◇ Net Profit

(Unit: billion KRW, %)



YoY -49.8%

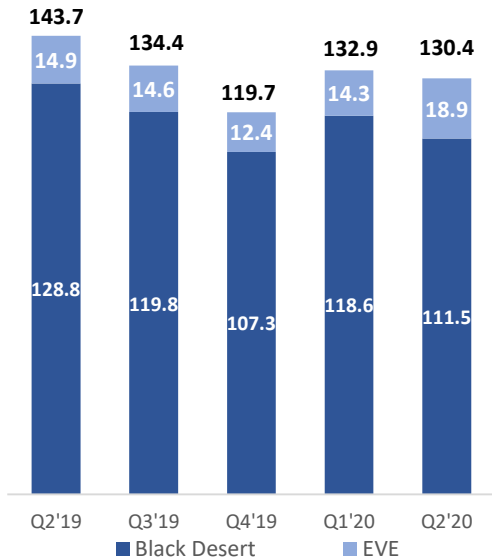
QoQ -51.1%

3. Q2'20 Revenue Breakdown

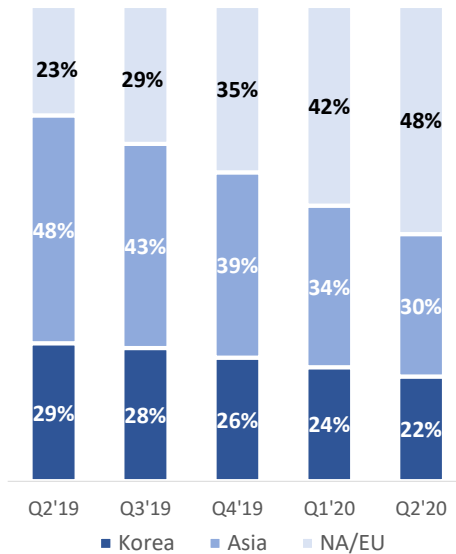
◇ Global Revenue Expansion (driven by PC/Console growth)

◇ Revenue by IP

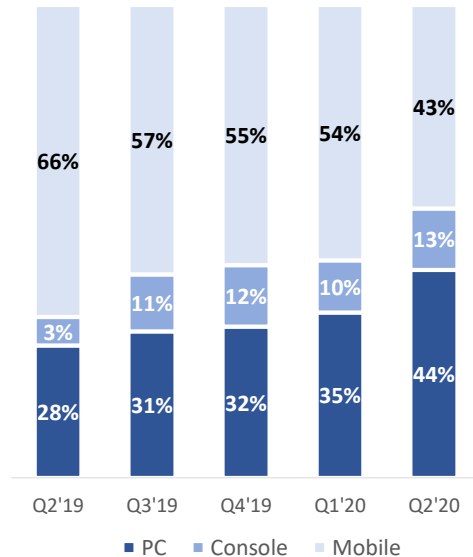
(Unit: billion KRW)



◇ Revenue by Region



◇ Revenue by Platform



(*) Non-game revenues excluded

4. Q2'20 Operating Expenses

❖ Operating Expenses : KRW 81.1 bil. (QoQ -6.7%)

- Labor costs (QoQ -3.6%) : Decreased slightly by improving work/labor efficiency
 - Commissions (QoQ -10.6%) : Decreased with less server/line costs and market fees
 - Advertising cost (QoQ -2.9%) : Finding the right balance in marketing cost by each market/platform's maturity
- (Unit : million KRW, %)

	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	QoQ	YoY	Ratio	% of rev.
Operating Expenses	91,998	88,942	93,149	86,971	81,103	-6.7%	-11.8%	100.0%	61.6%
Labor	25,461	26,688	33,099	32,039	30,872	-3.6%	21.3%	38.1%	23.5%
Commissions	40,463	35,060	30,500	32,745	29,262	-10.6%	-27.7%	36.1%	22.2%
Advertising	15,435	15,835	16,760	9,444	9,166	-2.9%	-40.6%	11.3%	7.0%
D&A	4,088	4,618	4,976	5,081	5,556	9.3%	35.9%	6.8%	4.2%
Etc.	6,551	6,741	7,814	7,662	6,247	-18.5%	-4.6%	7.7%	4.7%

❖ Number of Employees

(Unit: No. of employee, %)

	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	QoQ	YoY	%
Employees	1,074	1,151	1,232	1,246	1,203	-3.5%	12.0%	100.0%
Development	635	709	748	735	711	-3.3%	12.0%	59.1%
Business / Staff	439	442	484	511	492	-3.7%	12.1%	40.9%

5. Q3'20 Highlight

❖ Securing New Pipelines on the back of Sound Profitability (with reinforced IP value)

❖ Q3 Business Highlight

- 'Black Desert' IP enhancement
 - ✓ Simultaneous contents updates in all platforms to even the contents (Global all platform updates at the same time : 'Hashashin' class)
 - ✓ Various entertainments to improve user loyalty (Summer season server, Netflix 'Cursed' collaboration in all region/platform)
 - ✓ Multiple user feedback channels (Inviting users for Focused Group Test)
 - ✓ Shadow Arena : User participating event to enlarge user pool ('Jackpot Supermatch' E-sports event under the auspice of Intel)
- EVE IP
 - ✓ Increase profits thanks to solid user base

❖ New Pipelines

- EVE Echoes : 13 Aug. 2020 (UTC)
 - ✓ 7 Languages / Optimized mobile UI/UX
- New IP : Crimson Desert, DokeV, Plan 8



Appendix



Appendix.

Consolidated Financial Statements (Statement of Financial Position)

PEARL A BYSS

(Unit : million KRW)

	2019.12.31	2020.06.30
Assets		
I . Current Assets	450,129	553,981
Cash and Cash Equivalents	176,366	212,613
ST Financial Instruments	184,596	249,105
Financial assets measured at fair value	3,896	3,160
AFS financial assets	6,122	7,376
Account receivables	68,924	71,055
Other Current Assets	10,225	10,672
II . Non-Current Assets	417,262	437,336
Account receivables	17,247	5,087
LT Financial Instruments	827	876
Financial assets measured at fair value	7,858	15,485
AFS financial assets	203	202
Tangible Assets	78,121	95,783
Intangible Assets	293,395	300,040
Investment in affiliated companies	832	910
Deferred tax asset	17,591	17,858
Other non-current assets	1,188	1,095
Total Assets	867,391	991,317

	2019.12.31	2020.06.30
Liabilities		
I . Current Liabilities	123,273	146,876
Other liabilities	38,731	30,963
Income taxes payable	11,030	34,049
Current portion of long-term debt	30,000	30,000
Lease liabilities	3,937	5,337
Other current liabilities	39,575	46,527
II . Non-Current Liabilities	155,101	172,486
Other liabilities	3,250	3,850
Long-term debt	87,890	110,035
Provision	592	961
Other non-current liabilities	11,477	18,616
Deferred tax liabilities	23,567	23,707
Lease liabilities	28,325	15,317
Total Liabilities	278,374	319,362
Capital		
I . Capital stock	6,512	6,540
II . Capital Surplus	200,034	202,253
III . Retained Earnings	389,231	461,191
IV . Capital Adjustments	-11,729	-12,513
V . Accumulated other comprehensive Income	4,969	14,484
VI . Non-controlling interests	0	0
Total Capital	589,017	671,955

Appendix.

Consolidated Financial Statements (Comprehensive Income Statement)

(Unit : million KRW)

	Q2 '19	Q3 '19	Q4 '19	Q1 '20	Q2 '20
Revenue	143,811	134,505	121,645	133,187	131,667
Operating Expenses	91,998	88,941	93,149	86,971	81,103
Operating Profit	51,813	45,564	28,496	46,216	50,564
Financial Income	2,327	5,482	20,512	10,629	(4,665)
Non-Operating Income	(48)	685	(286)	1,541	3,665
Income from Equity Method	63	12	9	33	25
Income before Income Tax	54,155	51,743	48,731	58,419	49,589
Income Tax Expenses	7,174	1,873	8,199	10,086	25,962
Net Profit	46,981	49,870	40,532	48,333	23,627

PEARLABYSS

A stylized illustration of a diver in a dark, cavernous space. The diver is wearing a blue and white suit and a helmet with a glowing light. A bright, circular light source is on the floor, casting a glow upwards. The background is dark blue with some faint, glowing particles. The title 'PEARLABYSS' is centered in white, uppercase letters.