Investor Relations

Pearl Abyss Corp. Mar. 2021



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.

Contents

- **01** Company Overview
- **02** Business Overview
- 03 New projects
- **04** Company Strength
- 15 Industry Overview
- 06 Company Strategy
- **07** Financial Summary
- Appendix

Company Overview

1-1.

Company Overview: Introduction

Pearl Abyss is a global game studio making high quality MMO games having users across the globe



Black Desert Franchise

(PC / Mobile / Console)

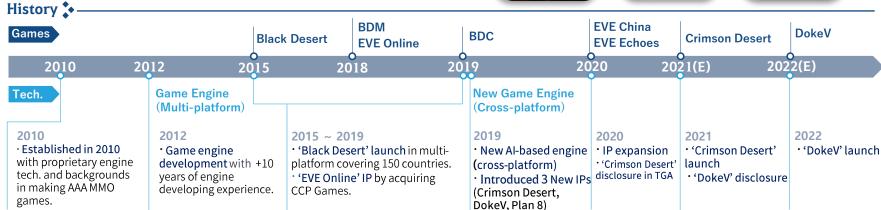


❖ New Games









1-2. Company Overview: Revenue Trend

Revenue growth from region and platform expansion + new IPs

		•		
Projects	Release Date	Status		
Black Desert	Dec.'14(Korea)	Over 150 countries with 12 languages		
Black Desert Mobile	Feb.'18(Korea)	TW(Aug.:18), JP(Feb.:19), Global (Dec.:19)		IP Expansion
Black Desert Console	Mar.'19(Xbox)	PlayStation (Aug. 19)		
EVE Online	May. '03 (CCP Games)	KR (Nov. 19), CN (April 20), JP (Dec. 21)		
EVE Echoes	Aug. '20 (CCP Games)	Global one-build		✓ Platform Expansion
(*) CCP Games acquisition	n on Oct. 2018	-	Self-publishing	
	—	Regional Expansion		
	mercial Launch Black Desert PC)			
← Embryo stage	→			

2010 2011 2012 2013 2014 1Q15 2Q15 3Q15 4Q15 1Q16 2Q16 3Q16 4Q16 1Q17 2Q17 3Q17 4Q17 1Q18 2Q18 3Q18 4Q18 1Q19 2Q19 3Q19 4Q19 1Q20 2Q20 3Q20 4Q20

^{*} Chart: Quarterly Revenue

1-3.

Company Overview: Managements

Pearl Abyss' game development and global strategy are well planned and executed through its seasoned managements

Managements



Dae-il KimFounder & Chairman (Head of Game Development)

Career

-Over 22 years of experience in game development

-'03~'10 NHNGames (Game: R2, C9)

-'00~'03Gamasoft(Game: RYL)

Development



Jae-min Yoon
Vice President (VP)

Career

- -Over 22 years of experience in the game development industry
- Game about, Wenoble



Hee-hwan Ji
Chief Technology Officer (CTO)

Career

- -Over 20 years of experience in the game industry
- NHN Games



Yong-su Seo
Art Director

Career

- -Over 20 years of experience in the game development industry
- NCsoft, NHN Games, Nexon



Robin Jung
CEO of Pearl Abyss

Career

- Over 9 years of experience in VC specialized in game investment

- '10~'16LB Investments

- '07~'10 HP Inc.

Operation & Publication



Jin-young Heo *Chief Operating Officer (COO)*

Career

- -Over 25 years of experience in the game industry
- Kakao Games, Daum



Kevin Kim
Chief Business Officer (CBO)

Career

- -Over 14 years of experience in the game industry
- -Onnet, Daddyface



Jung-hee Jin
Head of US office

Career

- -Over 16 years of experience in the game industry
- Kakao Games USA, NHN

1-4. Company Overview: Snapshot

: Company Introduction

Company Name	Pearl Abyss Corp.	Establishment Date	2010.09.10
Founder (Chairman)	Dae-il Kim (Largest shareholder, 36%)	CEO	Robin Jung
Number of Employees (as of 31 Dec. 2020)	1,208	Settlement of Account	December
No. of Issued Shares (as of 31 Dec. 2020)	13,079,850	Market Capitalization (as of 8 Mar. 2021)	KRW 3.8 trillions (USD 3.4 billions)
Stock Code	KOSDAQ (263750)	Listed date	2017.09.14

Subsidiaries

Company	Shares	Country	Business
CCP ehf.	100	Iceland	Game Development and Publishing
PearlAbyss Taiwan Corp.	100	Taiwan	Game publishing
PearlAbyss H.K. Limited	100	Hong Kong	Game publishing
Pearl Abyss JP Co., Ltd.	100	Japan	Game publishing
PEARL ABYSS AMERICA, INC.	100	USA	Game publishing
PearlAbyss EU B.V.	100	Netherlands	Server and network services
PearlAbyss SEA Pte. Ltd.	100	Singapore	Server and network services
Pearl Abyss Capital, Inc.	100	Korea	Investment/management consulting
Nettention	100	Korea	Development and sales of server and N/W
Pearl Abyss Iceland ehf.	100	Iceland	Investment and management consulting



Business Overview

2-1. Business Overview: Black Desert

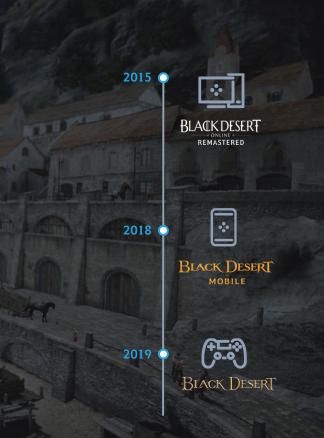
⇒ Black Desert IP

Genre	MMORPG
Story	Character-based medieval fantasy
Platform	PC / Mobile / Console (Multi-platform)
Service Region	150 countries (12 languages)

- Developed with in-house proprietary engine (Black desert engine)
- One of the most popular MMORPG games across the globe
- Stable and long live operation with regular updates
- ♦ Close community and user care with self-publishing for longevity of the game

Major Achievements

- 30 millions of players across the platforms
- 5 billion hours of playtime
- ♦ USD 1.3 billion in cumulative sales (as of Dec. '20)



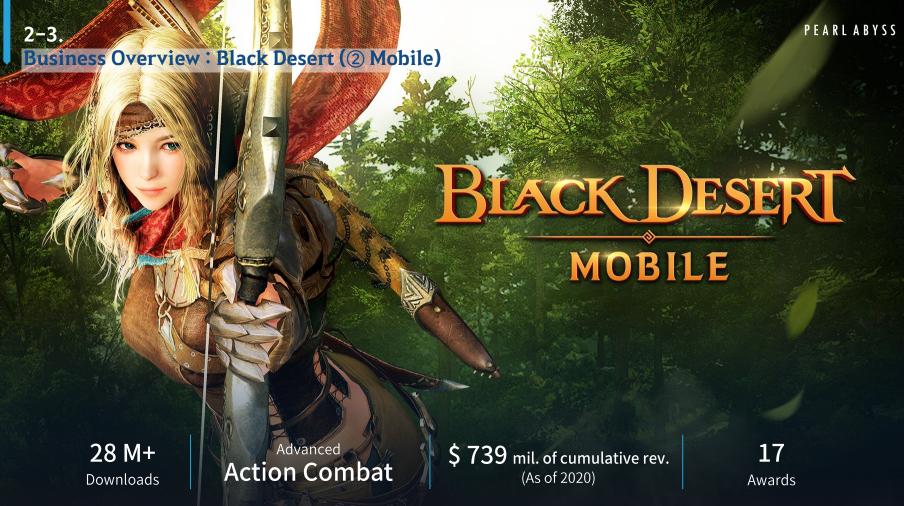
PEARL ABYSS

2-2. **Business Overview: Black Desert (1) PC)**

20 Million+ Players

Industry-leading Graphics









1 254.

3.3 Million+

Available on
Xbox one / PS4
Xbox series X / PS5

Biz. model
Package + In-game

Sand box MMO

With regular updates

2-5. Business Overview: EVE Online

EVE Online IP

Company	CCP Games (100% shares)
CEO	Hilmar Veigar Petursson
Number of Employees	326 (as of Dec. '20)
Office	HQ : Iceland Other studios : London, China

- ♦ The largest MMO science fiction franchise running for 18 years
- ♦ Large loyal user base and dedicated community
- Massive opportunity in China through partnership with NetEase
- ♦ Proprietary game engine (bringing long live operation with unrivaled qualities)
- ♦ Immersive PVP play and permanent world supported by real-world economy
- ♦ 80%+ of payers in Dec. '18 originated from cohorts prior to 2018



2-6.
Business Overview: EVE Online (Global & China)



2-7.

Business Overview: EVE Echoes (Global)



EVE ECHOES

Genre
HARDCORE SCI-FI MMO

Platform Mobile

Schedule Launch: 13 Aug. 2020 Feature
SANDBOX MMO
Co-developed by Netease & CCP

2-8. Business Overview: 2021 Highlight

Enhance developing capability + Focus on 'Crimson Desert'

Live Service

Black Desert

- ✓ PC/Console: PvP contents development
- ✓ Mobile : PvP balance improvement
- ✓ PC : Self-publishing in NA/EU (25 Feb.)

EVE Online

- ✓ Deeper localization (Regional language /Cultural elements)
- ✓ FVF Fchoes China

New Games

Crimson Desert

- ✓ Enhance storyline and scenario
- ✓ Disclose new contents and increase global marketing
- ✓ Release: Q4 2021

DokeV

✓ Disclosure: 2021

✓ Release: 2022

Plan 8

✓ Release: 2023

New Projects



3-2.

New Projects: Crimson Desert (A Saga Written in Blood)







Genre
Open World

Action Adventure

Platform

Console, PC (and Mobile) (Cross-platform)

Schedule

Launch: Q4'21

Feature

The untold tale of mercenaries struggling to survive in the unforgiving lands of Pywel

PEARL ABYSS





Genre **Exosuit MMO Shooter**

Platform Console, PC (and Mobile) (Cross-platform)

Schedule Launch: 2023

Feature An unfamiliar world with an unforgettable message

Company Strength

4-1.

Company Strength: Overview

- Slobal game studio capable of developing and publishing games globally
- Fast in reading industry changes and taking preemptive approach to future game market

Development	Publishing & Strategy
01 Original IP : Immersive story and scripts	01 Self-publishing : Overseas offices publishing all service areas
02 Multi Platform: Covering all the game platforms	02 Live Operation: Stable and steady live operation
O3 Proprietary Engine: In-house game engines	03 User Community Care: Close user care (events, meetings)
04 Game Developing Facilities : 3D Scanner, Motion capture, Audio System	O4 Game Trend Reading: Good at reading & catching the trend
05 Cross Platform: Seamless connection between all platforms	05 Visionary : Leading the industry trailblazing into new areas

4-2.

Company Strength: Development (① Proprietary Engine)

❖ Advantage of AI-based Game Engine





Productivity

- ♦ Supporting cross-platform
- Reducing grind work of coding with Artificial Intelligence technology

Cost Efficiency

- ♦ No royalty payment
- No cost and time waste in changing new ver. of commercial engines

Live Operation

- Facilitate contents development (Prerequisite for MMO games)
- Frequent regular updates (Stable live service)



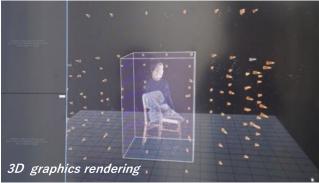
- Outstanding graphics
- Customized engine for high quality MMO games

4-3.

Company Strength: Development (② Game Developing Facilities)

3D Scanner & Motion Capture Studio







- High efficiency by reducing sketching times
- Realistic and natural contents by reflecting 3D space





Motion Capture

- Capturing details bringing natural movements
- Time savings without needless calculation of movement (Auto-rendering)

4-4.

Company Strength: Development (3 Audio Studio)

Audio Studio



- ♦ In-house music brings perfection and originality to the game
- ♦ Internal composing + External collaboration enhances music quality

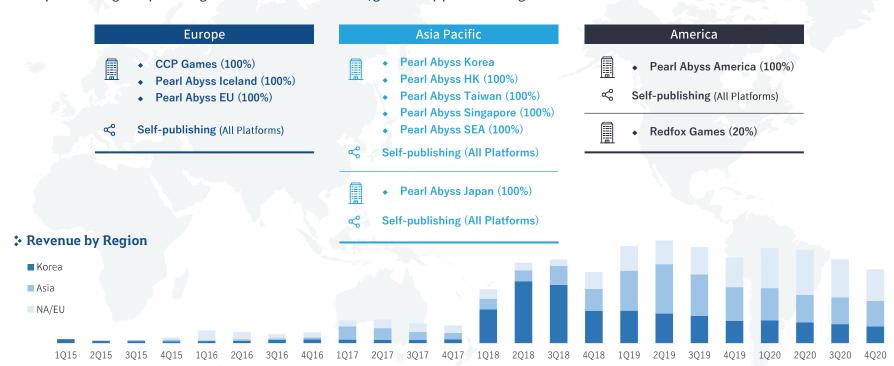




4-5.

Company Strength: Global Publishing

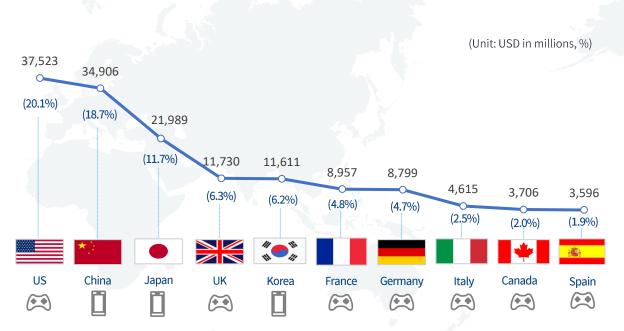
- Self-publishing 1) improves user stickiness, 2) helps stable live operation, and 3) flexible and more leeway getting targeted marketing results
- Experiences in global publishing and relations with influencers/gamers help promote new games



Industry Overview

5-1. Industry Overview: Global Game Market

⇒ Market size and share by country (2019)



NA/EU

◆ NAEU M/S:55%

- US: 20%

· Major platform : Console

◆ NAEU console M/S: 84%

- North America: 34%

- Europe : 50%

Asia

Asia M/S: 43%

- China: 19%

• Major platform : Mobile

Asia mobile M/S: 60%

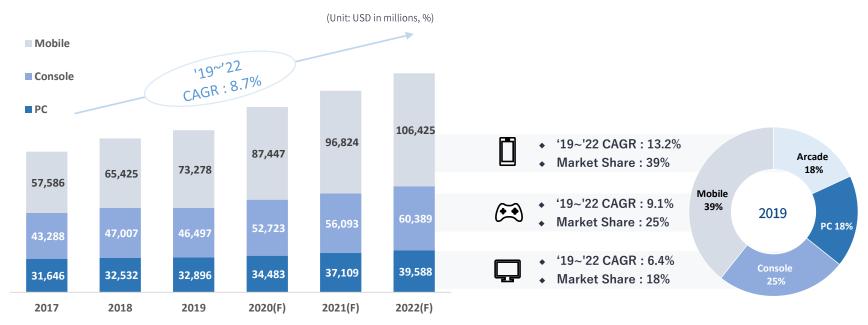
- China: 28% - Japan: 15%

* Note: Korean Game White Paper 2020, KOCCA

^{*} Source: PWC(2020), Enterbrain(2020), JOGA(2020), iResearch(2019), Playmeter(2016), NPD(2020)

5-2. Industry Overview: Game Platform

❖ Market size and share by platform

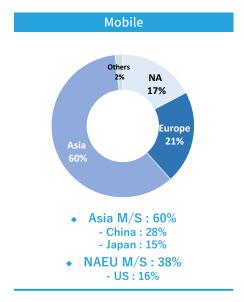


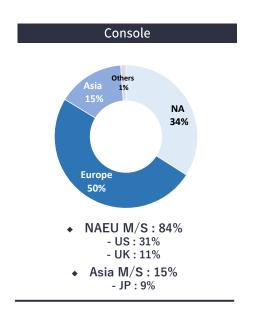
^{*} Note: Korean Game White Paper 2020, KOCCA (Arcade excluded)

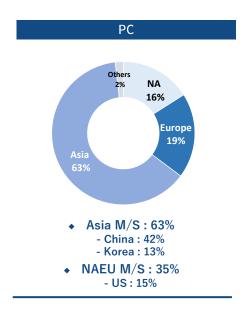
^{*} Source: PWC(2020), Enterbrain(2020), JOGA(2020), iResearch(2019), Playmeter(2016), NPD(2020)

5-3. Industry Overview: Game Platform by Region

❖ Platform market share by region (2019)





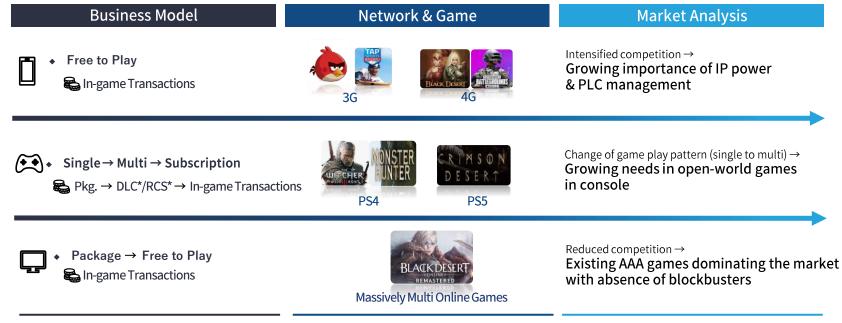


^{*} Note: Korean Game White Paper 2020, KOCCA

^{*} Source: PWC(2020), Enterbrain(2020), NPD(2020)

5-4. Industry Overview: Market Analysis

- ♦ BM: 'Package' → 'Free to play (Mobile/PC)' and 'Multi & Subscription(console)'
 In-game transaction' in all platforms
- Genre: Network based high quality game
- Platform: Multi-platform → Cross-platform (+ cross-play), Cloud-streaming



^{*} DLC: Downloadable contents

^{*} RCS: Recurrent consumer spending

Company Strategy

6-1. Company Strategy: AAA MMO Games

- Make high-end MMO games with immersive stories appealing to global gamers
- Provide stable live operation with in-house controlled publishing bringing user stickiness

Strength

Internal Capabilities (Experience in making AAA Games)

- ◆ Top-class game developers
- Proprietary engine : Exquisite graphic
- Global and multi-platform experience

Opportunity

External Opportunities (Increase in needs for high quality game

- Improved internet connection
- ◆ 5G / Cloud game streaming
- Growing needs in cross platform games

Network-based High Quality Games

6-2. Company Strategy: Summary

Create the best MMOs in the world >

Top Global Studio New MMO games A self-innovative game company **Globally-appealing Platform Expansion** $(2020 \sim)$ **Story-based MMO Games** (Cloud + Cross-platform) providing fresh, exhilarating, and unforgettable adventures **Proven Service Operation Performance** $(2015 \sim 2019)$ **Global Presence** Multi Platform **Live Operation** (PC/Mobile/Console) (Success from all region) (more than 6 years) **World-class Game Developing Capabilities** Strength **Self-innovative** Game facilities **Development-High Quality Proprietary Boundary Pushing** oriented Working (3D Scanner, $(2010 \sim)$ Man-Power **Game Engine** Culture **Environment** Motion Capture)

Financial Summary

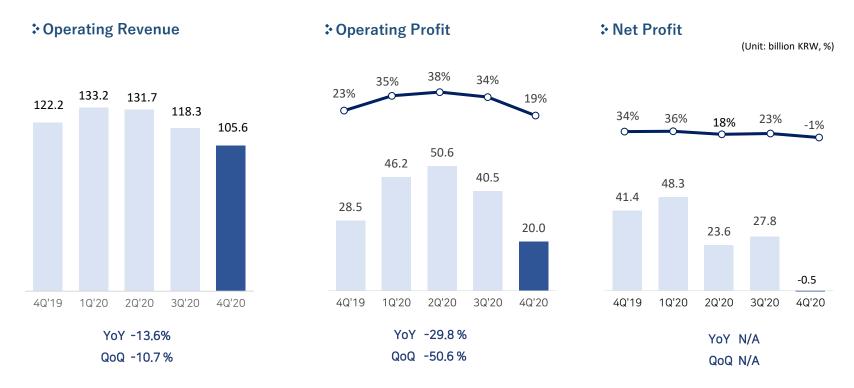
7-1. Financial Summary: Operating Performance (by year)

Operating Revenue: 488.8 bil., Operating Profit: 157.3 bil., Net Profit: 99.3 bil. (KRW)



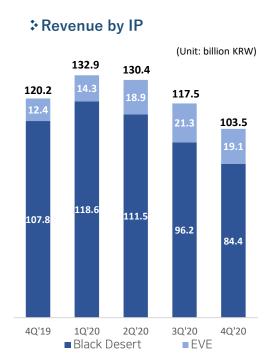
7-2. Financial Summary: Operating Performance (by quarter)

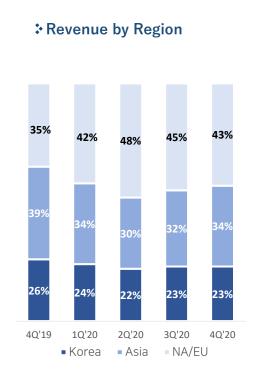
♦ 4Q'20 Operating Revenue: 105.6 bil., Operating Profit: 20.0 bil., Net Profit: -0.5 bil. (KRW)

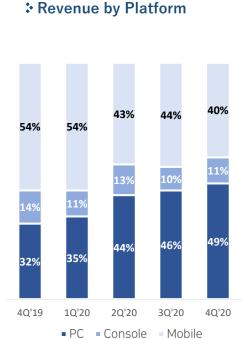


7-3. Financial Summary: Revenue Breakdown

Well-balanced Portfolio by Region & Platform







^(*) Non-game revenues excluded

7-4.

Financial Summary: Operating Expenses

Operating Expenses: 85.6 bil. (QoQ 10.1%)

- Labor costs (QoQ 7.0%): An increase in employees and severance package cost
- Commissions (QoQ -3.9%): A decrease in market service fee
- Advertising cost (QoQ 74.8%): An increase in year-end marketing with massive updates on Dec.

(Unit: million KRW, %)

	4Q'19	1Q'20	2Q'20	3Q'20	4Q'20	QoQ	YoY	Ratio	% of rev.
Operating Expenses	93,679	86,971	81,103	77,761	85,640	10.1%	-8.6%	100.0%	81.1%
Labor	33,099	32,039	30,872	30,593	32,727	7.0%	-1.1%	38.2%	31.0%
Commissions	31,030	32,745	29,262	25,274	24,280	-3.9%	-21.8%	28.4%	23.0%
Advertising	16,760	9,444	9,166	9,228	16,135	74.8%	-3.7%	18.8%	15.3%
D&A	4,976	5,081	5,556	5,742	5,534	-3.6%	11.2%	6.5%	5.2%
Etc.	7,814	7,662	6,247	6,924	6,964	0.6%	-10.9%	8.1%	6.6%

Number of Employees

(Unit: No. of employee, %)

	4Q'19	1Q'20	2Q'20	3Q'20	4Q'20	QoQ	YoY	Ratio
Employees	1,232	1,246	1,203	1,195	1,208	1.1%	-1.9%	100.0%
Development	748	735	711	709	716	1.0%	-4.3%	59.3%
Business / Staff	484	511	492	486	492	1.2%	1.7%	40.7%

Appendix

Appendix. Consolidated Financial Statements (Statement of Financial Position)

(Unit	: mi	llion	KRW)
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	2019.12.31	2020.12.31
Assets		
I . Current Assets	450,129	481,793
Cash and Cash Equivalents	176,366	202,124
ST Financial Instruments	184,596	207,760
Financial assets measured at fair value	3,896	3,512
AFS financial assets	6,122	6,201
Account receivables	68,924	52,682
Other Current Assets	10,225	9,514
II. Non-Current Assets	417,262	414,119
Account receivables	17,247	5,375
LT Financial Instruments	827	831
Financial assets measured at fair value	7,858	16,336
AFS financial assets	203	203
Tangible Assets	78,121	96,777
Intangible Assets	293,395	270,083
Investment in affiliated companies	832	3,818
Deferred tax asset	17,591	19,485
Other non-current assets	1,188	1,211
Total Assets	867,391	895,912

		(Offic: Hillion Kitty)
	2019.12.31	2020.12.31
Liabilities		
I . Current Liabilities	123,273	181,871
Other liabilities	38,731	32,482
Income taxes payable	11,030	11,523
Current portion of long-term debt	30,000	84,400
Lease liabilities	3,937	5,416
Other current liabilities	39,575	48,050
II. Non-Current Liabilities	155,101	78,707
Other liabilities	3,250	4,434
Long-term debt	87,890	20,000
Provision	592	954
Other non-current liabilities	11,477	19,169
Deferred tax liabilities	23,567	20,928
Lease liabilities	28,325	13,222
Total Liabilities	278,374	260,578
Capital		
${ m I}$. Capital stock	6,512	6,540
Ⅱ. Capital Surplus	200,034	202,253
III. Retained Earnings	389,231	488,484
IV. Capital Adjustments	-11,729	-52,691
V . Accumulated other comprehensive Income	4,969	-9,252
VI. Non-controlling interests	0	0
Total Capital	589,017	635,334

Appendix. Consolidated Financial Statements (Comprehensive Income Statement)

(Unit: million KRW)

	4Q'19	1Q'20	2Q'20	3Q'20	4Q'20
Revenue	122,174	133,187	131,667	118,299	105,616
Operating Expenses	93,678	86,971	81,103	77,761	85,640
Operating Profit	28,496	46,216	50,564	40,538	19,976
Financial Income	20,597	10,629	(4,665)	(7,678)	(21,456)
Non-Operating Income	(286)	1,541	3,665	1,728	893
Income from Equity Method	9	33	25	67	(100)
Income before Income Tax	48,816	58,419	49,589	34,655	(687)
Income Tax Expenses	7,415	10,086	25,962	6,884	(209)
Net Profit	41,401	48,333	23,627	27,771	(478)

