PEARL ABYSS

Investor Relations

Pearl Abyss Corp.

April 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
05 Industry Overview
06 Company Strategy
07 Financial Summary

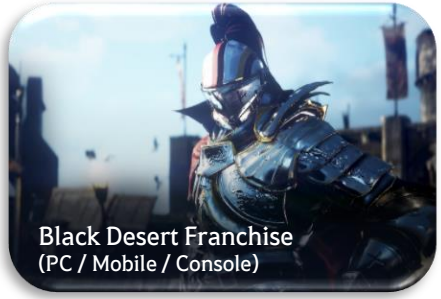
Appendix

Company Overview

1-1.
Company Overview : Introduction

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

Live Service





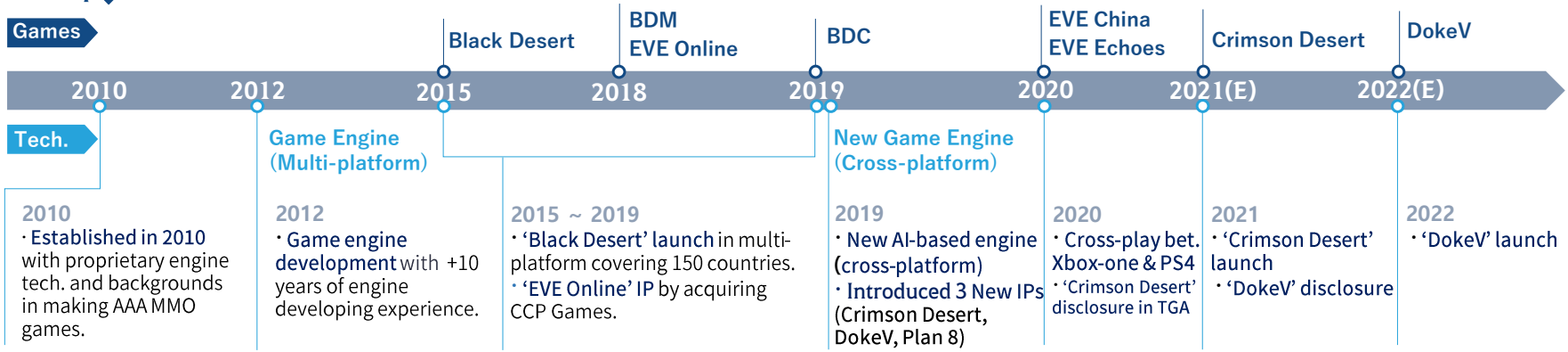
New Games







History

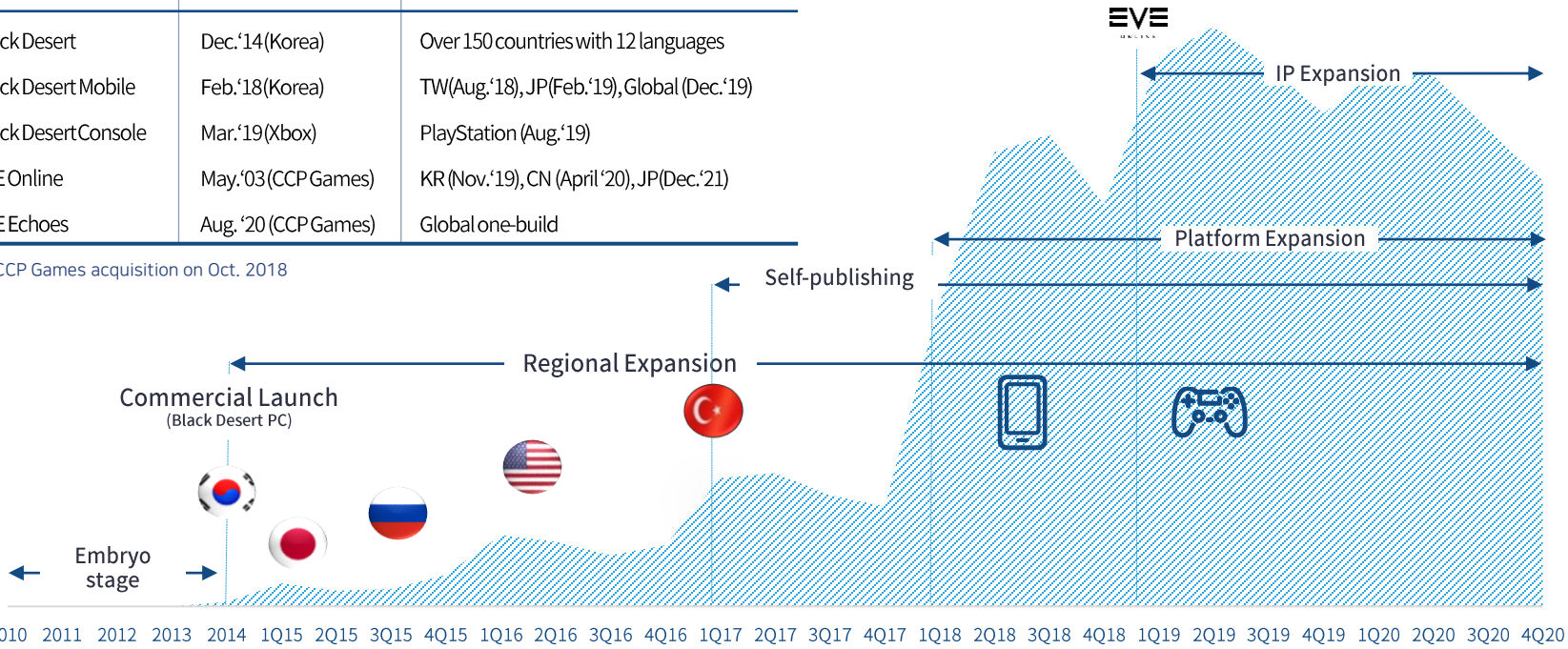


1-2.
Company Overview : Revenue Trend

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)
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

(*) CCP Games acquisition on Oct. 2018



* 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 Kim
Founder & Chairman (Head of Game Development)

Career
- Over 22 years of experience in game development
- '03 ~ '10 NHN Games (Game : R2, C9)
- '00 ~ '03 Gamasoft (Game : RYL)



Robin Jung
CEO of Pearl Abyss

Career
- Over 9 years of experience in VC specialized in game investment
- '10 ~ '16 LB Investments
- '07 ~ '10 HP Inc.

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

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

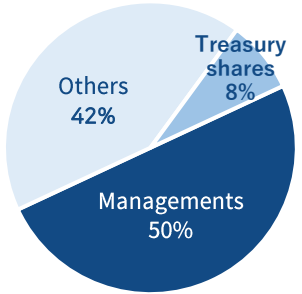
❖ Company Introduction

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 Mar. 2020)	13,189,850	Market Capitalization (as of 31 Mar. 2021)	KRW 4.1 trillions (USD 3. 7 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

Shareholder Structure



Foreign Ownership at 24% (Mar. 2021)

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)



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

검은사막



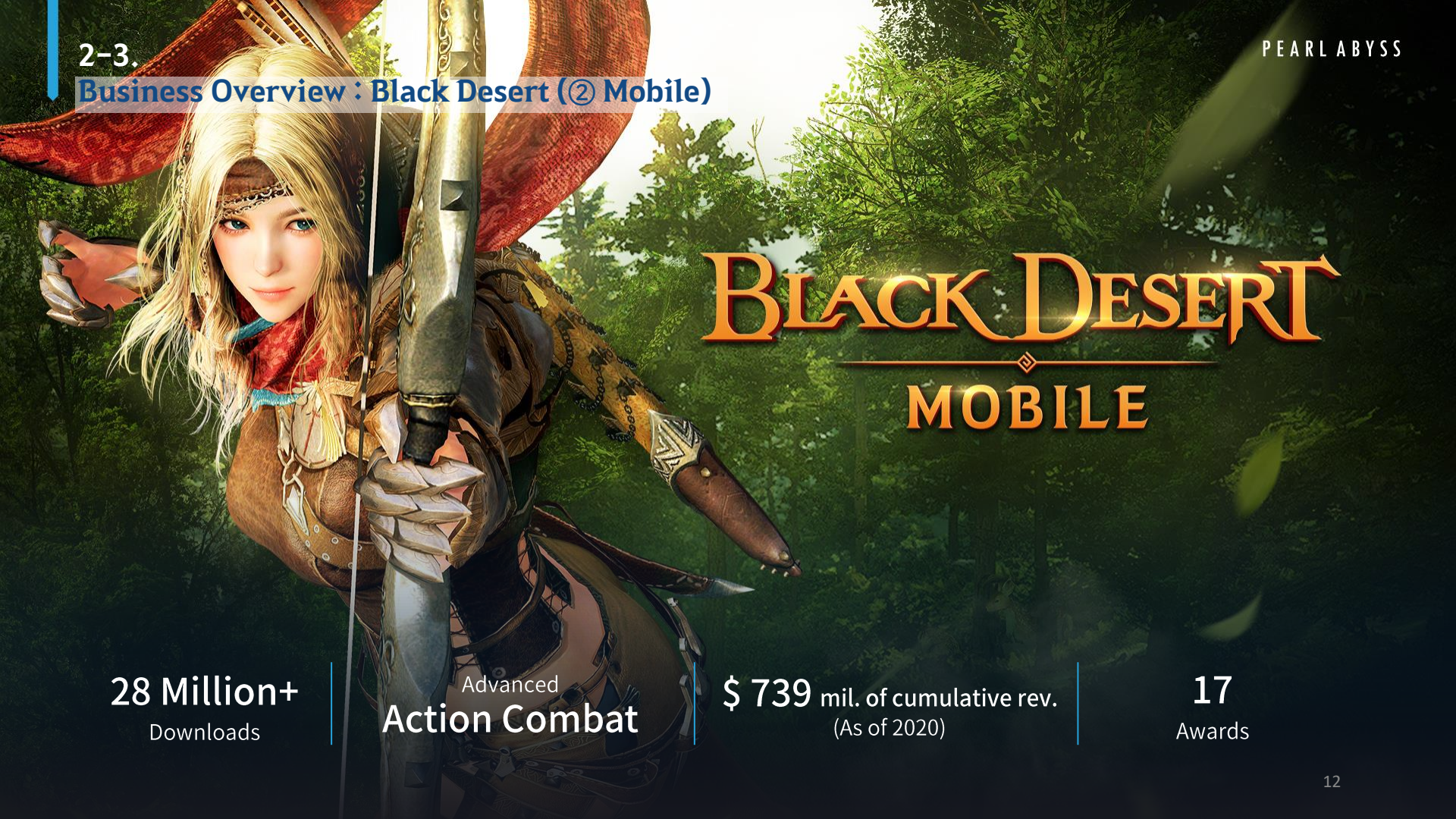
20 Million+
Players

Industry-leading
Graphics

150
Countries

21
Awards

Business Overview : Black Desert (② Mobile)



28 Million+
Downloads

Advanced
Action Combat

$ 739 mil. of cumulative rev.
(As of 2020)

17
Awards

2-4.
Business Overview : Black Desert (③ Console)



BLACK DESERT

PS4

3.3 Million+
Players

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

2003
- Launched in May 2003

2006
- EVE Online China (~2016)

2016
- Biz. model : Free to play (from subscription)

2020
- China approval (12 Mar.) Official Service (27 April) (*Publisher : Netease*)
- EVE Echoes (13 Aug.)

2021
- EVE Echoes China approval(10 Feb.)

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



Sci-fi MMO
World-renowned IP

18 Years
of Service

40 Million+
Cumulative Players

- Top 100 Games of All Time 2015 (PC Gamer)
- MMO Hall of Fame 2012
- MMORPG Game of The Year 2012
- Best Indie MMO of The Decade (Massively)
- Community Relations Nominee (GDC Online)
- Best Live Game (GDC Online)
- Best Non-fantasy MMO 2010 (Massive Online Gamer)

2-7.
Business Overview : EVE Echoes (Global)



Genre	Platform	Schedule	Feature
HARDCORE SCI-FI MMO	Mobile	Launch : 13 Aug. 2020	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)
- ✓ EVE Echoes 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

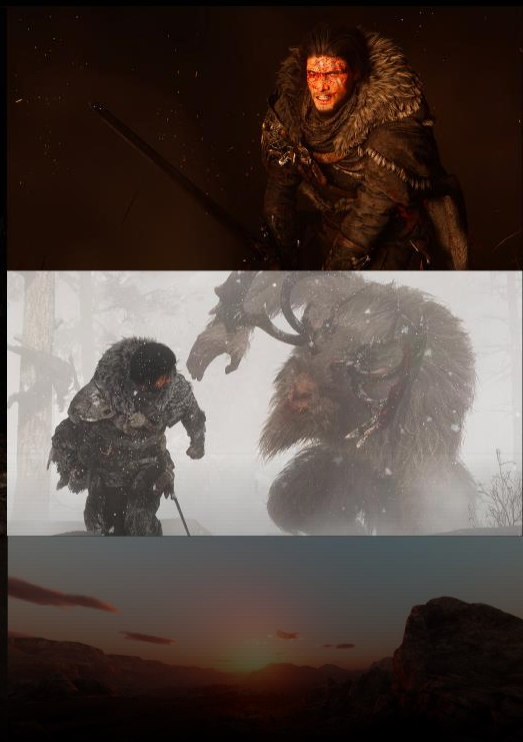
3-1. New Projects : Shadow Arena



Genre	Platform	Schedule	Feature
Action Battle Royale	PC, Console (Mobile) *(Multi-platform)*	Early Access : May ‘20	Action-packed game play Battle royale game until last one stands

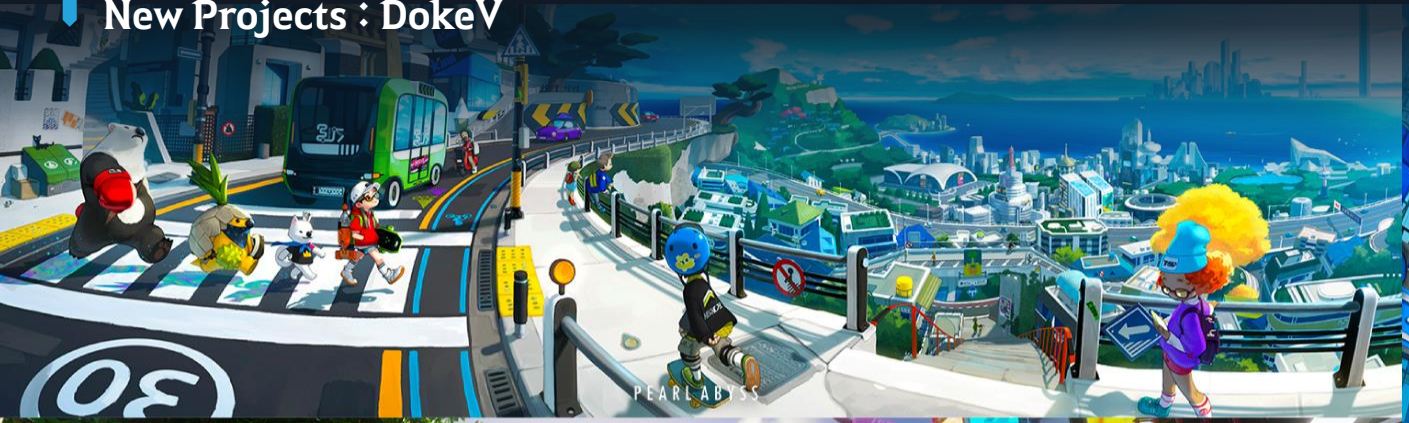
3-2.
New Projects : Crimson Desert *(A Saga Written in Blood)*

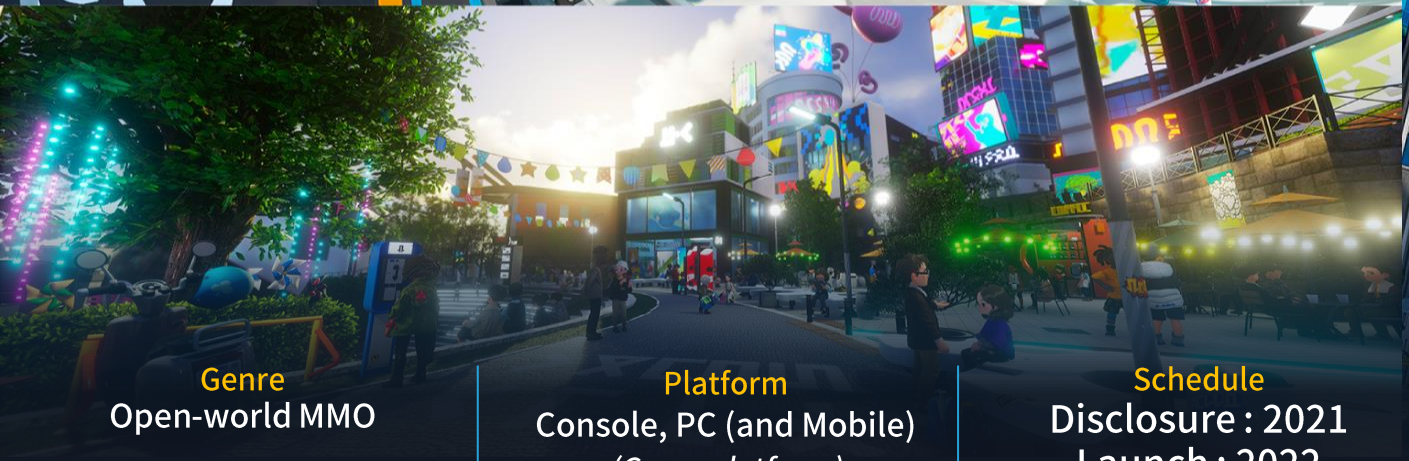




Genre	Platform	Schedule	Feature
Open World Action Adventure	Console, PC (and Mobile) *(Cross-platform)*	Launch : Q4‘21	The untold tale of mercenaries struggling to survive in the unforgiving lands of Pywel

3-3.
New Projects : DokeV







Genre
Open-world MMO

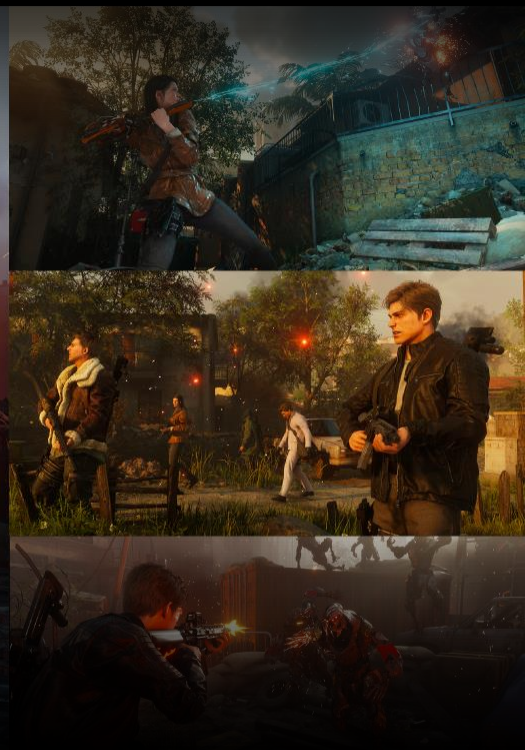
Platform
Console, PC (and Mobile)
(Cross-platform)

Schedule
Disclosure : 2021
Launch : 2022

Feature
Find DokeVs that grow with people's hope and dreams and embark on an exciting adventure with them

3-4.
New Projects : PLAN 8





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

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

Development

01 Original IP
: Immersive story and scripts

02 Multi Platform
: Covering all the game platforms

03 Proprietary Engine
: In-house game engines

04 Game Developing Facilities
: 3D Scanner, Motion capture, Audio System

05 Cross Platform
: Seamless connection between all platforms

Publishing & Strategy

01 Self-publishing
: Overseas offices publishing all service areas

02 Live Operation
: Stable and steady live operation

03 User Community Care
: Close user care (events, meetings)

04 Game Trend Reading
: Good at reading & catching the trend

05 Visionary
: Leading the industry trailblazing into new areas

4-2.
Company Strength : Development (① Proprietary Engine)

❖ Advantage of AI-based Game Engine





Productivity

- Cross-platform (Platform compatibility)
- AI-based automated coding

Cost Efficiency

- No royalty payment
- Less cost and time in upgrading up-to-date features in engine

Live Operation

- Prompt contents development (Prerequisite for open-world games)
- Convenient programming (Automated development)

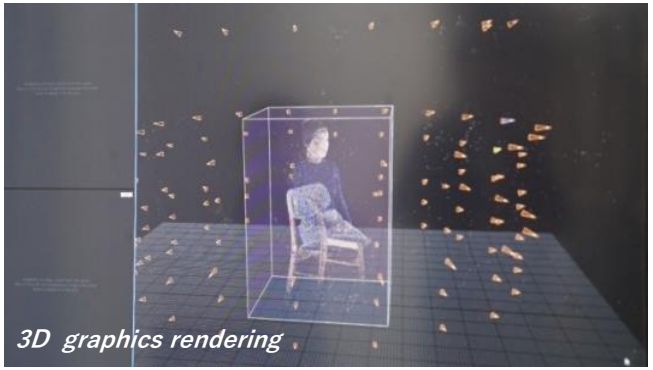
AAA Games

- Realistic graphics (3D graphic rendering technology)
- Customized engine for qualitative open-world games

4-3.
Company Strength : Development (② Game Developing Facilities)

❖ 3D Scanner & Motion Capture Studio









3D Scanner

- 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 (Graphic rendering)

4-4.
Company Strength : Development (③ Audio Studio)

❖ Audio Studio


Pearl Abyss Audio Studio




Collaboration with German Staatskapelle Halle

- 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

Europe

- CCP Games (100%)
- Pearl Abyss Iceland (100%)
- Pearl Abyss EU (100%)

Self-publishing (All Platforms)

Asia Pacific

- Pearl Abyss Korea
- Pearl Abyss HK (100%)
- Pearl Abyss Taiwan (100%)
- Pearl Abyss Singapore (100%)
- Pearl Abyss SEA (100%)
- Pearl Abyss Japan (100%)

Self-publishing (All Platforms)

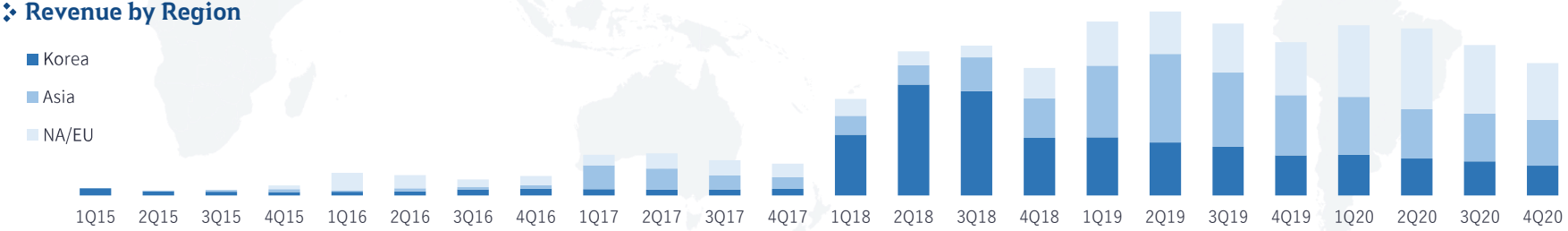
America

- Pearl Abyss America (100%)

Self-publishing (All Platforms)

- Redfox Games (20%)
  South America publisher

Revenue by Region

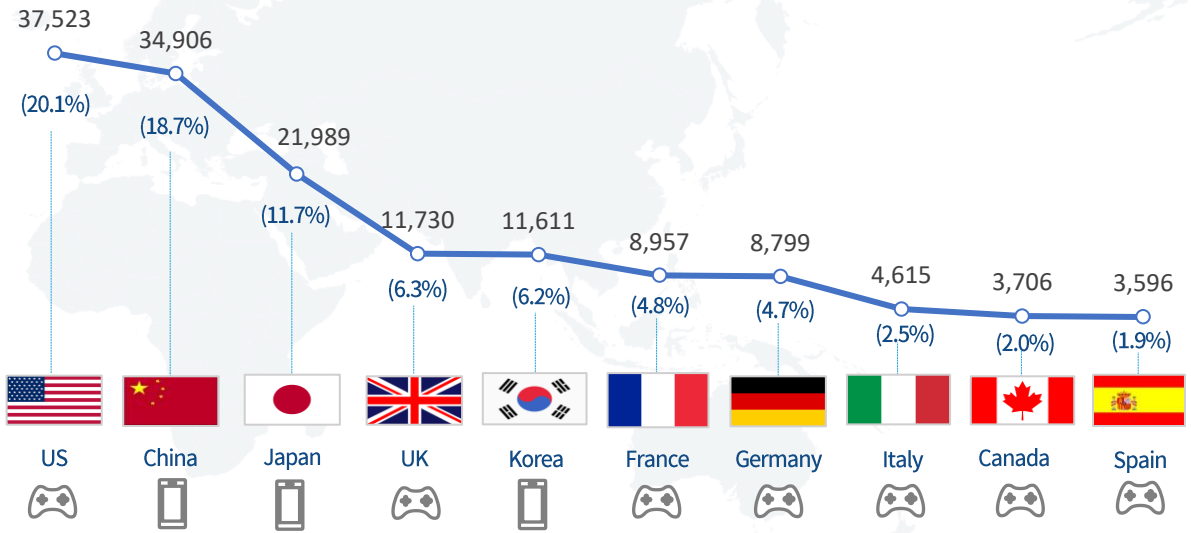


Industry Overview

5-1.
Industry Overview : Global Game Market

❖ Market size and share by country (2019)

(Unit: USD in millions, %)



* Note : Korean Game White Paper 2020, KOCCA
* Source : PWC(2020), Enterbrain(2020), JOGA(2020), iResearch(2019), Playmeter(2016), NPD(2020)

NA/EU

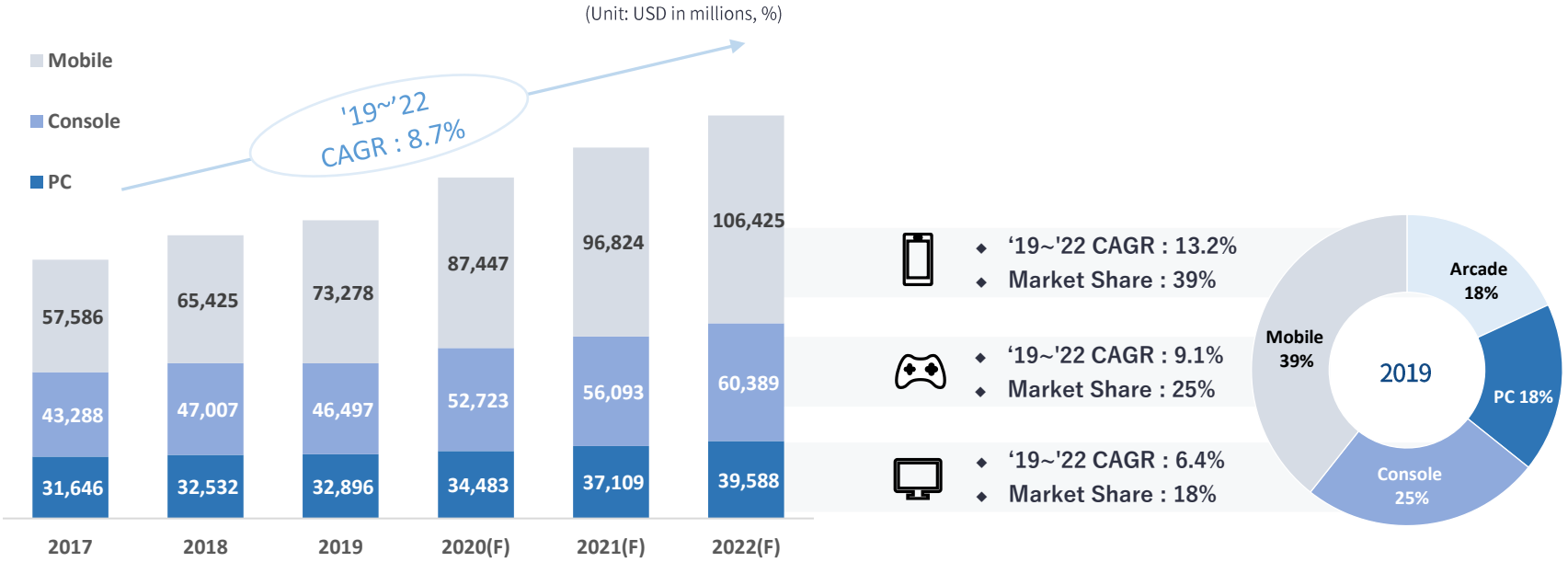
- NAEU M/S : 55%
  - US : 20%
- Major platform : Console
- NAEU console M/S : 84%
  - North America : 34%
  - Europe : 50%

Asia

- Asia M/S : 43%
  - China : 19%
- Major platform : Mobile
- Asia mobile M/S : 60%
  - China : 28%
  - Japan : 15%

5-2.
Industry Overview : Game Platform

❖ Market size and share by platform

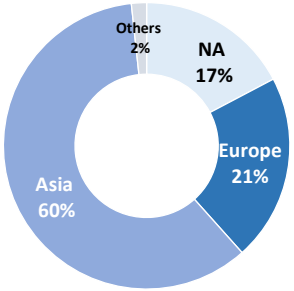


* Note : Korean Game White Paper 2020, KOCCA (Arcade excluded)
* Source : PWC(2020), Enterbrain(2020), JOGA(2020), iResearch(2019), Playmeter(2016), NPD(2020)

5-3.
Industry Overview : Game Platform

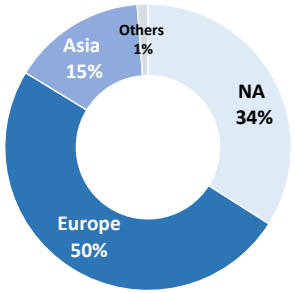
❖ Platform market share by region (2019)

Mobile



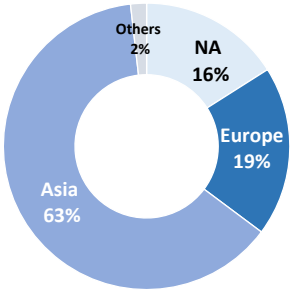
- Asia M/S : 60%
  - China : 28%
  - Japan : 15%
- NAEU M/S : 38%
  - US : 16%

Console



- NAEU M/S : 84%
  - US : 31%
  - UK : 11%
- Asia M/S : 15%
  - JP : 9%

PC

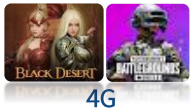
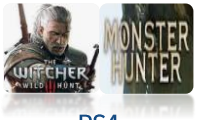
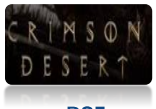


- Asia M/S : 63%
  - China : 42%
  - Korea : 13%
- NAEU M/S : 35%
  - US : 15%

* Note : Korean Game White Paper 2020, KOCCA
* Source : PWC(2020), Enterbrain(2020), NPD(2020)

5-4.
Industry Overview : Market Analysis

- Biz. Model : 'In-game transaction' in all platforms
- Genre : Network based high quality games
- Platform : Multi-platform → Cross-platform (+ cross-play), Cloud-streaming

Business Model	Network & Game	Market Analysis
◆ **Free to Play** In-game Transactions	 3G  4G	Intensified competition → Growing importance of IP power & PLC management
◆ **Single → Multi → Subscription** Pkg. → DLC*/RCS* → In-game Transactions	 PS4  PS5	Change of game play pattern (single to multi) → Growing needs in open-world games in console
◆ **Package → Free to Play** In-game Transactions	 Massively Multi Online Games	Reduced competition → Existing AAA games dominating the market with absence of blockbusters

* DLC : Downloadable contents
* RCS : Recurrent consumer spending

Company Strategy

6-1.
Company Strategy : AAA MMO Games

- Make high-end games with immersive narrative appealing to global gamers
- Provide stable live operation with in-house publishing

Strength

Internal Capabilities
(Experience in making AAA Games)

- Top-notch developers
- Proprietary engine : Realistic graphics
- Global and multi-platform experience

Opportunity

External Opportunities
(Increase in needs for high quality games)

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

Network-based High Quality Games

6-2.
Company Strategy : Summary

Create The Finest MMO games

A self-innovative game company

providing fresh, exhilarating,

and unforgettable adventures

New games
(2021~)

Top Global Studio

Globally-appealing Story-based MMO/open-world Games	Platform Compatibility (Cross-platform+Cloud)

Performance
(2015~2019)

Proven Service Operation

Global Presence (Success from all region)	Multi Platform (PC/Mobile/Console)	Live Operation (more than 6 years)

Strength
(2010~)

World-class Game Developing Capabilities

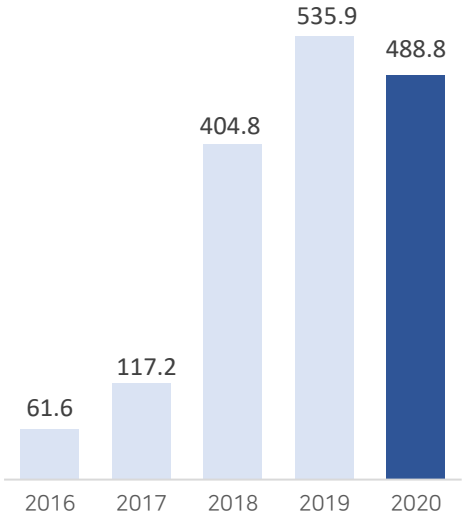
High Quality Man-Power	Proprietary Game Engine	Self-innovative Culture	Development-oriented Environment	Development facilities (3D Scanner, Motion Capture, Audio Studio)

Financial Summary

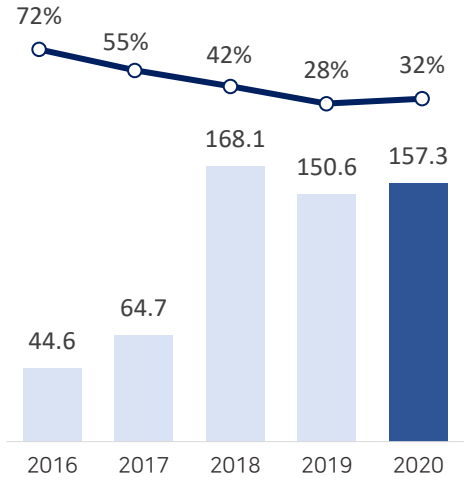
7-1.
Financial Summary : Operating Performance (by year)

◈ Operating Revenue : 488.8 bil., Operating Profit : 157.3 bil., Net Profit : 100.9 bil. *(KRW)*

❖ Operating Revenue

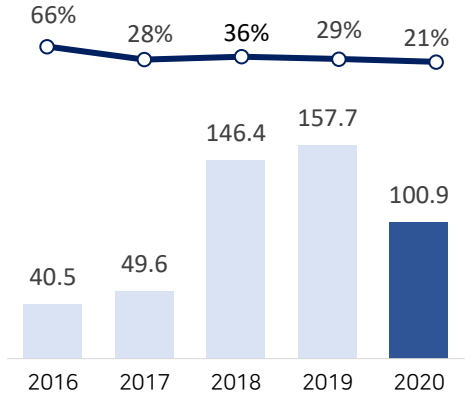


❖ Operating Profit



❖ Net Profit

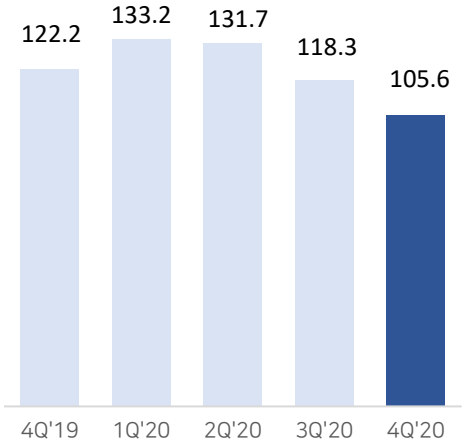
(Unit: billion KRW, %)



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

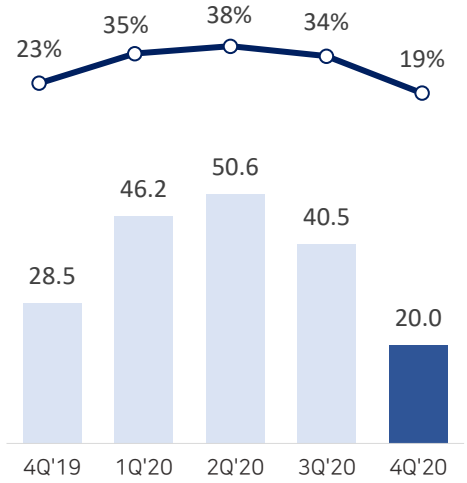
◈ 4Q'20 Operating Revenue : 105.6 bil., Operating Profit : 20.0 bil., Net Profit : 1.2 bil. *(KRW)*

Operating Revenue



YoY -13.6%
QoQ -10.7 %

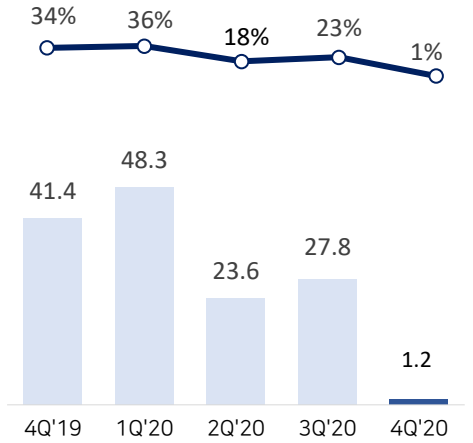
Operating Profit



YoY -29.8 %
QoQ -50.6 %

Net Profit

(Unit: billion KRW, %)

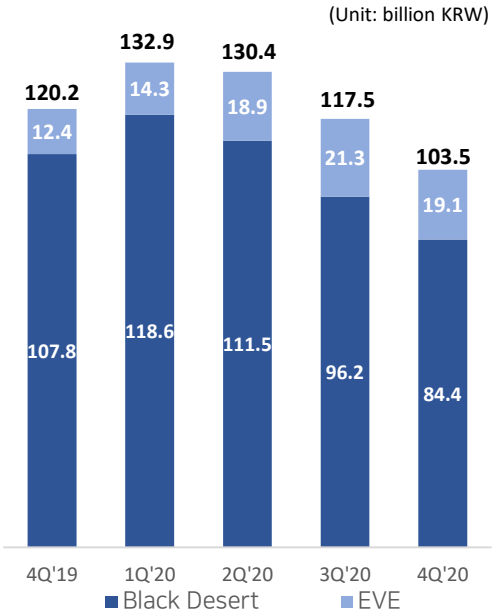


YoY -97.3 %
QoQ -96.0 %

7-3.
Financial Summary : Revenue Breakdown

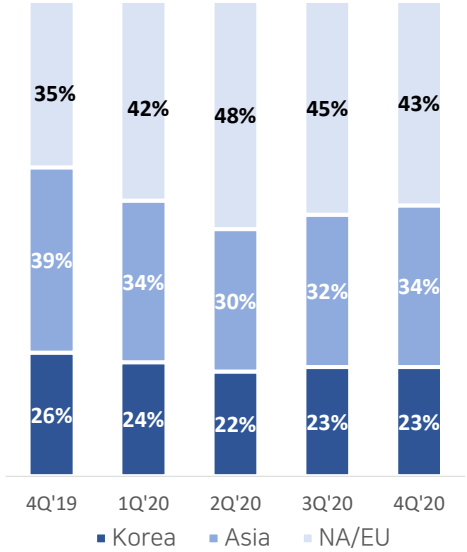
Well-balanced Portfolio by Region & Platform

Revenue by IP

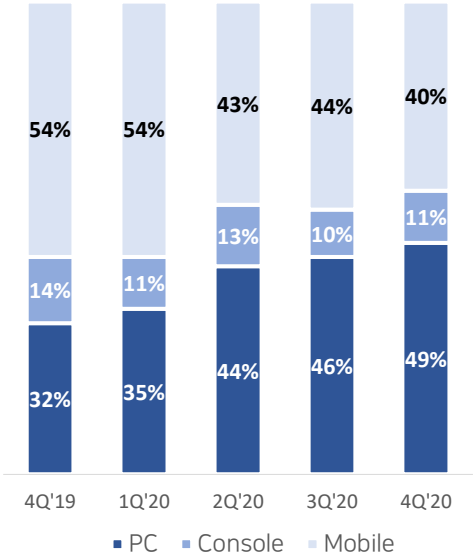


(*) Non-game revenues excluded

Revenue by Region



Revenue by Platform



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)

PEARL ABYSS

(Unit : million KRW)

	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**

	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		
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)

PEARL ABYSS

(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	894
Income from Equity Method	9	33	25	67	(100)
Income before Income Tax	48,816	58,419	49,589	34,655	(686)
Income Tax Expenses	7,415	10,086	25,962	6,884	(1,810)
Net Profit	**41,401**	**48,333**	**23,627**	**27,771**	**1,124**


PEARL ABYSS