

Investor Relations

Pearl Abyss Corp.
Sep. 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.

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 game studio making high quality MMO games having users across the globe

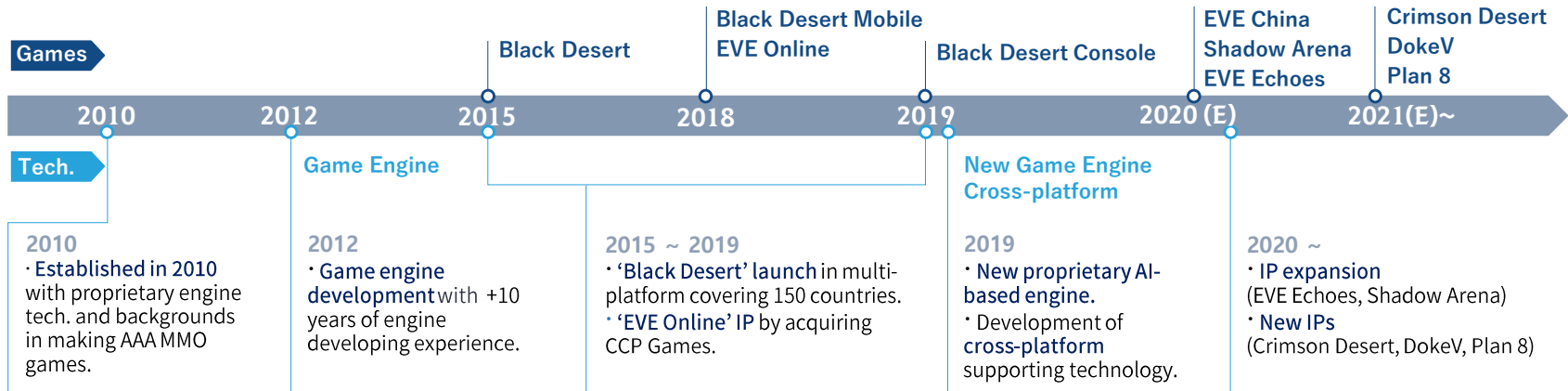


Black Desert Franchise (PC / Mobile / Console)



EVE Online

History ❖

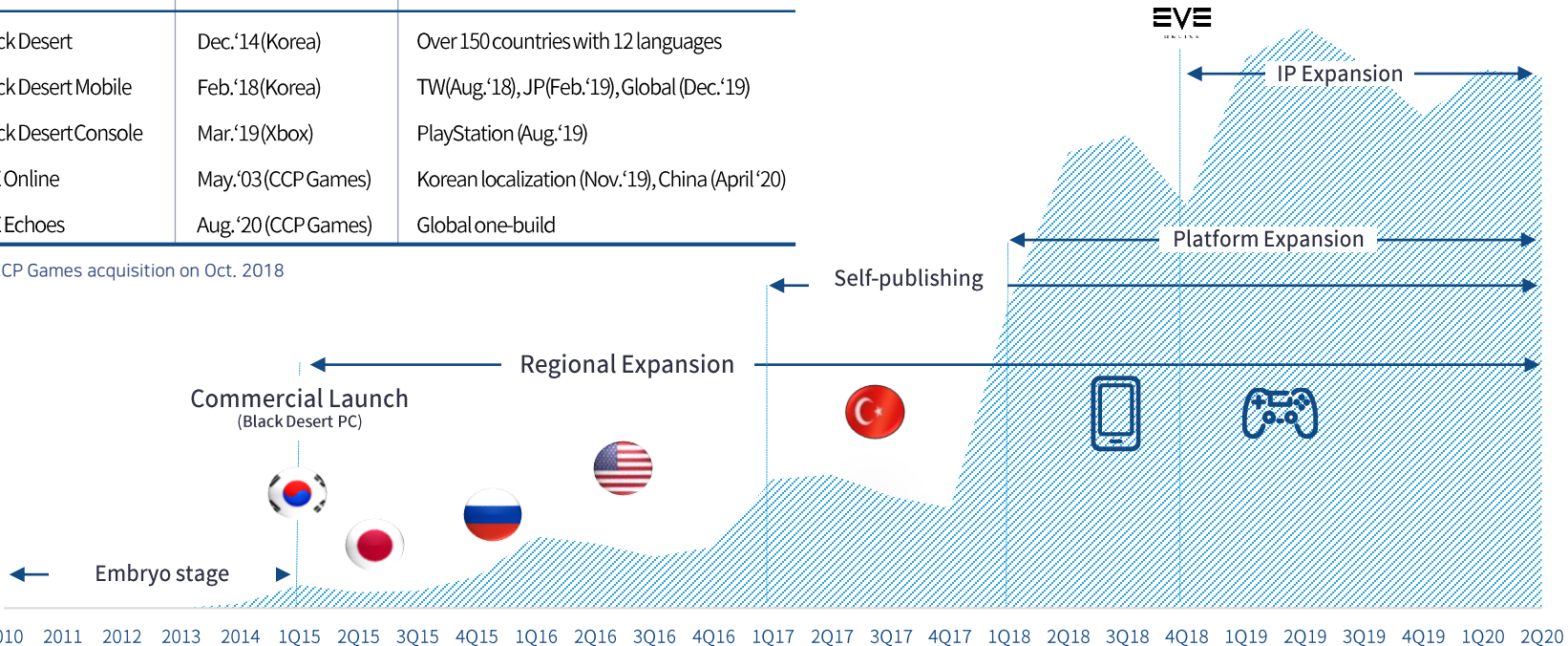


1-2. Company Overview : Revenue Trend

◆ 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)	Korean localization (Nov.'19), China (April '20)
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 21 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 8 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 21 years of experience in the game development industry
 - Gameabout, Wemble



Hee-hwan Ji

Chief Technology Officer (CTO)

Career

- Over 19 years of experience in the game industry
 - NHN Games



Yong-su Seo

Art Director

Career

- Over 19 years of experience in the game development industry
 - NCsoft, NHN Games, Nexon

Operation & Publication



Jin-young Heo

Chief Operating Officer (COO)

Career

- Over 24 years of experience in the game industry
 - Kakao Games, Daum



Kevin Kim

Chief Business Officer (CBO)

Career

- Over 13 years of experience in the game industry
 - Onnet, Daddyface



Jung-hee Jin

Head of US office

Career

- Over 15 years of experience in the game industry
 - Kakao Games USA, NHN

1-4. Company Overview : Snapshot

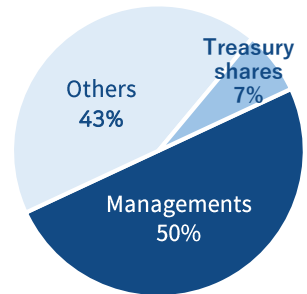
❖ Company Introduction

Company Name	Pearl Abyss Corp.	Establishment Date	2010.09.10
Founder (Chairman)	Dae-il Kim (Largest shareholder, 36.2%)	CEO	Robin Jung
Number of Employees (as of 30 June 2020)	1,202	Settlement of Account	December
No. of Issued Shares (as of 30 June 2020)	13,079,850	Market Capitalization (as of 17 Sep. 2020)	KRW 2.6 trillions (USD 2.3 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 22% (Sep. 2020)

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 1.1 billion** in cumulative sales (as of June '20)

2015



BLACK DESERT
ONLINE +
REMASTERED

2018



BLACK DESERT
MOBILE

2019



BLACK DESERT

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

검은사막

10 Million+
Players

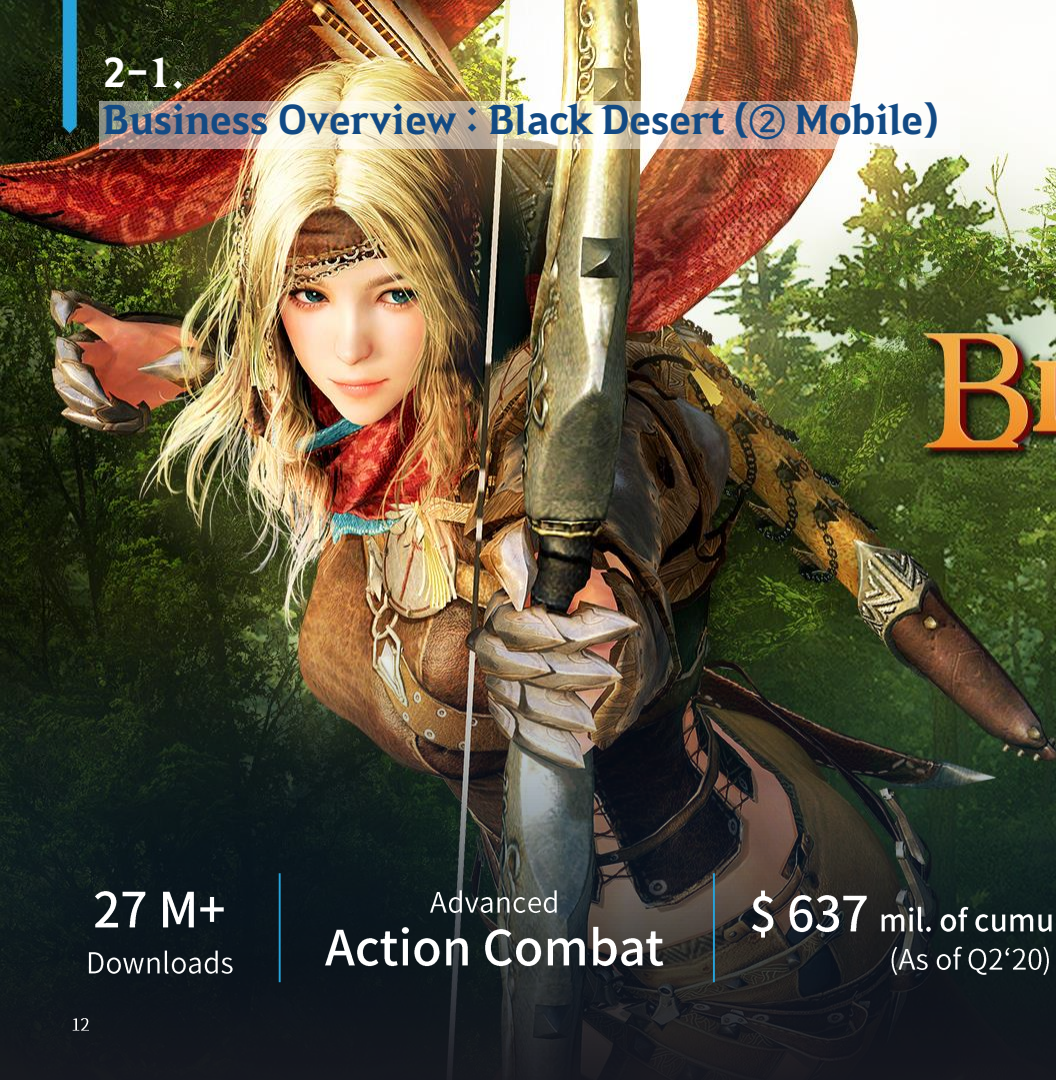
Industry-leading
Graphics

150
Countries

- KR : Best Game (KOCCA)
- RUS : Best MMORPG (Goharu Awards)
- NA/EU : Best New MMORPG (mmorpg.com)
- TW : Best Popular Game (gamer.com.tw)
- JP : Best Game (Web Money)
- RUS : Best MMORPG Update (Goharu Awards)
- GER : Best MMORPG Top5 (Mein-MMO)

2-1.

Business Overview : Black Desert (2 Mobile)



BLACK DESERT

MOBILE

27 M+
Downloads

Advanced
Action Combat

\$ 637 mil. of cumulative rev.
(As of Q2'20)

- KR: 2018 Best game in 6 areas
- TW : 2018 Best game (Google play)
Top-10 popular mobile game (TW gameshow)
- UK: Best audio/visual accomplishment (Pocket Gamer)
- Russia : Best MMORPG (Goharu)

2-1.
Business Overview : Black Desert (③ Console)



BLACK DESERT

PS4

Available on

Xbox one / PS4
(Cross-play)

Biz. model

Package + In-game purchase

Sand box MMO

With regular updates

2-2. Business Overview : EVE Online

❖ EVE Online IP

Company	CCP Games (100% shares)
CEO	Hilmar Veigar Petursson (CTO of CCP from 2000 to 2005)
Number of Employees	306 (as of June '20)
Office	HQ : Iceland Other studios : London, China

- ❖ The largest MMO science fiction franchise running for 17 years
- ❖ Large loyal user base and dedicated community
- ❖ Massive opportunity in China through partnership with NetEase
- ❖ Proprietary game engine (bringing long live operation with unrivalled qualities)
- ❖ Immersive PVP play and permanent world supported by real-world economy
- ❖ 80%+ of payers in Dec. '18 originated from cohorts prior to 2018



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



INTO THE ABYSS

Sci-fi MMO
World-renowned IP

17 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)

2-3.
Business Overview : EVE Echoes (Global)



The logo for EVE Echoes is displayed in a stylized, white, blocky font. The word 'EVE' is significantly larger than 'ECHOES'. The background of the slide is a dark, atmospheric space scene featuring a large, complex space station or industrial structure with various modules and pipes. Several spaceships are visible, some appearing to be in a battle or a high-speed maneuver. The lighting is dramatic, with blue and green highlights on the structures and ships against the black void of space.

EVE
ECHOES

2019.12 OBT
ios android

Genre
HARDCORE SCI-FI MMO

Platform
Mobile

Schedule
Launch : 13 Aug. 2020

Feature
SANDBOX MMO
Co-developed by Netease & CCP

2-4. Business Overview : Q3'20 Highlight

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

Q3 Business Highlight

❖ Black Desert

- ✓ Simultaneous contents updates in all platforms to even the contents
(Global 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
('Jackpot Supermatch' E-sports under the auspice of Intel)

❖ EVE Online

- ✓ Increase profits thanks to solid user base

New Games

❖ EVE Echoes

- ✓ Launch : 13 Aug. 2020 (UTC)
- ✓ Global one-build with 7 Languages
- ✓ Optimized mobile UI/UX

❖ Crimson Desert

- Unveiling : 2H 2020
- Launch : Q4 2021

❖ DokeV / Plan 8

- Launch : 2022 / 2023

New Projects



3-1. New Projects : Shadow Arena

SHADOW ARENA

Genre

Action Battle Royale

Platform

PC (Console, Mobile)
(Multi-platform)

Schedule

Early Access : 21 May '20

Feature

Action-packed game play
Battle royale game until last one stands
(1:1 or Team : Team)

3-2.

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



CRIMSON DESERT

The title screen features a dark, atmospheric scene with two characters in a dimly lit environment. One character in the foreground is wearing a dark hooded cloak and has a shield with a circular emblem. Another character is visible behind him. The title 'CRIMSON DESERT' is displayed in a stylized, golden font across the middle of the image.

Genre

Epic-fantasy MMORPG

Platform

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

Schedule

Disclosure : H2'20
Launch : Q4'21

Feature

An open world MMORPG
A mercenary story of growth
(and overcoming desperation)



3-3. New Projects : DokeV



Genre
Collectible MMORPG
(for all ages)

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

Schedule
Launch : 2022

Feature
An open world w/ unique graphics
Adventures collecting DokeV
A family-oriented game

3-4.
New Projects : PLAN 8



Genre
Exosuit MMO Shooter

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

Schedule
Launch : 2023

Feature
A unique shooter game
A vast open world MMO
Realistic graphics

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

- ❖ 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

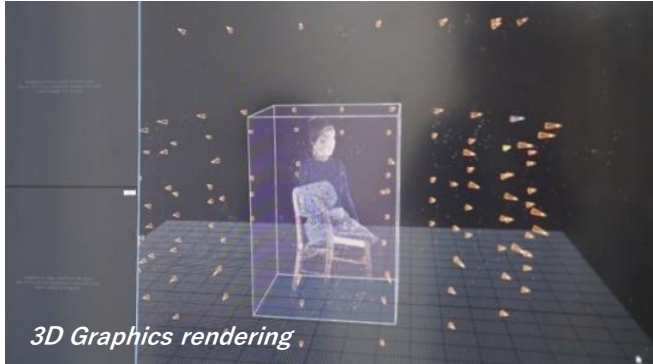
- ❖ Facilitate contents development (Prerequisite for MMO games)
- ❖ Frequent regular updates (Stable live service)


AAA Games

- ❖ Outstanding graphics
- ❖ Customized engine for high quality MMO games

4-2. 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 (Auto-rendering)

4-3. 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 (Console, mobile)

Asia Pacific

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

◆ Self-publishing (All Platforms)

- ◆ Pearl Abyss Japan (100%)

◆ Self-publishing (Console, mobile)

America

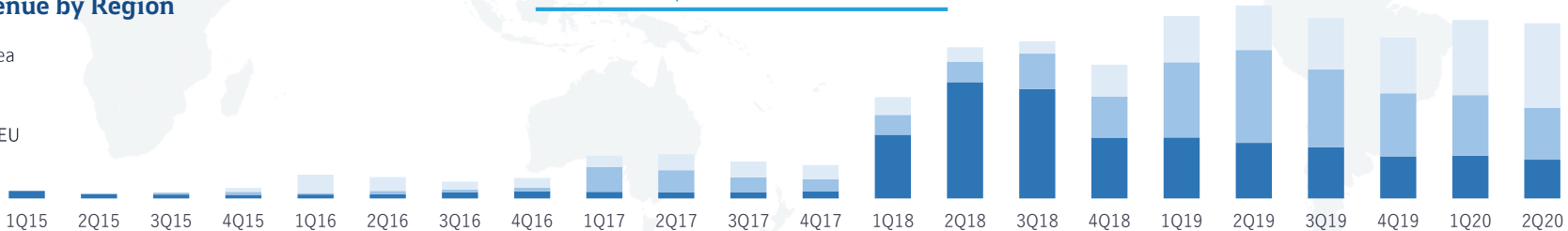
- ◆ Pearl Abyss America (100%)

◆ Self-publishing (Console, mobile)

- ◆ Redfox Games (20%)

◆ Revenue by Region

- Korea
- Asia
- NA/EU



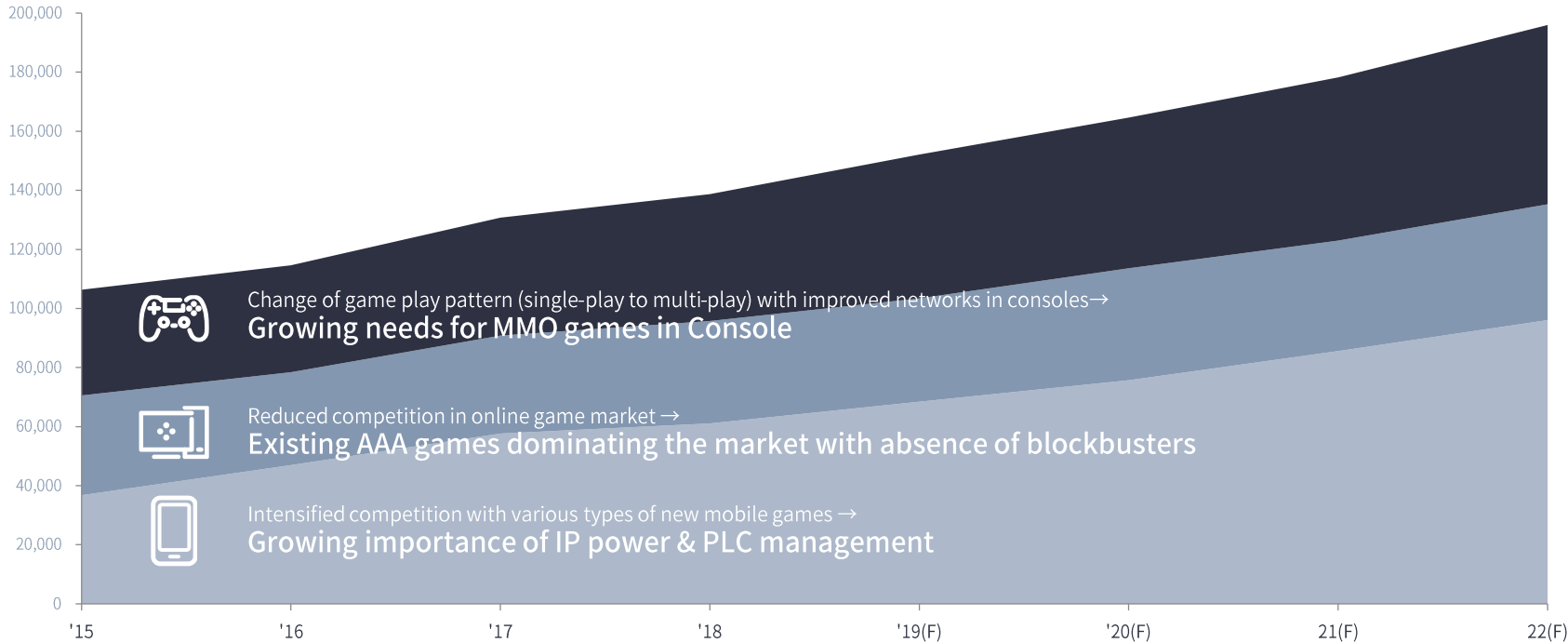
Industry Overview



5-1. Industry Overview : Game Platform

❖ Game Industry Forecast by Platform

(Unit: USD in million)



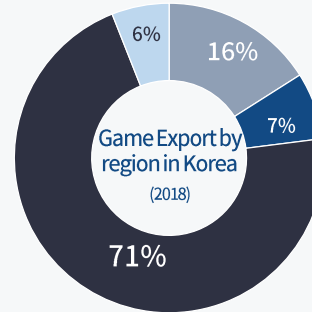
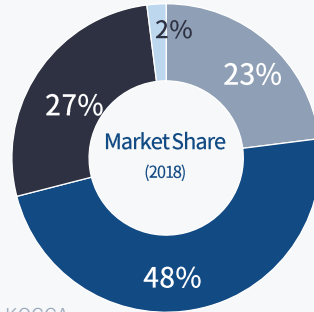
* Note : Cumulative market size graph (Newzoo, KOCCA)

5-2. Industry Overview : Market Analysis

- ◆ Go global with more growth opportunity (Market Share : NA/EU at 71%, Korea at 6.2%)
- ◆ Go console to garner core western gamers (Propensity in playing AAA games with console)

Market Share by Region

- NA
- EU
- Asia
- Others



* Note: 2018

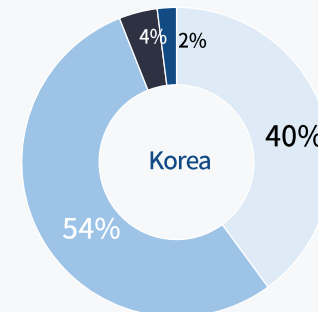
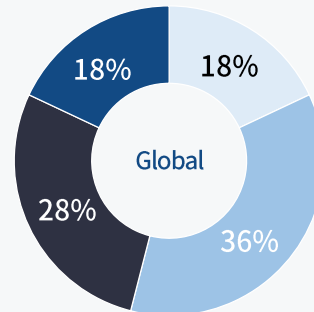
* Source: Korean Game White Paper 2019, KOCCA

❖ Seeking growth by going global

- More opportunities from global
- : Seek revenues beyond Korea (Korea M/S at 6.2%)
- Target western market (NA/EU)
- : Focus more on western to be a global studio (a 42% rev. from NA/EU, as of Q1'20)

Market Share by Platform

- PC
- Mobile
- Console
- Arcade



* Note: 2018

* Source: Korean Game White Paper 2019, KOCCA

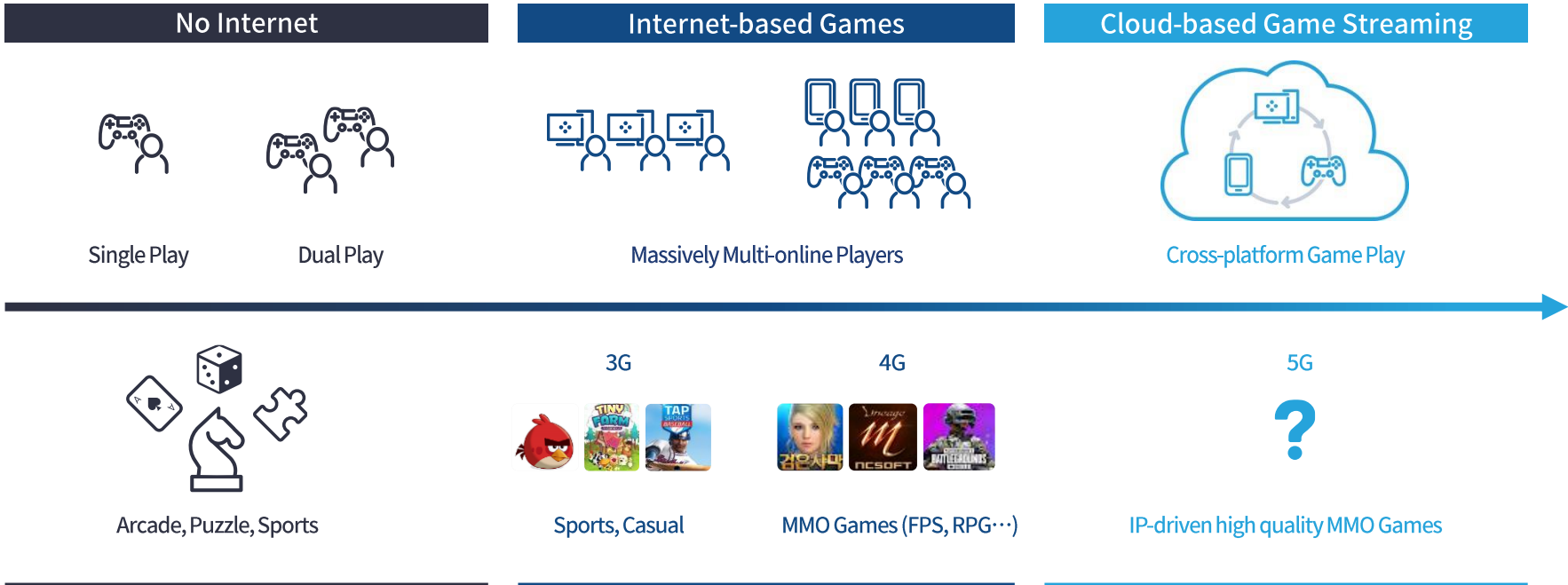
❖ Diversify platform with console

(A major platform in global)

- Console M/S at 28% compared to 4% in Korea
- : Diversify rev. by going console (Stable stream of revenue expected)
- Console-based AAA IPs
- : Various merits of console games (Longer PLC and increased IP awareness)

5-3. Industry Overview : Changes in Popular Game Genres

- ◆ More needs for MMO games with improving internet connection and devices
- ◆ High quality MMO games with cloud game streaming (solving device problem)



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 games)

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

❖ **Network-based High Quality MMO Games** ❖

6-2. Company Strategy : Summary

❖ Create the best MMOs in the world ❖

*A self-innovative game company
providing fresh, exhilarating,
and unforgettable adventures*

**New MMO games
(2020~)**

**Performance
(2015~2019)**

**Strength
(2010~)**

Top Global Studio

Globally-appealing
Story-based MMO Games

Platform Expansion
(Cloud + Cross-platform)

Proven Service Operation Abilities

Global Presence
(Success from all region)

Multi Platform
(PC/Mobile/Console)

Live Operation
(more than 6 years)

World-class Game Developing Capabilities

High Quality
Man-Power

Proprietary
Game Engine

Self-innovative
Boundary Pushing
Culture

Development-
oriented Working
Environment

Game facilities
(3D Scanner,
Motion Capture)

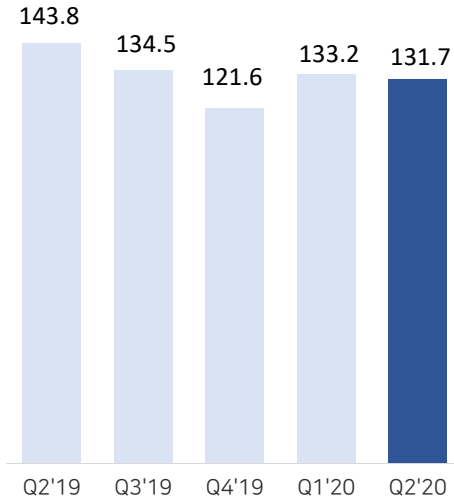
Financial Summary



7-1. Financial Summary : Operating Performance

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

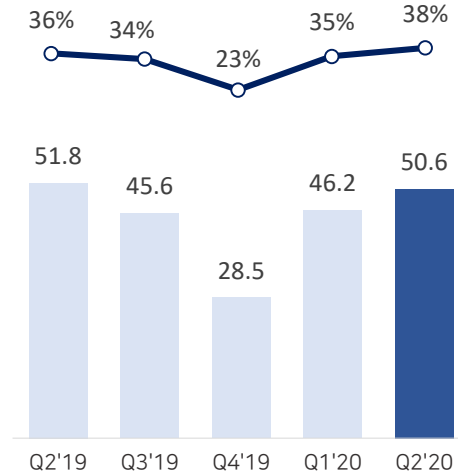
◇ Operating Revenue



YoY -8.4%

QoQ -1.1%

◇ Operating Profit

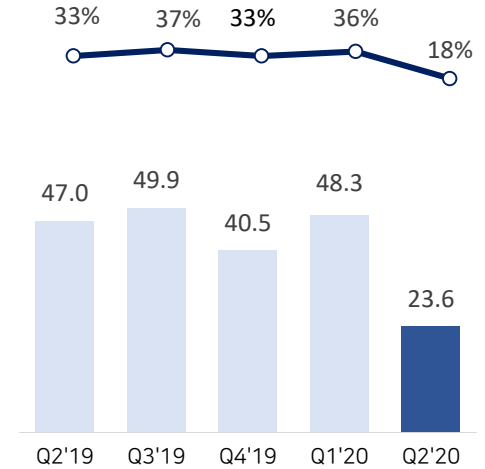


YoY -2.3%

QoQ 9.5%

◇ Net Profit

(Unit: billion KRW, %)



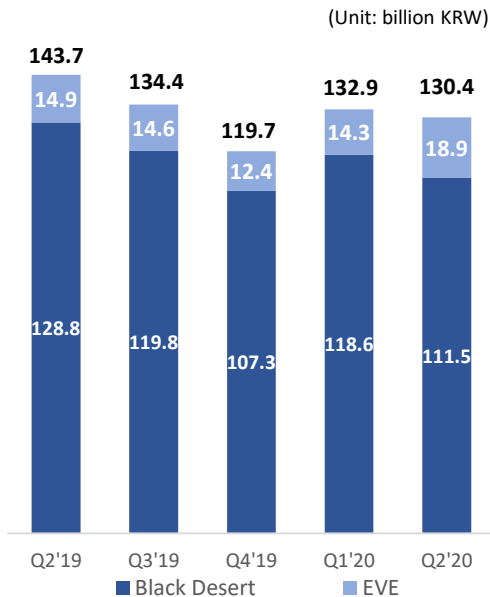
YoY -49.8%

QoQ -51.1%

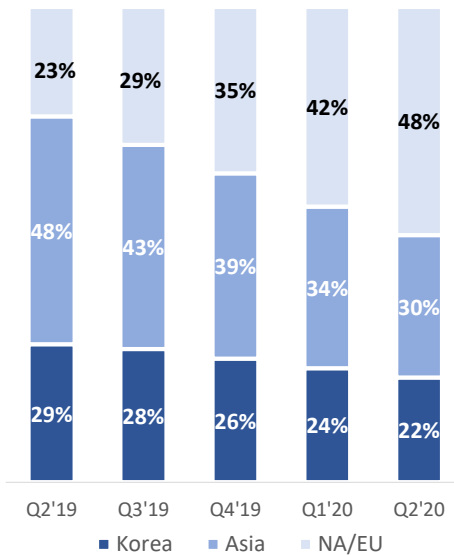
7-2. Financial Summary : Revenue Breakdown

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

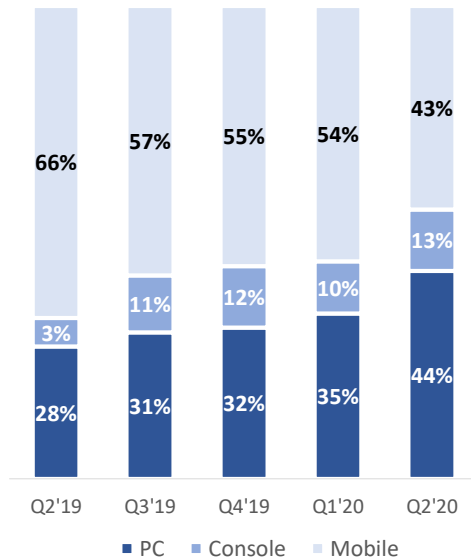
◇ Revenue by IP



◇ Revenue by Region



◇ Revenue by Platform



(*) Non-game revenues excluded

7-3. Financial Summary : 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%

Appendix



Appendix.

Consolidated Financial Statements (Statement of Financial Position)

PEARL A BYSS

(Unit : million KRW)

	2019.12.31	2020.06.30		2019.12.31	2020.06.30
Assets			Liabilities		
I . Current Assets	450,129	553,981	I . Current Liabilities	123,273	146,876
Cash and Cash Equivalents	176,366	212,613	Other liabilities	38,731	30,963
ST Financial Instruments	184,596	249,105	Income taxes payable	11,030	34,049
Financial assets measured at fair value	3,896	3,160	Current portion of long-term debt	30,000	30,000
AFS financial assets	6,122	7,376	Lease liabilities	3,937	5,337
Account receivables	68,924	71,055	Other current liabilities	39,575	46,527
Other Current Assets	10,225	10,672	II . Non-Current Liabilities	155,101	172,486
II . Non-Current Assets	417,262	437,336	Other liabilities	3,250	3,850
Account receivables	17,247	5,087	Long-term debt	87,890	110,035
LT Financial Instruments	827	876	Provision	592	961
Financial assets measured at fair value	7,858	15,485	Other non-current liabilities	11,477	18,616
AFS financial assets	203	202	Deferred tax liabilities	23,567	23,707
Tangible Assets	78,121	95,783	Lease liabilities	28,325	15,317
Intangible Assets	293,395	300,040	Total Liabilities	278,374	319,362
Investment in affiliated companies	832	910	Capital		
Deferred tax asset	17,591	17,858	I . Capital stock	6,512	6,540
Other non-current assets	1,188	1,095	II . Capital Surplus	200,034	202,253
Total Assets	867,391	991,317	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

An illustration of a diver in a dark, cavernous underwater environment. The diver is wearing a blue and white suit and a helmet with a headlamp. A bright, glowing orb sits on the ground in front of the diver, casting a light. A thin, dark line extends from the top of the frame down to the diver's helmet. The background is dark blue with some faint, glowing particles. The overall mood is mysterious and exploratory.

PEARLABYSS

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