

1Q26 Pearl Abyss Earnings Letter



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.

Management Summary

Pearl Abyss recorded strong performance in 1Q26, driven by the launch of Crimson Desert. Crimson Desert ranked number one on Steam’s Top Sellers across major countries, showing high pre-sale volume despite being a new IP. In particular, the game solidified its position as a AAA game by recording 2 million copies on the first day of launch, 3 million within 4 days, 4 million within 12 days, and 5 million within 26 days. In addition, we enhanced the overall user experiences by adding new content and improving user experience through patches based on user feedback.

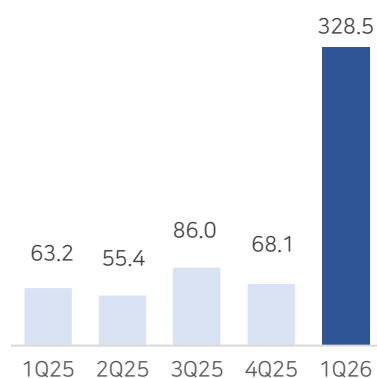
The performance of Black Desert franchise was stable QoQ, supported by its steady live service. In 1Q26, Black Desert PC focused on reinforcing its content by revamping guild bosses and ‘Blue Battlefield’, while console provided updates centered on improving PvP content and user experience. In addition, Black Desert Mobile improved the overall gameplay environment by expanding user accessibility through a PC-client, alongside graphic revamp through the remaster version and UI simplification.

► 1Q26 Operating Performance

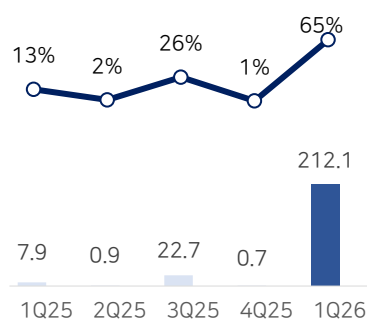
Operating revenue and profit increased substantially, thanks to the successful launch of Crimson Desert.

- Operating revenue posted KRW 328.5 billion, up 419.8% YoY and 382.4% QoQ.
- Operating profit posted KRW 212.1 billion, thanks to efficient marketing execution and top-line growth.
- Net profit posted KRW 170.0 billion, benefiting from favorable FX rates and revenue growth.

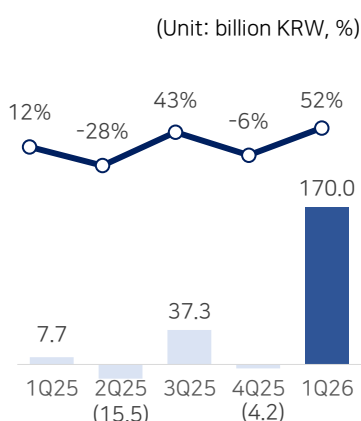
❖ Operating Revenue



❖ Operating Profit



❖ Net Profit(Loss)



* Continuing operations basis (The sales of Fenris Creations, formerly CCP games were completed on May 6, 2026)

YoY **419.8%**

QoQ **382.4%**

YoY **2,584.8%**

QoQ **30,200.0%**

YoY **2,107.8%**

QoQ **Turn to profit**

► Revenue Breakdown by IP

Operating revenue from Black Desert and Crimson Desert posted KRW 61.6 billion, KRW 266.5 billion respectively.

- Black Desert maintained stable revenue QoQ, driven by content optimization and seasonal events on PC, along with the PC client launch and remaster update on mobile.
- Crimson Desert revenue posted KRW 266.5 billion, and the sales split between console and PC is approximately 50:50. When it comes to revenue recognition, for console, revenue is recognized after deducting platform fees, while PC revenue is recognized after deducting taxes from user payments. In addition, physical package revenue was lower than sell-through volumes due to contract terms, while most production costs had already been recognized in 1Q26.

❖ Revenue by IP

(Unit: billion KRW, %)

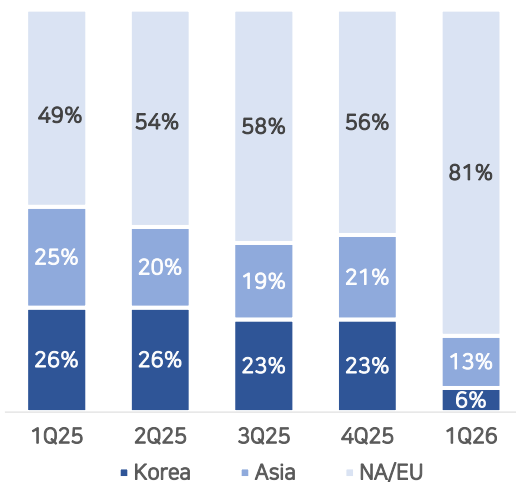
	1Q25	2Q25	3Q25	4Q25	1Q26	QoQ	YoY	Ratio
Revenue	63.0	54.9	79.5	63.0	328.1	420.8%	420.8%	100.0%
Black Desert	63.0	54.9	79.5	63.0	61.6	-2.2%	-2.2%	18.8%
Crimson Desert	-	-	-	-	266.5	-	-	81.2%

* Continuing operations basis

► Revenue Breakdown by Region and Platform

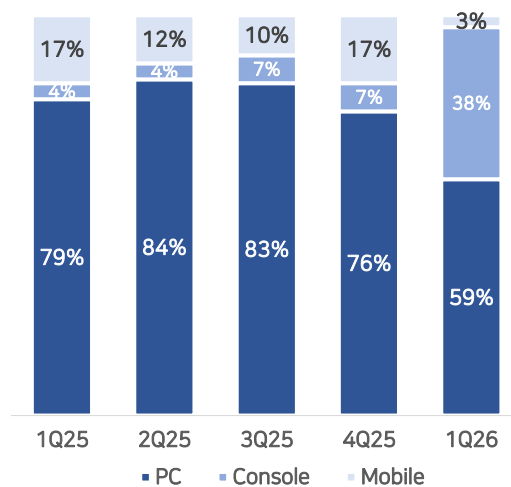
By region, NA/EU accounted for 81%, Asia for 13%, and Korea for 6%. The NA/EU share increased by 25%p QoQ, as more than 80% of the Crimson Desert sales occurred in the region. By platform, PC accounted for 59%, console for 38%, and mobile for 3%. The console share increased by 31%p QoQ following the launch of Crimson Desert.

❖ Revenue by Region



* Continuing operations basis

❖ Revenue by Platform



▶ 1Q26 Operating Expenses

Operating expenses were KRW 116.4 billion, up 72.7% QoQ.

- Labor expenses posted KRW 38.4 billion, up 28.9% QoQ, due to an increase in annual salaries and the number of temporary workers hired for the Crimson Desert launch.
- Commissions posted KRW 42.5 billion, up 193.1% QoQ, due to an increase in Crimson Desert sales from steam.
- Advertising expenses posted KRW 23.4 billion, up 151.6% QoQ, due to higher Crimson Desert marketing spending.

❖ Operating Expense by Quarter

(Unit: billion KRW, %)

	1Q25	2Q25	3Q25	4Q25	1Q26	QoQ	YoY	Ratio	% of Rev.
Operating Expenses	554	545	633	674	1,164	72.7%	110.1%	100.0%	35.4%
Labor	309	289	296	298	384	28.9%	24.3%	33.0%	11.7%
Commissions	131	131	160	145	425	193.1%	224.4%	36.5%	12.9%
Advertising	39	49	102	93	234	151.6%	500.0%	20.1%	7.1%
D&A	26	26	25	25	24	-4.0%	-7.7%	2.1%	0.7%
Other expenses	49	50	50	113	97	-14.2%	98.0%	8.3%	3.0%

* Continuing operations basis

▶ Employees

The number of employees stood at 1,024, up 6.1% QoQ, due to an increase of temporary workers hired for the Crimson Desert launch, so the number will decrease slightly in the next quarter as the game was released in 1Q26. In addition, in 2026, we plan to hire only essential positions while maintaining a conservative approach to overall hiring.

❖ Number of Employees

(Unit: No. of employee, %)

	1Q25	2Q25	3Q25	4Q25	1Q26	QoQ	YoY	Ratio
Employees	936	960	926	965	1,024	6.1	9.4	100.0
Development	491	500	482	519	673	14.3	19.5	65.7
Business/Staff	445	480	444	446	351	-6.7	-5.9	34.3

* Continuing operations basis

2026 Outlook

2026 operating revenue is expected to come in at KRW 879.0~975.4 billion.

- Operating revenue from Black Desert is projected to be KRW 234.9~240.6 billion, which is approximately a decrease of 8~10% YoY.
- Operating revenue from Crimson Desert is projected to be KRW 644.1~734.8 billion.

2026 operating profit is expected to record KRW 487.6~572.6 billion.

- Operating profit is expected to increase by 1,414.3~1,678.3%, thanks to stable Black Desert performance and Crimson Desert launch, and operating profit margin is anticipated to improve to 55.5~58.7%.

2Q26 operating revenue is expected to come in at KRW 271.3~324.7 billion.

- Black Desert revenue is expected to decrease slightly QoQ, as we plan to provide updates on improving user experience and hold events rather than major contents updates. However, revenue is expected to rebound in 2H26, as we plan to offer massive updates after the Heidel ball in July.
- Crimson Desert revenue is expected to soften in 2Q26 given the nature of package sales, where initial sales are front-loaded. However, Crimson Desert is expected to maintain stable performance, supported by continuous patches and updates. In addition, we aim to increase revenue by providing updates including difficulty adjustment, improved controls, boss rematches and pet companion.

2Q26 operating profit is expected to record KRW 129.6~176.7 billion.

- Labor expenses are expected to more than double QoQ, due to performance bonus payment.
- Advertising expenses are expected to normalize to the level of the same quarter last year.
- Commissions are expected to decrease QoQ, as sales of Crimson Desert stabilize.

❖ 2026 Guidance

(Unit: billion KRW, %)

	1Q(A)	2Q(F)	2026(F)
Operating Revenue	328.1	271.3~324.7	879.0~975.4
Black Desert	61.6	47.1~48.2	234.9~240.6
Crimson Desert	266.5	224.2~276.5	644.1~734.8
Operating Expenses	116.4	141.7~148.0	391.4~402.8
Operating Profit	211.7	129.6~176.7	487.6~572.6
<i>(OPM)</i>	<i>64.5%</i>	<i>47.8~54.4%</i>	<i>55.5~58.7%</i>

* The forecasts above are guidance figures for the game

* The above estimates may differ from actual results

New Pipelines and Growth Strategy

Crimson Desert will continue to focus on enhancing user satisfaction and driving new sales through continuous updates, while expanding its market presence through platform expansion. In addition, we are currently exploring various ways to broaden the game to the next level including DLC. We will share the details once the concrete plans are set.

Furthermore, DokeV and Plan 8, two new titles are in development. With the goal of maintaining a new title release cycle of every 2-3 years, we will prioritize resources on DokeV to accelerate development. In addition, DokeV is currently in the pre-production stage, and we will share updates as development progresses.

Plan 8 is currently in the conceptualization stage. While focusing resources on the development of DokeV, we will strive to maintain the consistent release cycle.

Others

Our subsidiary, PAI (Pearl Abyss Iceland ehf.) resolved at its board meeting on April 30, 2026 to sell its subsidiary, Fenris Creations (formerly CCP Games), to its current management, and the transaction was completed on May 6, 2026. Both parties made efforts to strengthen global competitiveness under the independent managements. However, we determined that selling the shares to the current management would be mutually beneficial after a comprehensive review of mid-to long-term growth strategies. Even after the transaction, we will continue to keep the potential collaboration opportunities open with Fenris Creations.

※ Appendix

Consolidated Financial Statements (Comprehensive Income Statement)

(Unit: million KRW)

	1Q25	2Q25	3Q25	4Q25	1Q26
Revenue	63,225	55,385	85,973	68,132	328,498
Operating Expenses	55,362	54,482	63,260	67,387	116,402
Operating Profit(Loss)	7,863	903	22,713	745	212,096
Financial Income(Loss)	1,049	(18,559)	11,577	6,728	16,114
Other Income(Loss)	(154)	76	(108)	(481)	(48)
Income(Loss) from Equity Method	(218)	(145)	(158)	(396)	(165)
Income(Loss) before Income Tax	8,540	(17,725)	34,024	6,596	227,997
Income(Loss) Tax Expenses	873	(2,208)	(3,274)	10,773	57,949
Net Profit from Continuing Operations	7,667	(15,517)	37,298	(4,177)	170,048
Net Profit(Loss) from Discontinued Operations	(7,168)	(7,183)	(8,303)	(11,032)	(12,079)
Net Profit(Loss)	499	(22,700)	28,995	(15,209)	157,969

* Continuing operations basis

Consolidated Financial Statements (Statement of Financial Position)

(Unit: million KRW)

	2025.12.31	2026.03.31
Assets		
I . Current Assets	444,796	990,820
Cash and cash equivalents	133,875	145,138
Account receivables	58,377	285,050
ST financial instruments	218,564	187,004
Financial assets measured at fair value	15,345	24,177
Other current assets	18,397	12,565
Assets held for sale	0	336,664
Inventory assets	238	222
II . Non-Current Assets	704,303	422,977
Account receivables	3,968	1,847
LT financial instruments	138	142
Financial assets measured at fair value	169,971	182,920
AFS financial assets	15,698	15,971
Investment in affiliated companies	39,936	39,771
Tangible assets	178,058	163,821
Intangible assets	256,988	11,410
Investment property	4,465	4,450
Other non-current assets	618	510
Deferred tax asset	34,463	2,135
Total Assets	1,149,099	1,413,797
Liabilities		
I . Current Liabilities	135,652	357,453
Other payables	33,514	67,393
Lease liabilities	5,205	2,110
Income taxes payable	2,018	40,781
Current provisions	0	462
Other current liabilities	94,915	68,491
Liabilities associated with assets held for sale	0	178,216
II . Non-Current Liabilities	214,344	94,604
Other payables	7,552	6,404
Long-term debt	56,200	71,200
Financial liabilities measured at fair value	18,166	0
Lease liabilities	13,324	4,406
Non-current provision	912	264
Other non-current liabilities	94,510	7,159
Deferred tax liabilities	23,680	5,171
Total Liabilities	349,996	452,057
Capital		
I . Capital stock	6,623	6,623
II . Capital Surplus	219,742	220,852
III . Retained Earnings	550,155	708,124
IV . Capital Adjustments	(24,229)	(24,143)
V . Accumulated Other Comprehensive Income	46,812	50,284
VI . Non-controlling Interests	0	0
Total Capital	799,103	961,740