

Pearl Abyss

The Fate of the Boy Who Cried Wolf

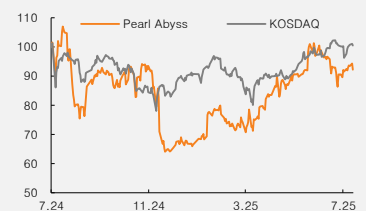
Equity Research
August 13, 2025

(Maintain)	Hold
Target price	▲ W36,000
Current price (8/12/25)	W39,100
Downside	-7.9%

OP (25F, Wbn)	-46
Consensus OP (25F, Wbn)	98
EPS growth (25F, %)	TTR
Market EPS growth (25F, %)	23.8
P/E (25F, x)	-
Market P/E (25F, x)	11.8
KOSDAQ	807.19

Market cap (Wbn)	2,512
Shares (mn)	64
Free float (%)	58.2
Foreign ownership (%)	7.9
Beta (12M)	0.50
52-week low (W)	27,150
52-week high (W)	45,350

(%)	1M	6M	12M
Absolute	-4.6	19.0	-8.0
Relative	-5.4	9.9	-11.9



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2Q25 review: Missed consensus

For 2Q25, Pearl Abyss posted revenue of W79.6bn (-3% YoY) and an operating loss of W11.8bn (loss sustained YoY), falling short of the consensus estimates (revenue of W81bn and operating loss of W9.6bn). The weak performance was mainly due to the continued decline and stabilization of the *Black Desert* IP. *Black Desert* revenue came in at W54.9bn (-9% YoY, -13% QoQ), down more sharply than expected and missing forecasts by 6%.

EVE revenue was W24.2bn (+12% YoY), beating expectations by 11%, driven by the release of a new expansion pack. Operating expenses totaled W91.3bn (+4% YoY), in line with expectations. Marketing expenses rose 44% YoY to W10.5bn, reflecting offline events and participation in game shows.

Another delay in *Crimson Desert's* launch schedule

The launch of *Crimson Desert*, previously targeted for 4Q25, has been delayed again to 1Q26. We also see a high probability of further delays. Development began in 2018, meaning the process has already stretched over seven years, and the original launch target (4Q21) has been pushed back by more than four years.

Given 1) the prolonged development period and 2) intensifying competition in the AAA PC/console game market, we lower our cumulative sales volume forecast for *Crimson Desert* through 2026 from 5.6mn units to 5mn units. We now assume *Crimson Desert* will generate W400bn in revenue in 2026.

Caution warranted on investment

We maintain our Hold rating on the stock. Reflecting 1) the delay in *Crimson Desert's* launch from 4Q25 to 1Q26 and 2) a change in our 2026F target P/E, we raise our target price by 3% from W35,000 to W36,000. While we increase our 2026F operating profit estimate by 51% due to the shift in the timing of *Crimson Desert's* first revenue contribution to 2026, we cut our target multiple by 39% to reflect greater uncertainty over the launch schedule and reduced expectations for the game's success.

Our new 2026F target P/E is 12.3x (down from 20.3x), based on Neowiz's average P/E in 2H23 after the launch of *Lies of P*. If the launch schedule is confirmed, we expect a short-term share price boost, but investors should be mindful of the long gap in new releases that will follow *Crimson Desert's* launch. We forecast 2027 operating profit to decline 50% YoY.

(Dec.)	2023	2024	2025F	2026F	2027F
Revenue (Wbn)	333	342	318	703	569
OP (Wbn)	-16	-12	-46	223	112
OP margin (%)	-4.8	-3.5	-14.5	31.7	19.7
NP (Wbn)	15	60	-42	188	93
EPS (W)	237	939	-655	2,927	1,452
ROE (%)	2.1	7.9	-5.4	21.9	9.3
P/E (x)	163.7	29.5	-	13.4	26.9
P/B (x)	3.3	2.1	3.1	2.5	2.3
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent

Source: Company data, Mirae Asset Securities Research estimates



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Table 1. Quarterly and annual earnings

(Wbn)

	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25F	4Q25F	2023	2024	2025F	2026F
Revenue	85	82	79	96	84	80	78	77	333	342	318	703
(YoY)	-0.4%	4.3%	-6.4%	13.4%	-2.1%	-2.7%	-2.3%	-19.9%	-13.5%	2.7%	-7.3%	121.4%
<i>Black Desert</i>	67	60	54	69	63	55	54	53	253	250	225	208
<i>EVE</i>	18	22	21	22	21	24	23	23	73	82	90	89
<i>Crimson Desert</i>	0	0	0	0	0	0	0	0	0	0	0	403
<i>DokeV</i> /other new games	0	0	0	0	0	0	0	0	0	0	0	0
Other	1	0	5	5	0	0	0	0	8	10	2	4
Operating expenses	85	88	89	94	89	91	92	91	350	355	363	480
Labor	46	46	43	47	49	47	46	47	175	182	189	200
Commissions	17	18	17	18	17	18	17	17	69	71	69	151
Marketing	6	7	9	12	7	10	13	12	32	34	43	69
D&A	6	6	6	6	6	6	6	6	26	25	25	24
Other	10	10	13	10	9	9	10	10	48	43	37	36
OP	1	-6	-9	2	-5	-12	-14	-15	-16	-12	-46	223
(YoY)	-46.1%	RR	TTR	TTB	TTR	RR	RR	TTR	TTR	RR	RR	TTB
OP margin	0.7%	-7.1%	-11.6%	2.3%	-6.3%	-14.8%	-18.3%	-19.1%	-4.9%	-3.6%	-14.4%	31.7%
NP attributable to owners of the parent	13	9	-8	46	1	-31	-10	-10	15	60	-50	188
Net margin	15.0%	11.2%	-9.8%	48.3%	1.2%	-39.6%	-12.6%	-13.2%	4.6%	17.6%	-15.9%	26.7%

Source: Company data, Mirae Asset Securities Research

Table 2. Annual earnings forecast revisions

(Wbn)

	Previous		Revised		Chg.		Consensus		Diff.		Notes
	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F	
Revenue	566	587	318	703	-44%	20%	525	530	-39%	33%	
OP	119	148	-46	223	-	51%	98	104	-	114%	
NP	94	111	-50	188	-	70%	102	111	-	69%	
OP margin	21.0%	25.2%	-14.4%	31.7%	-	-	18.7%	19.7%	-	-	
Net margin	16.5%	18.9%	-15.9%	26.7%	-	-	19.4%	21.0%	-	-	

Source: Mirae Asset Securities Research

Table 3. 2Q25 review

(Wbn)

	Actual	Mirae Asset	Diff.	Consensus	Diff.
Revenue	79.6	80.7	-1%	81.0	-2%
OP	-11.8	-11.4	-	-9.6	-
NP attributable to owners of the parent	-31.5	-8.6	-	1.2	-

Source: Company data, FnGuide, Mirae Asset Securities Research

Pearl Abyss (263750 KQ)

Income statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Revenue	342	318	703	569
Cost of revenue	0	0	0	0
GP	342	318	703	569
SG&A expenses	355	363	480	456
OP (adj.)	-12	-46	223	112
OP	-12	-46	223	112
Non-operating profit	90	-8	12	12
Net financial income	10	9	12	17
Net income from associates	-4	-17	0	-5
Pretax profit	78	-54	235	124
Income tax	17	-12	47	31
Profit from continuing operations	60	-42	188	93
Profit from discontinued operations	0	0	0	0
NP	60	-42	188	93
Attributable to owners	60	-42	188	93
Attributable to minority interests	0	0	0	0
Total comprehensive income	78	-42	188	93
Attributable to owners	78	-42	188	93
Attributable to minority interests	0	0	0	0
EBITDA	13	-23	245	133
FCF	-8	-29	185	112
EBITDA margin (%)	3.8	-7.2	34.9	23.4
OP margin (%)	-3.5	-14.5	31.7	19.7
Net margin (%)	17.5	-13.2	26.7	16.3

Balance sheet (summarized)

(Wbn)	2024	2025F	2026F	2027F
Current assets	453	398	598	622
Cash & equivalents	143	84	264	291
AR & other receivables	60	39	57	51
Inventory	0	0	0	0
Other current assets	250	275	277	280
Non-current assets	690	682	672	668
Investments in associates	41	41	42	42
PP&E	189	183	178	174
Intangible assets	248	226	221	220
Total assets	1,143	1,080	1,270	1,290
Current liabilities	133	197	198	124
AP & other payables	17	17	17	17
Short-term financial liabilities	5	75	75	0
Other current liabilities	111	105	106	107
Non-current liabilities	204	120	120	121
Long-term financial liabilities	97	27	27	27
Other non-current liabilities	107	93	93	94
Total liabilities	337	316	318	245
Equity attributable to owners	806	764	952	1,045
Capital stock	7	7	7	7
Capital surplus	220	220	220	220
Retained earnings	559	516	705	798
Minority interests	0	0	0	0
Shareholders' equity	806	764	952	1,045

Cash flow statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Operating cash flow	-5	-21	194	122
NP	60	-42	188	93
Non-cash income/expenses	-26	2	57	35
Depreciation	16	14	14	13
Amortization	9	9	8	7
Other	-51	-21	35	15
Chg. in working capital	-34	-2	-16	8
Chg. in AR & other receivables	-3	20	0	0
Chg. in inventory	0	0	0	0
Chg. in AP & other payables	0	0	0	0
Income tax	-14	12	-47	-31
Cash flow from investing activities	56	-32	-15	-19
Chg. in PP&E	-3	-8	-9	-10
Chg. in intangible assets	-1	13	-3	-6
Chg. in financial assets	44	-22	-3	-3
Other	16	-15	0	0
Cash flow from financing activities	-152	0	0	-75
Chg. in financial liabilities	-145	0	0	-75
Chg. in equity	0	0	0	0
Dividends	0	0	0	0
Other	-7	0	0	0
Chg. in cash	-93	-59	179	27
Beginning balance	236	143	84	264
Ending balance	143	84	264	291

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

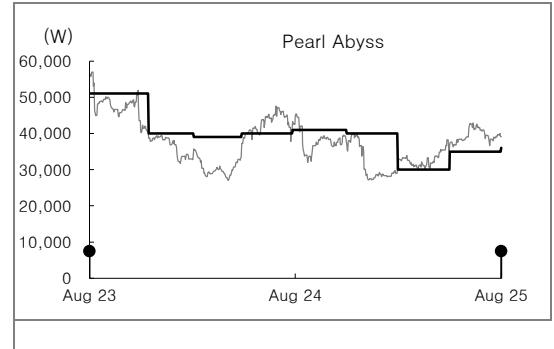
	2024	2025F	2026F	2027F
P/E (x)	29.5	-	13.4	26.9
P/CF (x)	52.3	-	10.3	19.6
P/B (x)	2.1	3.1	2.5	2.3
EV/EBITDA (x)	117.1	-	8.6	15.0
EPS (W)	939	-655	2,927	1,452
CFPS (W)	530	-631	3,811	1,990
BPS (W)	13,086	12,431	15,358	16,810
DPS (W)	0	0	0	0
Dividend payout ratio (%)	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0	0.0	0.0	0.0
Revenue growth (%)	2.7	-7.3	121.4	-19.1
EBITDA growth (%)	33.0	TTR	TTB	-45.7
OP growth (%)	RR	RR	TTB	-49.7
EPS growth (%)	296.8	TTR	TTB	-50.4
AR turnover (x)	8.1	9.0	28.0	22.5
Inventory turnover (x)	5,660.4	2,611.7	5,725.8	4,584.2
AP turnover (x)	0.0	0.0	0.0	0.0
ROA (%)	5.1	-3.8	16.0	7.3
ROE (%)	7.9	-5.4	21.9	9.3
ROIC (%)	-2.6	-12.2	49.4	23.5
Debt-to-equity ratio (%)	41.8	41.4	33.4	23.4
Current ratio (%)	340.4	202.6	302.1	503.3
Net debt-to-equity ratio (%)	-33.4	-30.8	-43.8	-50.0
Interest coverage ratio (x)	-1.8	-11.4	55.3	44.0

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
Pearl Abyss (263750)	08/13/25	Hold	36,000
	05/14/25	Hold	35,000
	02/11/25	Hold	30,000
	11/12/24	Hold	40,000
	08/08/24	Hold	41,000
	05/10/24	Hold	40,000
	02/15/24	Hold	39,000
	11/27/23	Hold	40,000
	08/10/23	Hold	51,000



Stock ratings

Buy	Expected 12-month return: +20% or greater
Hold	Expected 12-month return: Greater than -10% and less than +10%
Sell	Expected 12-month return: -10% or less

Sector ratings

Overweight	Expected to outperform the market over 12 months
Neutral	Expected to perform in line with the market over 12 months
Underweight	Expected to underperform the market over 12 months

As of May 12, 2025, the Trading Buy rating category has been removed from our investment rating system.

Stocks expected to deliver a 12-month return between +10% and less than +20% may be rated either Buy or Hold at the discretion of the research analyst.

Rating and TP history: Share price (—), TP (—), Not Rated (■), Buy (▲), Trading Buy (■), Hold (●), Sell (◆)

* Our investment rating is a guide to the expected return of the stock over the next 12 months.

* Outside of the official ratings of Mirae Asset Securities Co., Ltd., analysts may call trading opportunities should technical or short-term material developments arise.

* The TP was determined by the research analyst through valuation methods discussed in this report, in part based on estimates of future earnings.

* TP achievement may be impeded by risks related to the subject securities and companies, as well as general market and economic conditions.

Ratings distribution and investment banking services

	Buy	Trading Buy	Hold	Sell
Ratings distribution	84.91%	5.59%	8.94%	0.56%
Investment banking services	88.89%	0%	11.11%	0%

* Based on recommendations in the last 12-months (as of June 30, 2025)

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