COMPANY UPDATE

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Tech Team

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Pearl Abyss (263750)

Crimson Desert outlook; gap until next title

- *Crimson Desert* made a successful debut, with 2m units sold on its first day. A thing to watch is sustainability of its sales momentum.
- Reflecting the game's initial performance, we revise up our earnings outlook. But the stock remains at HOLD rating due to the absence of new titles until 2028 and the historical trend of valuation decline following major game launches.

▶ AT A GLANCE

HOLD

Target price	KRW42,000	1.2%
Current price	**KRW41,500**	
Market cap	KRW2.7t/USD1.8b	
Shares (float)	64,247,855 (58.3%)	
52-week high/low	KRW68,500/KRW29,500	
Avg daily trading value (60-day)	KRW39.1b/ USD26.0m	

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
Pearl Abyss (%)	-21.1	19.6	34.1
Vs Kosdaq (%pts)	-21.6	-11.1	-16.3

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	HOLD	HOLD	
Target price	42,000	36,000	16.7%
2025E EPS	-639	-639	0.0%
2026E EPS	2,637	2,637	0.0%

▶ SAMSUNG vs THE STREET

No of estimates	5
Target price	46,800
Recommendation	3.2

※ Rating: 4 < → BUY, 3 = HOLD, 2 > → SELL

WHAT'S THE STORY?

***Crimson Desert* making splashes:** *Crimson Desert*, globally released on Mar 20, debuted with 2m units sold in its first day. On Steam, it peaked at 0.23m concurrent players and topped the sales chart. On the PlayStation Store, it ranked top in Korea, third in Japan, and fourth in the US. Yet, mixed player feedback—reflected in a Metacritic critic score of 78 and a Steam user rating of just 65.7%—casts doubt on its ability to sustain momentum. Sales should taper off gradually, with full-year sales projected at around 6m units.

Maintaining sales momentum crucial: Capcom's *Dragon's Dogma 2*, launched in Mar 2024, also began with strong numbers—0.2m Steam concurrent players on day one and 2 m units sold in just 11 days. But criticism over user experience led to a sharp sales decline. *Crimson Desert* now faces the same risk: its full-year operating results should depend on whether it can retain player interest beyond the initial hype.

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2024	2025P	2026E	2027E
Revenue (KRWb)	342	366	921	709
Operating profit (KRWb)	-12	-15	191	127
Net profit (adj) (KRWb)	60	-8	167	100
EPS (adj) (KRW)	-150	-639	2,637	1,654
EPS (adj) growth (% y-y)	nm	nm	nm	-37.3
EBITDA margin (%)	3.8	2.6	23.3	21.2
ROE (%)	7.9	-1.0	19.0	9.9
P/E (adj) (x)	n/a	n/a	15.7	25.1
P/B (x)	2.1	2.9	2.6	2.4
EV/EBITDA (x)	117.1	227.8	10.4	14.1
Dividend yield (%)	0.0	0.0	0.0	0.0

Source: Company data, Samsung Securities estimates

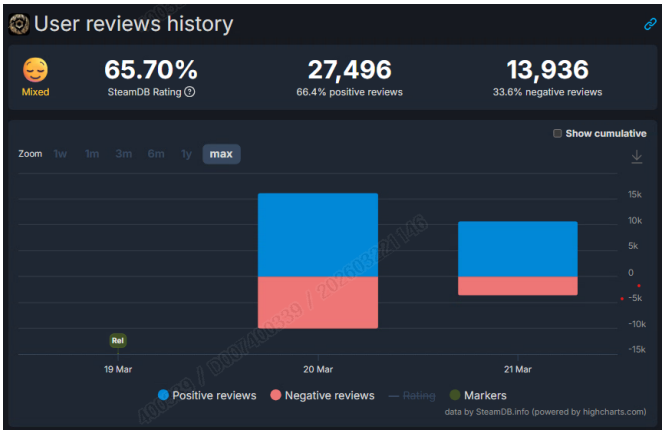
No new releases until 2028: The company plans to extend *Crimson Desert*'s lifecycle through DLCs and expanded multiplayer features. However, developing and releasing the first DLC should take 1–2 years. Meanwhile, its next two major titles—*DokeV* and *Plan 8*—are each estimated to require about two years of development. This means the firm will lack new titles for the next 1–2 years.

Conservative approach essential: Reflecting *Crimson Desert*'s strong launch, we revise up our 2026 operating profit forecast by 59% to KRW190.9b and increase the target price by 16.7% from KRW36,000 to KRW42,000 (based on a 16x 2026 P/E, the average for domestic and international game companies). Yet, given limited upside relative to the current share price, the absence of new releases until 2028, and the historical trend of valuation decline following major game launches, we keep the stock at HOLD rating.

Crimson Desert concurrent users

Source: SteamDB

Steam user review rating 'mixed'



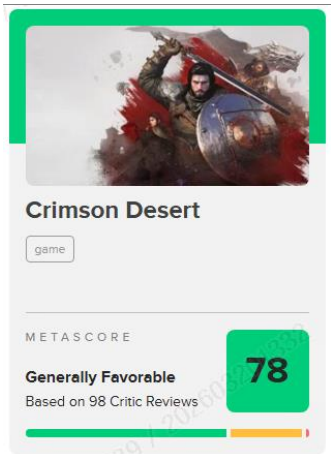
Source: SteamDB

Steam user rating criteria

Comment	Ratio
Overwhelmingly Positive	95~100%
Very Positive	80~94%
Positive	80~100% + Low review volume
Mostly Positive	70~79%
Mixed	40~69%
Mostly Negative	20~39%
Negative	0~39%
Very Negative	0~19%
Overwhelmingly Negative	0~19% + High review volume

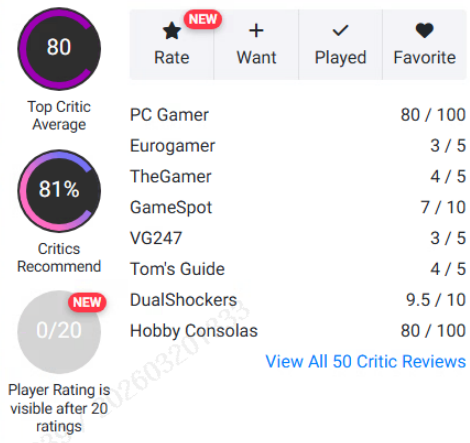
Source: SteamDB, Samsung Securities estimates

Crimson Desert Metacritic score of 78



Source: SteamDB

Crimson Desert OpenCritic score of 80



Source: SteamDB

Crimson Desert PlayStation store sales rankings in major countries

Country	Rank
Korea	1st
US	4th
Japan	3rd
China	Top 10 non-inclusion
Germany	3rd
France	3rd

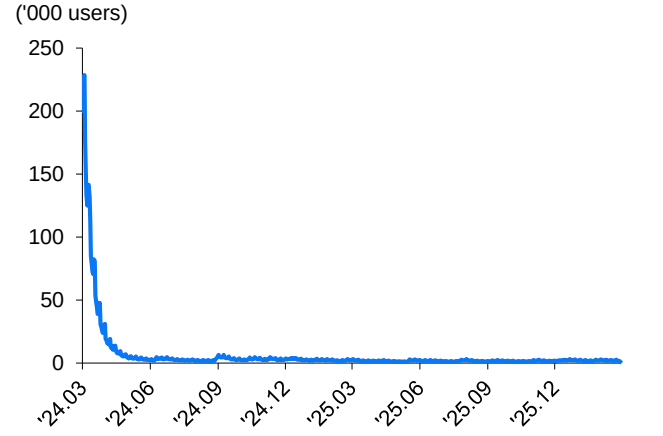
Note: As of Mar 20
Source: Each PlayStation Store, Samsung Securities estimates

Major AAA game performance comparison

Game	Genre	Release date	Initial steam peak CCU	All-time steam peak CCU	Initial Steam rank	OpenCritic score	Metacritic score	First-year performance*
The Callisto Protocol	Action RPG	2022-12-02	17,580	17,580	1	75	75	2M copies sold
Lies of P	Action RPG	2023-09-18	19,618	30,095	1	84	84	2M copies sold
The First Descendant	TPS	2024-07-02	264,860	264,860	1	56	57	Free-to-play model
The First Berserker: Khazan	Action RPG	2025-03-27	32,929	32,929	2	80	80	Unavailable
Lies of P: Overture	Action RPG	2025-06-06	30,095	-	-	85	85	DLC
Stellar Blade	Action RPG	2025-06-11	192,078	192,078	1	84	81	1.8M copies sold
Arc Raiders	Extraction Shooter	2026-03-17	264,673	481,966	1	94	86	12M copies sold (within 2 months)
Crimson Desert	Open-World ActionRPG	2026-03-20	239,045	239,045	1	79	78	
Dragon's Dogma 2	Open-World ActionRPG	2024-03-22	228,585	228,585	1	87	86	3.5M copies sold
The Witcher 3: Wild Hunt	Action RPG	2015-05-18	92,268	103,329	6	93	92	4M copies sold (within 2 weeks)
Hogwarts Legacy	Open-World ActionRPG	2023-02-10	879,308	879,308		84	84	~22M copies sold
Elden Ring	Open-World ActionRPG	2022-02-25	953,426	953,426	1	95	96	20M copies sold
Final Fantasy XV	Action RPG	2016-11-29	29,498	29,498	3	81	81	6M copies sold
Cyberpunk 2077	Open-World ActionRPG	2020-12-10	1,054,388	1,054,388	1	76	86	13M copies sold

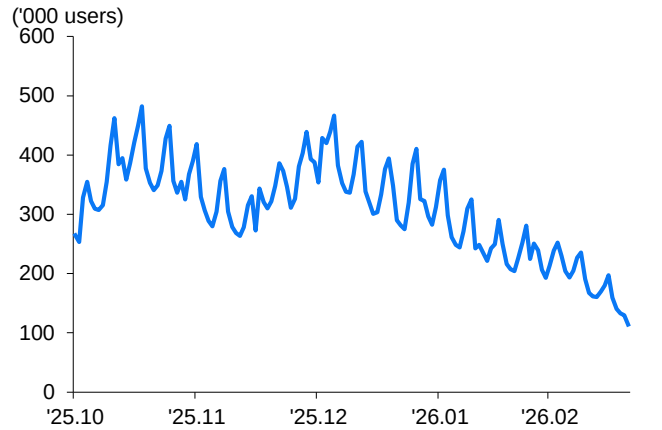
Note: Total cross-platform sales
Source: Each publisher, SteamDB, Samsung Securities estimates

Dragon's Dogma 2 steam concurrent users



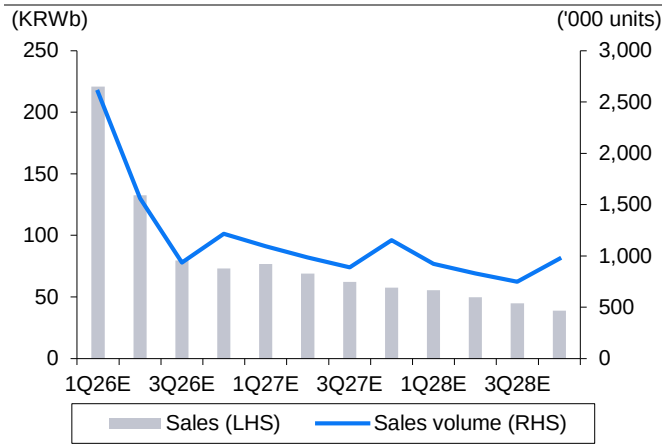
Source: SteamDB

Arc Raiders steam concurrent users



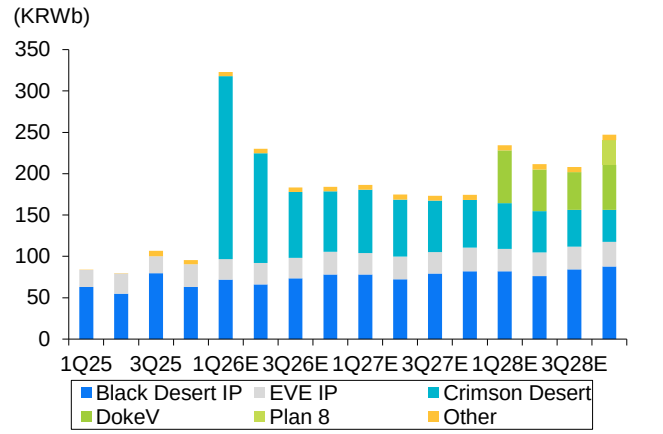
Source: SteamDB

Crimson Desert: Sales



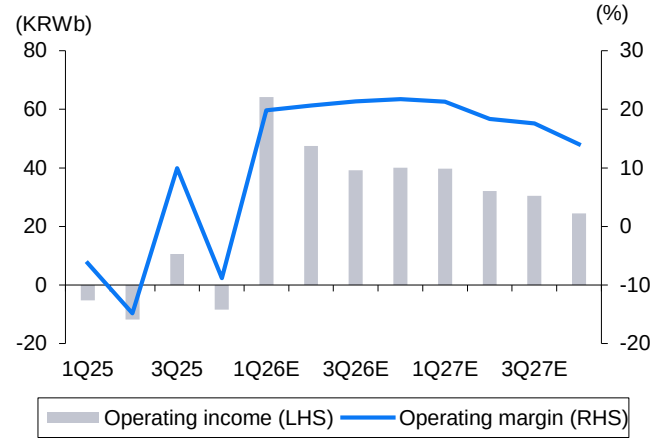
Source: Company data, Samsung Securities estimates

Quarterly sales



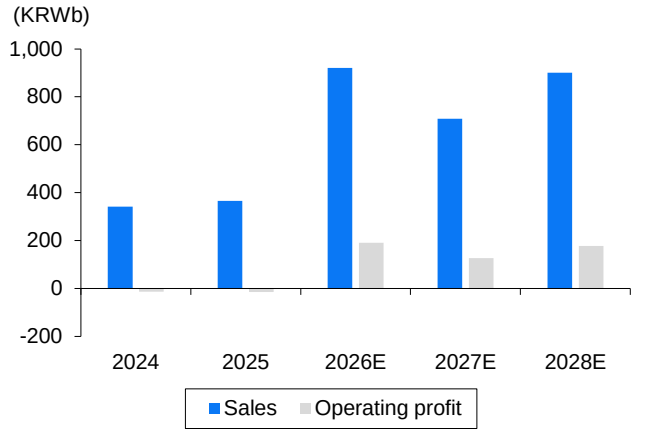
Source: Company data, Samsung Securities estimates

Quarterly operating income



Source: Company data, Samsung Securities estimates

Annual sales and operating income



Source: Company data, Samsung Securities estimates

Crimson Desert sales volume, by scenario

(KRWb)	Bearish case	Base case	Bull case
2026E sales volume ('000 units)	5,475	6,313	8,498
Crimson Desert annual sales	441	506	681
2026E operating profit	160	191	269
2026E EPS (KRW)	2,233	2,637	3,674
Target P/E (x)	16.0	16.0	16.0
Target price (KRW)	36,000	42,000	59,000

Source: Samsung Securities estimates

1Q26 preview

(KRWb)	1Q26			Diff (%)		1Q25	4Q25	Chg	
	Result	Samsung	Consensus	Samsung	Consensus			(% y-y)	(% q-q)
Sales	323.0	71.4	245.7	352.4	31.5	83.7	95.5	286.0	238.2
Black Desert IP	71.9	71.9		0.0		63.0	63.0	14.1	14.1
EVE IP	24.9	21.0		18.4		20.5	27.3	21.2	(9.0)
Crimson Desert	221.0	102.0		116.7		0.0	0.0	n/a	n/a
Other	5.3	6.8		(21.8)		0.2	5.2	2,767.0	2.0
Operating expenses	258.9	155.1		66.9		88.9	103.9	191.1	149.2
Labor Costs	71.0	47.6		49.3		49.0	50.7	44.8	39.9
Commission paid	107.3	58.6		83.3		17.3	19.2	519.7	460.3
Marketing	58.6	33.2		76.5		7.3	12.3	703.0	376.8
Other	22.0	15.8		39.3		15.3	21.7	43.8	1.2
Operating profit	64.1	45.5	99.1	40.8	(35.3)	(5.2)	(8.4)	nm	nm
Pre-tax profit	63.9	42.0	144.1	51.9	(55.7)	(1.5)	(2.0)	nm	nm
Net profit	54.3	35.7	21.5	51.9	152.5	0.5	(14.4)	10,775.7	nm
Net profit (controlling)	54.3	35.7	79.6	51.9	(31.7)	0.5	(14.4)	10,775.7	nm
Margins (%)									
Operating profit	19.9	63.8	40.3			(6.3)	(8.8)		
Pre-tax profit	19.8	58.9	58.6			(1.7)	(2.1)		
Net profit	16.8	50.1	8.8			0.6	(15.1)		
Net profit (controlling)	16.8	50.1	32.4			0.6	(15.1)		

Source: Company data, FnGuide, Samsung Securities estimates

Valuation

	(KRW)
2026E estimated EPS	2,637
Target P/E (x) *	16.0
Fair price (KRW)	42,110
Target price (KRW)	42,000
Current price (KRW)	41,500
Upside (%)	1.2

Note: *Average of 2026E global peer P/E multiples
Source: Samsung Securities estimates

Global peer P/E valuation

(x)	2025	2026E
Krafton	12.4	10.9
NCsoft	15.1	15.3
Netmarble	13.9	12.6
Nexon	20.6	17.8
EA	30.5	23.2
Average	18.5	16.0

Note: As of Mar 20 close
Source: Bloomberg

Quarterly results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25P	1Q26E	2Q26E	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E
Sales	**83.7**	**79.6**	**106.8**	**95.5**	**323.0**	**230.2**	**183.4**	**184.1**	**186.5**	**174.6**	**173.4**	**174.3**
Black Desert IP	63.0	54.9	79.5	63.0	71.9	65.9	73.4	78.1	78.2	72.3	79.4	82.0
EVE IP	20.5	24.2	20.8	27.3	24.9	26.2	24.9	27.4	25.9	27.4	26.0	28.5
Crimson Desert					221.0	132.6	79.6	73.0	76.7	69.0	62.1	57.7
Other	0.2	0.5	6.5	5.2	5.3	5.4	5.5	5.6	5.7	5.9	6.0	6.1
Operating expenses	**88.9**	**91.3**	**96.2**	**103.9**	**258.9**	**182.7**	**144.3**	**144.1**	**146.7**	**142.5**	**142.9**	**149.8**
Labor Costs	49.0	47.2	46.4	50.7	71.0	57.1	54.4	55.0	55.7	56.5	57.1	57.8
Commission paid	17.3	18.1	20.9	19.2	107.3	70.8	50.4	49.1	50.6	46.4	44.3	43.6
Marketing	7.3	10.5	13.6	12.3	58.6	32.5	17.0	17.1	17.4	16.3	17.8	24.4
Other	15.3	15.6	15.4	21.7	22.0	22.3	22.5	22.8	23.1	23.4	23.7	24.0
Operating profit	**(5.2)**	**(11.8)**	**10.6**	**(8.4)**	**64.1**	**47.5**	**39.2**	**40.0**	**39.8**	**32.1**	**30.5**	**24.5**
Pre-tax profit	(1.5)	(27.8)	23.1	(2.0)	63.9	47.6	43.4	41.9	40.7	33.4	32.5	25.2
Net profit	0.5	(22.7)	29.0	(14.4)	54.3	40.4	36.9	35.6	30.9	25.4	24.7	19.2
Net profit (controlling)	0.5	(22.7)	29.0	(14.4)	54.3	40.4	36.9	35.6	30.9	25.4	24.7	19.2
Adjusted EPS (KRW)	20	-129	238	-768	871	653	548	565	505	416	401	332
Margins (%)												
Operating profit	(6.3)	(14.8)	9.9	(8.8)	19.9	20.6	21.3	21.7	21.3	18.4	17.6	14.0
Pre-tax profit	(1.7)	(35.0)	21.6	(2.1)	19.8	20.7	23.6	22.8	21.8	19.1	18.7	14.5
Net profit	0.6	(28.5)	27.1	(15.1)	16.8	17.6	20.1	19.3	16.6	14.5	14.2	11.0
Net profit (controlling)	0.6	(28.5)	27.1	(15.1)	16.8	17.6	20.1	19.3	16.6	14.5	14.2	11.0

Source: Pearl Abyss, Samsung Securities estimates

Revision to full-year forecasts

(KRWb)	2026E			2027E			2028E		
	Old	New	Diff (%)	Old	New	Diff (%)	Old	New	Diff (%)
Sales	**612.6**	**920.8**	**50.3**	**565.7**	**708.8**	**25.3**		**901.3**	**n/a**
Black Desert IP	286.2	289.4	1.1	309.4	311.9	0.8		329.9	n/a
EVE IP	86.7	103.4	19.2	88.2	107.8	22.2		112.7	n/a
Crimson Desert	211.7	506.2	139.1	73.9	265.4	259.1		188.9	n/a
DokeV	0.0	0.0	n/a	64.0	0.0	n/a		214.2	n/a
Plan 8	0.0	0.0	n/a	0.0	0.0	n/a		30.0	n/a
Other	28.0	21.9	(21.8)	30.3	23.7	(21.8)		25.6	n/a
Operating expenses	**492.4**	**729.9**	**48.2**	**466.7**	**582.0**	**24.7**		**723.1**	**n/a**
Labor costs	193.9	237.6	22.5	203.7	227.1	11.5		238.5	n/a
Commission paid	155.3	277.6	78.8	129.2	184.9	43.1		255.1	n/a
Marketing	78.7	125.1	58.9	65.8	75.8	15.3		130.5	n/a
Other	64.4	89.6	39.0	68.0	94.2	38.5		99.1	n/a
Operating profit	**120.2**	**190.9**	**58.8**	**99.0**	**126.8**	**28.0**		**178.2**	**n/a**
Pre-tax profit	109.5	196.7	79.7	85.4	131.8	54.3		187.0	n/a
Net profit	93.1	167.2	79.7	64.9	100.2	54.3		142.1	n/a
Net profit (controlling)	93.1	167.2	79.7	64.9	100.2	54.3		142.1	n/a
Adjusted EPS (KRW)	1,698	2,637	55.2	1,302	1,654	27.1		2,304	n/a
Margins (%)									
Operating profit	13.1	20.7		14.0	17.9			19.8	
Pre-tax profit	11.9	21.4		12.1	18.6			20.7	
Net profit	10.1	18.2		9.2	14.1			15.8	
Net profit (controlling)	10.1	18.2		9.2	14.1			15.8	

Source: Pearl Abyss, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025P	2026E	2027E
Sales	**333**	**342**	**366**	**921**	**709**
Cost of goods sold	0	0	0	0	0
Gross profit	**333**	**342**	**366**	**921**	**709**
Gross margin (%)	100.0	100.0	100.0	100.0	100.0
SG&A expenses	350	355	380	730	582
Operating profit	**-16**	**-12**	**-15**	**191**	**127**
Operating margin (%)	-4.9	-3.6	-4.1	20.7	17.9
Non-operating gains (losses)	**38**	**90**	**7**	**6**	**5**
Financial profit	57	84	34	36	34
Financial costs	32	14	32	33	31
Equity-method gains (losses)	-6	-4	-1	-0	-0
Other	20	25	5	3	3
Pre-tax profit	**22**	**78**	**-8**	**197**	**132**
Taxes	7	17	-1	30	32
Effective tax rate (%)	31.3	22.3	7.4	15.0	24.0
Profit from continuing operations	15	60	-8	167	100
Profit from discontinued operations	0	0	0	0	0
Net profit	**15**	**60**	**-8**	**167**	**100**
Net margin (%)	4.6	17.6	-2.1	18.2	14.1
Net profit (controlling interests)	15	60	-8	167	100
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	10	13	9	215	150
EBITDA margin (%)	2.9	3.8	2.6	23.3	21.2
EPS (parent-based) (KRW)	237	939	-118	2,602	1,559
EPS (consolidated) (KRW)	237	939	-118	2,602	1,559
Adjusted EPS (KRW)*	-249	-150	-639	2,637	1,654

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025P	2026E	2027E
Current assets	**583**	**453**	**427**	**613**	**735**
Cash & equivalents	236	143	140	273	372
Accounts receivable	39	45	32	61	58
Inventories	0	0	0	0	0
Other current assets	308	265	255	279	304
Fixed assets	**630**	**690**	**692**	**697**	**702**
Investment assets	168	213	230	234	239
Tangible assets	194	189	180	180	181
Intangible assets	227	248	232	233	233
Other long-term assets	41	40	50	50	50
Total assets	**1,213**	**1,143**	**1,119**	**1,310**	**1,436**
Current liabilities	**316**	**133**	**137**	**151**	**166**
Accounts payable	0	0	0	0	0
Short-term debt	0	0	0	0	0
Other current liabilities	316	133	137	151	166
Long-term liabilities	**172**	**204**	**187**	**197**	**208**
Bonds & long-term debt	70	81	56	56	56
Other long-term liabilities	102	122	131	141	152
Total liabilities	**488**	**337**	**324**	**348**	**374**
Owners of parent equity	**725**	**806**	**795**	**962**	**1,062**
Capital stock	7	7	7	7	7
Capital surplus	220	220	220	220	220
Retained earnings	498	559	551	718	818
Other	0	21	18	18	18
Non-controlling interests' equity	**0**	**0**	**0**	**0**	**0**
Total equity	**725**	**806**	**795**	**962**	**1,062**
Net debt	-261	-270	-274	-426	-547

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025P	2026E	2027E
Cash flow from operations	**32**	**-5**	**20**	**179**	**147**
Net profit	15	60	-8	167	100
Non-cash profit and expenses	18	-26	16	43	39
Depreciation	17	16	15	14	14
Amortization	9	9	9	9	9
Other	-8	-51	-9	19	16
Changes in A/L from operating activities	8	-34	18	-10	25
Cash flow from investments	**134**	**56**	**-11**	**-42**	**-43**
Change in tangible assets	-9	-3	-5	-15	-15
Change in financial assets	-80	44	20	-20	-21
Other	224	16	-27	-8	-7
Cash flow from financing	**-90**	**-152**	**-8**	**0**	**0**
Change in debt	-81	-145	-27	0	0
Change in equity	4	0	0	0	0
Dividends	0	0	0	0	0
Other	-12	-7	19	0	0
Change in cash	76	-93	-3	133	100
Cash at beginning of year	160	236	143	140	273
Cash at end of year	236	143	140	273	373
Gross cash flow	**33**	**34**	**8**	**210**	**139**
Free cash flow	**23**	**-8**	**14**	**165**	**132**

Financial ratios

Year-end Dec 31	2023	2024	2025P	2026E	2027E
Growth (%)					
Sales	-13.5	2.7	6.8	151.9	-23.0
Operating profit	nm	nm	nm	nm	-33.6
Net profit	nm	296.8	nm	nm	-40.1
Adjusted EPS**	nm	nm	nm	nm	-37.3
Per-share data (KRW)					
EPS (parent-based)	237	939	-118	2,602	1,559
EPS (consolidated)	237	939	-118	2,602	1,559
Adjusted EPS**	-249	-150	-639	2,637	1,654
BVPS	11,804	13,122	12,941	15,663	17,295
DPS (common)	0	0	0	0	0
Valuations (x)					
P/E***	n/a	n/a	n/a	15.7	25.1
P/B***	3.3	2.1	2.9	2.6	2.4
EV/EBITDA	229.8	117.1	227.8	10.4	14.1
Ratios (%)					
ROE	2.1	7.9	-1.0	19.0	9.9
ROA	1.2	5.1	-0.7	13.8	7.3
ROIC	-3.2	-2.6	-3.7	44.6	26.2
Payout ratio	0.0	0.0	0.0	0.0	0.0
Dividend yield (common)	0.0	0.0	0.0	0.0	0.0
Net debt to equity	-36.0	-33.4	-34.4	-44.3	-51.5
Interest coverage (x)	-1.3	-1.8	-3.7	56.1	37.3

Note: *Excluding one-off items
**Fully diluted, excluding one-off items
***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

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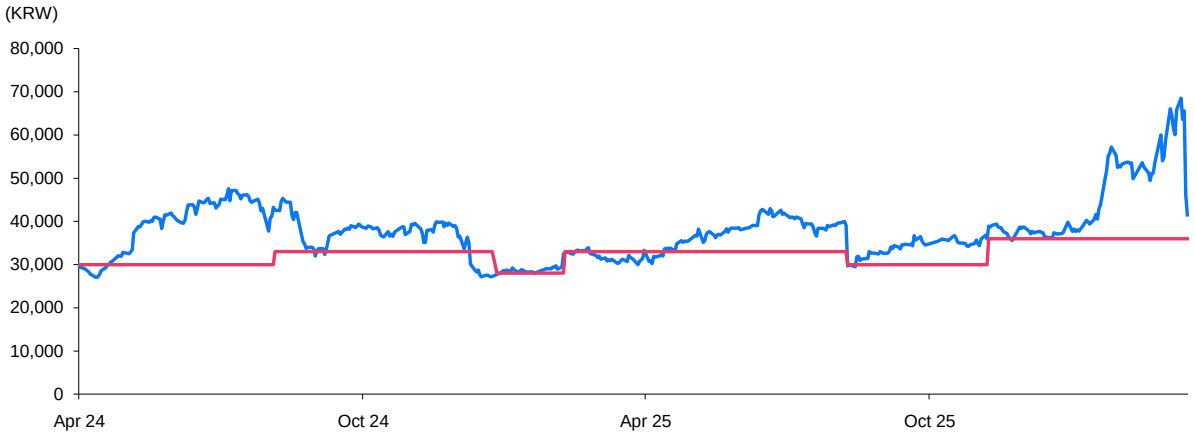
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2023/11/13	2024/8/9	12/30	2025/2/12	8/13	11/12	2026/3/23
Recommendation	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD
Target price (KRW)	30000	33000	28000	33000	30000	36000	42000
Gap* (average)	23.33	11.31	3.04	9.43	13.89	26.45	
(max or min)**	-10.00	-17.73	16.07	30.15	22.50	-1.25	

Note: * [(average, maximum, or minimum share price over duration of target price minus target price) / target price] x 100%
** Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

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Industry

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* Note: Effective Jul 27, 2023, BUY, HOLD, and SELL criteria are based on expectations of share-price moves of 15% or more within 12 months

Percentage of ratings in 12 months prior to 2025.12.31

BUY(85.8%)·HOLD(14.2%)·SELL(0%)

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