



May 12, 2022
NEXON Co., Ltd.

<https://company.nexon.co.jp/en/>

(Stock Code: 3659, TSE Prime Market)

Nexon Releases Earnings for First Quarter 2022

*Q1 Results Driven by Improved Performance of Key Franchises
Plus the Launch of Dungeon&Fighter Mobile*

*Flawless Launch of Dungeon&Fighter Mobile in Korea Exceeds Expectations and
Contributed to Concurrent Growth in the Core, PC Franchise*

*New Virtual Worlds Scheduled for Global Launch in 2022 Include
KartRider: Drift and the First Game from Embark Studios*

TOKYO – May 12, 2022 – NEXON Co., Ltd. (Nexon) (3659.TO), a global leader in Virtual Worlds, today announced financial results for its first quarter ended on March 31, 2022.

“We could not be more excited about the recent results and what they mean for our full year performance,” said Owen Mahoney, President and CEO of Nexon. “Nexon is a loaded spring. Continuous improvements in our existing portfolio, compounded with new revenue from big launches in 2022 and 2023 will dramatically change our trajectory and drive growth in 2022 and beyond.

“Nexon’s business is designed to thrive in any economic climate, with disciplined cost control, substantial cash reserves, no debt, and roughly one billion dollars of new cash generated each year. We are insulated against the Forex, inflation and supply chain issues that are affecting many other companies. Our free-to-play model delivers consistent revenue, robust cash flow, and enormous value to consumers – especially during times of economic turmoil.”

Recent Highlights Include:

- Q1 Nexon group revenues were ¥91.0 billion, up 3% year-over-year on an as-reported basis and down 1% year-over-year on a constant currency basis¹ – within the range of our outlook.
- Operating income was ¥38.5 billion, down 11% year-over-year – in the range of our outlook. Marketing expenses and HR costs were lower than planned while royalty cost and PG fee² exceeded our plan due to stronger-than-expected sales from *FIFA ONLINE 4*³ and *Dungeon&Fighter Mobile*.
- Net income⁴ was ¥40.3 billion – exceeding our outlook. Driven by a ¥12.7 billion FX gain primarily on U.S. dollar-denominated cash deposits.
- First quarter revenue was driven by the launch of a new Virtual World, *Dungeon&Fighter Mobile* in Korea and by *FIFA ONLINE 4*³ which achieved record-high quarterly sales in Korea.

- *Dungeon&Fighter Mobile*, a new Virtual World launched in Korea on March 24, became a top-grossing game, reaching the #1 spot on both the App Store and Google Play. Concerns about franchise cannibalization were put to rest with the mobile game launch contributing to as much as a 20% increase in daily active users in the PC game.
- In China, *Dungeon&Fighter* grew year-over-year driven by well-received Lunar New Year package sales and is expected to maintain steady growth in the months ahead.
- In Korea, despite being down year-over-year against a tough comparison in 2021, *MapleStory* rebounded from the previous quarter with a successful Winter Update and is expected to show strong growth across the rest of the year. Net Promoter Scores for the game are returning to the high levels of Q1 2021. *MapleStory's* performance is expected to show continuous improvement in Q2 and beyond.
- Despite solid contributions from *Blue Archive* and *MapleStory M*, revenue from North America and Europe decreased by 2% year-over-year due to declines in *Choices*⁵ and *MapleStory*.
- In Japan, revenue from *CounterSide* was more than offset by declines from *TRAHA*, *V4* and *Blue Archive*.
- Revenue from the Rest of World⁶ increased by 42% year-over-year driven by the growth in *MapleStory* and *MapleStory M* as well as a contribution from *Blue Archive*.
- Nexon's Embark Studio in Stockholm, Sweden is working on multiple new Virtual Worlds for global release. The first, *ARC Raiders*, is scheduled for later this year and later this month will be conducting its largest community test with external players. A second Virtual World from Embark, codenamed *Discovery*, is expected to launch in the next 12 months and received good scores from players in a recent closed external playtest.
- Other new titles in development include *DNF Duel* – a new action fighting game based on the *Dungeon&Fighter* IP on PC and console, and *KartRider: Drift*.

Second Quarter 2022 Outlook:

- Expect revenues in the range of ¥81.3 to ¥87.3 billion, up 45% to 56% year-over-year on an as reported basis, up 36 % to 45%: year-over-year on a constant currency basis¹
- Expect operating income of ¥22.7 to ¥27.3 billion
- Expect net income of ¥16.1 to ¥19.7 billion
- Forex sensitivity⁷: Every one Japanese yen move against the U.S. dollar would have the following impact on our financials for Q2 2022
 - Revenues: ¥0.66 billion
 - Operating Income: ¥0.22 billion



Conference Call (Japanese & English)

Nexon management will host a conference call for investors, analysts and the media to discuss the company's financial results and outlook. The conference call will be held at 5:00 p.m. JST / 4:00 a.m. EDT, and will be simultaneously conducted in Japanese and English. It will consist of brief remarks made by the management team followed by a Q&A session. Q&A session will be conducted with consecutive translations.

Time: May 12, 2022 at 5:00 p.m. JST / 4:00 a.m. EDT (planned)

Pre-registration Required

Please register in advance from the link below. Participant PIN and Security Code will be provided upon registration. Please click [here](#) to reach the registration page. (Please note that the link is accessible on Google Chrome, Mozilla Firefox, Microsoft Edge (Chromium) only.)

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+44-20-3364-5380(UK), +852-302-77009(Hong Kong),
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*Participant PIN and Security Code will be required to join the call

Audio Archive and Transcript

An audio archive and a transcript will be available on Nexon's Investor Relations website at <https://ir.nexon.co.jp/en/> after the earnings conference call. This press release is prepared to offer reference information about Nexon to investors and is intended to generally provide investors and analysts with financial and operational information about Nexon, but not to solicit or recommend any sale or purchase of stock or other securities of Nexon.

About NEXON Co., Ltd. <https://company.nexon.co.jp/en/>

Founded in 1994, NEXON Co., Ltd. (Nexon) (3659.TO) is a company engaged in the production, development and operation of online games and Virtual Worlds. First listed on the Tokyo Stock Exchange in December 2011, Nexon was placed on JPX400 in 2015 and added to the Nikkei Stock Index 300 in 2017. In 2020, Nexon was added to the Nikkei 225. Nexon currently has more than 45 live games on multiple platforms including mobile and available in more than 190 countries. Major game franchises include *MapleStory*, *KartRider* and *Dungeon&Fighter*. In 2021, Nexon completed the acquisition of Embark Studios AB, a company based in Stockholm, Sweden, developing multiple projects for global release

Contact Information

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¹ Constant currency is a non-GAAP measure used to show performance unaffected by fluctuations in foreign currency exchange rates. Constant-currency basis amounts are calculated using the average foreign currency exchange rates for the comparable period in the prior year and applied to the current period.

² PG fee includes commissions made to external payment gateway companies when users purchase ingame items in PC Online games that we service. It also includes mobile carrier-related commissions we pay regarding our Japanese mobile browser games, commissions we pay to Apple/Google regarding our mobile native games globally, and platform commission fees related to mobile browser games.

³ Official titles are *EA SPORTS™ FIFA ONLINE 4* (PC) and *EA SPORTS™ FIFA ONLINE 4 M* (mobile).

⁴ Net income refers to net income attributable to owners of the parent.

⁵ Official title is *Choices: Stories You Play*.

⁶ "Rest of World" includes other Asian countries as well as Central and South American countries.

⁷ In most situations, the exchange rates of both the South Korean Won and the Chinese Yuan are linked to the U.S. dollar. For simplicity, forex sensitivity is calculated based on the assumption that Korean Won and Chinese Yuan move similarly against Japanese yen when there is an exchange rate movement in U.S. dollar and Japanese yen.