



May 11, 2023
NEXON Co., Ltd.

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

(Stock Code: 3659, TSE Prime Market)

Nexon Releases Earnings for First Quarter 2023

Record-Setting Quarterly Revenue up 36% YoY

*Strong Performance Driven by Dungeon&Fighter in China,
FIFA ONLINE 4, FIFA MOBILE, and Blue Archive*

TOKYO – May 11, 2023 – NEXON Co., Ltd. (Nexon) (3659.TO), a global leader in Virtual Worlds, today announced the financial results for its first quarter ended on March 31, 2023.

“Our record-breaking first quarter reflects the success of our large and growing portfolio of global franchises,” said Owen Mahoney, President and CEO of Nexon. “On top of the steady growth from our existing games, we are currently developing the strongest collection of new titles in Nexon’s 28-year history. This unique combination of powerful existing franchises and multiple new Virtual Worlds in development offer an asymmetric upside opportunity for our shareholders.”

Recent Highlights Include:

- In Q1, Nexon achieved record-breaking quarterly revenue of ¥124.1 billion, up 36% year over year on an as-reported basis and up 28% year over year on a constant-currency¹ basis – within the range of our outlook.
- Revenue was driven by solid performances of *FIFA ONLINE 4*² and *FIFA MOBILE*³ in Korea, *Dungeon&Fighter* in China, and *Blue Archive* globally.
- Operating income was up 46% year over year and exceeded our outlook at ¥56.3 billion due to lower-than-expected HR costs⁴ as a result of lower-than-planned new recruitment and marketing expenses on *KartRider: Drift*.
- Net income⁵ of ¥52.8 billion exceeded our outlook and increased 31% year over year due in part to a ¥5.6 billion FX gain, primarily on U.S. dollar-denominated cash deposits.
- In Korea, Nexon achieved record-breaking quarterly revenue – up 36% year over year on an as-reported basis. Results in Korea were driven by *FIFA ONLINE 4*², *FIFA MOBILE*³, and *HIT2*. *FIFA ONLINE 4*² achieved record-quarterly revenue, maintaining its high base of active users from Q4 2022.
- Revenue from *MapleStory* in Korea was below our outlook. In February, active users decreased due to player perception of an imbalance in difficulty levels between game servers. Nexon’s live operations team has aggressively addressed player concerns. Promotional activity tied to *MapleStory*’s 20th Anniversary celebration and upcoming content updates are expected to drive further growth this year.

- In China, revenue exceeded our expectations, growing 45% year over year driven by *Dungeon&Fighter's* successful package sales during the Lunar New Year update.
- In Japan, revenue increased by 29% year over year primarily driven by *Blue Archive's* successful 2nd Anniversary update.
- Revenue from North America and Europe increased by 10% year over year driven by *MapleStory* and *Blue Archive*.
- Rest-of-World⁶ revenue increased by 24% year over year, driven by growth in *Blue Archive* and contributions from other mobile games.
- In March, Nexon launched *Wars of Prasia* on mobile and PC in Korea. The new Virtual World quickly attained a Top-5 ranking on both Google Play and the Apple App Store.
- Revenue from the initial release of *KartRider: Drift* fell below our expectation. Based on feedback from players, Nexon will follow up with improvements to the user interface and with relentless content updates.
- In March, Nexon's Embark Studios completed a successful closed-beta test for *THE FINALS* which generated excitement among players, critics, and influencers ahead of a release expected later this year. A second title from Embark, *ARC Raiders*, is also in development.
- *VEILED EXPERTS*, a third-person tactical shooter, completed a beta test with good retention and will offer early access on May 19.
- Several more Virtual Worlds are in late-stage development, including *Warhaven*, *The First Descendant*, and *MABINOGI MOBILE*. Nexon also announced the Chinese service of *MapleStory M*⁷ and *Blue Archive*.
- At the Game Developers Conference in San Francisco, Nexon introduced *MapleStory Universe*, a new initiative which leverages blockchain technology to provide greater engagement and true digital ownership of items players create in the franchise. More information on *MapleStory Universe* will be shared at a later date.
- Another project, *MapleStory Worlds*, enables player/creators to build their own games, leveraging a powerful and easy-to-use development environment and thousands of *MapleStory* game-art assets.
- In April, Nexon completed ¥50 billion of the three-year ¥100 billion share repurchase policy announced on August 9, 2022. Nexon is scheduled to complete the remaining ¥50 billion repurchase authorization by August 2025 with consideration of several factors including investment opportunities, financial conditions, and market environment.

Second Quarter 2023 Outlook:

- Expect revenue in the range of ¥88.4 to ¥96.7 billion, representing a 5% to 15% increase year over year on an as-reported basis and a 7% to 17% increase on a constant-currency basis¹
- Expect operating income of ¥22.1 to ¥28.7 billion
- Expect net income⁵ of ¥18.1 to ¥23.1 billion
- FX sensitivity⁸: Every one-Japanese yen move against the U.S. dollar would have the following impact on our financials for Q2 2023:
 - Revenue: ¥0.69 billion
 - Operating Income: ¥0.20 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. The Q&A session will be conducted with consecutive translations.

Time: May 11, 2023, at 5:00 p.m. JST / 4:00 a.m. EDT (planned)

Pre-registration Required

Please register from the link below. Passcode and PIN code will be provided upon registration.

To register, please go to [Registration Page](#)

<https://eng-services.choruscallasia.com/DiamondPassRegistration/register?confirmationNumber=6335724&linkSecurityString=ee442ee54>

(Please note that the link is accessible on Google Chrome, Mozilla Firefox, Microsoft Edge (Chromium) only.)

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*Passcode and PIN code will be required to join the call.

If you have any questions, do not hesitate to contact at the e-mail address or telephone number below:

E-mail : customer_support_asia@choruscall.com

Phone: + (81) 50-5824-9227

Weekdays 8:30 a.m. - 6:00 p.m. JST

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

³ Official title is *EA SPORTS™ FIFA MOBILE*.

⁴ HR costs include HR cost (COGS), HR cost (SG&A), and R&D (SG&A).

⁵ Net income refers to net income attributable to owners of the parent.

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

⁷ Official title is *MapleStory: The Legends of Maple*.

⁸ 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 US. dollar and Japanese yen.