



August 6, 2020

NEXON Co., Ltd.

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

(Stock Code: 3659, TSE First Section)

## Nexon Releases Earnings for Second Quarter 2020

*Record-Breaking Q2 Revenues and Operating Income Driven by Strength Across Major Franchises in Korea – MapleStory, Dungeon&Fighter and Sudden Attack*

*Mobile Dungeon&Fighter Will go Live in China on August 12  
With 60 Million Pre-Registered Players*

*Mobile Adaptation of Global Franchise KartRider Rush+ Posts  
Strong Performance in Asian Markets*

*Five of Nexon's Top Franchises Will be on Mobile by Year End*

**TOKYO – August 6, 2020** – NEXON Co., Ltd. ("Nexon") (3659.TO), a global leader in online games, today announced the financial results for its second quarter ended June 30, 2020.

"Nexon is performing exceptionally well," said Owen Mahoney, president and CEO of Nexon. "Our tent-pole franchises are setting records for revenue, consumer engagement and longevity. These franchises are fueling our cash flow which, in turn, further strengthens our balance sheet, providing liquidity to invest in growth."

"Our recently revised creative strategy calls for delivering fewer but bigger games onto fast-growing platforms like mobile is on a path to become an enormous success. We're thrilled to see the early success of *KartRider Rush+* as well as *The Kingdom of the Winds: Yeon*, and by the end of this year, five of Nexon's biggest franchises will be available as PC-quality mobile games. This includes *MapleStory M*, *KartRider Rush+*, *The Kingdom of the Winds: Yeon*, *EA SPORTS™ FIFA MOBILE* and the new mobile game of our massively popular franchise – *Mobile Dungeon&Fighter*."

### Second Quarter 2020 Highlights:

- Nexon posted the best Q2 in company history with group revenues of ¥64.5 billion, up 20% year-over-year on an as-reported basis, up 27% on a constant currency basis<sup>1</sup>. Our stronger-than-expected performance was driven by *KartRider Rush+*, *MapleStory* and Korea *Dungeon&Fighter*.
- Operating income ¥26.7 billion – exceeded our expectations driven by revenue outperformance. On the cost side, marketing costs were lower than our plan while platform gateway fees and royalties were higher than planned.
- Net income<sup>2</sup> ¥19.8 billion – below our outlook due to a ¥6.7 billion FX loss primarily on U.S. dollar-denominated cash deposits.



**Other Recent Highlights Include:**

- The solid Q2 performance was driven by a record-breaking second quarter in Korea with *MapleStory*, *Dungeon&Fighter* and *Sudden Attack* each contributing double-digit or even triple-digit year-over-year growth<sup>3</sup>.
- *KartRider Rush+* launched globally<sup>4</sup> in May is showing early success on mobile, particularly in Korea where there is little overlap with PC players. The performance of *KartRider Rush+* strengthens our belief that platform expansion – particularly on mobile – represents a massive opportunity for Nexon’s tent-pole franchises.
- In China, a shortfall in revenue is attributable to recent content updates for *Dungeon&Fighter*, which proved popular with existing players but fell short in recapturing players who have not logged on recently. Importantly, the existing player base is stable and we do not expect that to change this year.
- *V4*, Nexon’s mobile MMORPG launched in Q4 2019 in Korea and contributed there in Q2, is now available in over 150 countries. *V4* will also launch in Japan later this year.
- In July, Nexon announced an agreement with Electronic Arts Inc. to bring *EA SPORTS™ FIFA MOBILE* to Japan. Extending a highly successful partnership that began with *FIFA Online*<sup>5</sup> in Korea, the mobile game will offer an authentic football experience supported by Nexon’s best-in-class live operations. Japanese players can register for a closed-beta test of the game beginning August 7.
- In June, Nexon announced that its board of directors authorized US\$1.5 billion for investments in publicly traded global entertainment companies that share our vision for creating and sustaining strong intellectual properties across multiple markets for long periods of time.
- Also in June, Nexon announced the establishment of two joint ventures for game development with Seoul-based Wonder Holdings for development of two titles based on popular Nexon IP, *MABINOGI MOBILE* and *KartRider: Drift*. Both companies will hold a 50% stake in the joint ventures with leadership provided by Wonder Holdings founder Min Hur and two Nexon leaders. Upon completion, Nexon will publish the games.
- New games in development by Nexon include *KartRider: Drift*, a cross-platform adaptation of one of Nexon’s most versatile franchises to be launched globally<sup>6</sup>, and new content from Nexon’s Embark Studios which will define a new generation of online games and influence the way games are developed going forward.
- *Mobile Dungeon&Fighter* will go live in China with 60 million players who pre-registered ahead of the August 12 launch. Following its debut in 2005, *Dungeon&Fighter* became one of the world’s top-grossing entertainment franchises with more than US\$15 billion in life-time revenues on the PC alone. The mobile adaptation is built on the same success formula: a fun, easy-to-play game with best-in-class live operations providing support and fresh content.

**Third Quarter 2020 Outlook:**

- Expect revenues in the range of ¥77.3 to ¥85.4 billion, up 48% to 63% year-over-year on an as-reported basis, up 49% to 65% year-over-year on a constant currency<sup>1</sup> basis
- Expect operating income of ¥30.5 to ¥37.4 billion
- Expect net income<sup>2</sup> of ¥25.5 to ¥31.0 billion
- Forex sensitivity<sup>7</sup>: Every one Japanese yen move against the U.S. dollar would have the following impact on our financials for Q3 2020
  - Revenues: ¥0.76 billion
  - Operating Income: ¥0.34 billion

**Conference Call and Replay:**

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 interpretation.

**■ Conference Call (Japanese & English)**

Time: August 6, 2020 at 5:00 p.m. JST / 4:00 a.m. EDT (planned)

**For English Speakers**

Telephone Number: +81-3-6629-1042 (Japan), +1-408-758-9913 (US),  
+44-20-3364-5380 (UK), +852-302-77009 (Hong Kong),  
+65-640-85783 (Singapore), +82-70-4732-0202 (South Korea)  
Pass Code: 27529062#

**For Japanese Speakers**

Telephone Number: +81-3-6630-2234 (Japan)  
Pass Code: 41480627#

**■ Conference Call Replay**

A replay of the call will be available about 30 minutes after the conclusion of the conference call and can be accessed until August 13, 2020. Webcast replay and a transcript of the call will be available within several days on Nexon's Investor Relations website.

**Conference Call Replay (English)**

Replay Telephone Number: +81-3-6630-2251 (Japan)  
Reference Number: 512521696#

**Conference Call Replay (Japanese)**

Replay Telephone Number: +81-3-6630-2236 (Japan)  
Reference Number: 512521694#



For additional information regarding Nexon's second quarter financial results, please visit the Investor Relations section of Nexon's website at <http://ir.nexon.co.jp/en/>.

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.** <http://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. First listed on the Tokyo Stock Exchange in December 2011, Nexon was placed on JPX400 in 2015 and the Nikkei Stock Index 300 in 2017. Nexon currently has more than 60 live games in various genres operated across more than 190 countries. Major game titles include *MapleStory*, *Dungeon&Fighter* and *MapleStory M*.

**Contact Information**

NEXON Co., Ltd. Corporate PR

[CorporatePR.Team@nexon.co.jp](mailto:CorporatePR.Team@nexon.co.jp)

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<sup>1</sup> 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.

<sup>2</sup> Net income refers to net income attributable to owners of the parent, as stated in Nexon's consolidated financial results.

<sup>3</sup> Constant currency basis year-over-year growth rate

<sup>4</sup> Excludes China, Vietnam and Japan

<sup>5</sup> EA SPORTS™ FIFA Online 3 which started the service in 2012

<sup>6</sup> Includes Korea, North America and Europe

<sup>7</sup> 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.