



February 12, 2019
NEXON Co., Ltd.

Hallmark Franchises, PC and Mobile Games Drive Nexon's Record-Breaking Performance in FY 2018

*New Records set for Revenue, Operating Income and Net Income
Global PC and Mobile Business Continue to Grow Year-over-Year*

TOKYO – February 12, 2019 – NEXON Co., Ltd. (“Nexon”) (3659.TO), a global leader in online games, today announced financial results for its fourth quarter and fiscal year ended on December 31, 2018.

“Building on our success in the Chinese and Korean markets, in 2018 Nexon’s global PC and mobile businesses grew year-over-year. We also saw strong growth on mobile in the West from Pixelberry Studios’ key title *Choices: Stories You Play*, as well as around the world from *MapleStory M*, and the new action RPG, *Darkness Rises*,” said Owen Mahoney, President and CEO of Nexon. “We also continued to show the strength of our flagship franchises including *MapleStory*, as well as *Dungeon&Fighter* which achieved another year of double-digit growth in its 10th year of operation in China.”

“Looking ahead, Nexon will continue to leverage returns from our powerful franchise annuities to invest in new content with additional focus on our wholly-owned IP and leverage major technological advancements that fundamentally change how games are made and played.” Mahoney added, “As millions of gamers gain access to powerful new platforms, Nexon’s creative teams are pioneering disruptive breakthroughs in AI, immersive mobile technology and online virtual worlds.”

Nexon will bring its flagship franchise *Dungeon&Fighter* to mobile for the players in China and Korea. The mobile version of *Dungeon&Fighter* will have new scenarios and optimized content to deliver its style of action gameplay on mobile devices.

Moreover, Nexon recently announced an expansion of the *Dungeon&Fighter* universe with a new 3D action role-playing game, built on the Unreal 4 Engine for the PC platform.



Full Year 2018 Highlights:

- Record-high Results. Revenues, operating income and net income¹ all up year-over-year
- Revenues ¥253.7 billion, up 8% year-over-year as-reported, up 7% constant currency², and operating income ¥98.4 billion, up 9% year-over-year as-reported, up 7% constant currency². Net income¹ ¥107.7 billion, up 90% year-over-year as-reported, up 86% constant currency²
- Highest full-year PC³ and mobile results
- China *Dungeon&Fighter*: Three consecutive years with double-digit year-over-year growth in its 10th anniversary year
- *MapleStory*
 - Korea *MapleStory* grew incredible 67% year-over-year, driven by the successful Summer update.
 - *MapleStory M* grew 81% year-over-year in Korea alone; over 6x year-over-year with its global results combined.
- Successful service transition of *FIFA ONLINE 4*⁴ in Korea. PC and mobile both on track
- Strategic partnership with Embark Studios AB; Patrick Söderlund to serve on Nexon's Board of Directors

Fourth Quarter 2018 Highlights:

- Revenues ¥46.1 billion, down 13% year-over-year as-reported, down 10% constant currency² – in the range of outlook
- PC³ revenues were in the range of outlook. Mobile revenues were below outlook primarily due to lower-than-expected contributions from new mobile games in Japan as well as from mobile games in Korea.
- Operating income ¥3.9 billion and net income¹ ¥6.5 billion – both below our outlook, due to the ¥3.0 billion impairment loss, primarily on NAT Games' game IP and goodwill. Adjusted for the impairment loss, operating income and net income¹ would have been ¥6.9 billion; ¥9.5 billion yen respectively.

First Quarter 2019 Outlook:

- Expect revenues in the range of ¥79.7 to ¥87.4 billion, down 12% to 3% year-over-year on as-reported basis, down 8% to up 1% year-over-year on constant currency² basis.
- Expect operating income of ¥40.7 to ¥47.4 billion
- Expect net income¹ of ¥37.9 to ¥43.7 billion
- Forex sensitivity⁵: every one Japanese yen move against the U.S. dollar would have the following impact on our financials for Q1 2019
 - Revenues: ¥0.76 billion
 - Operating Income: ¥0.42 billion

¹ Net income refers to net income attributable to owners of the parent, as stated in Nexon's consolidated financial results.

² 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. As an example, we calculate royalty revenues from China *Dungeon&Fighter* by applying the same CNY/USD, USD/KRW and KRW/JPY exchange rates from last year's same fiscal quarter.

³ PC revenues include other revenues besides PC online games and mobile games.

⁴ Official titles are *EA SPORTS™ FIFA ONLINE 4* and *EA SPORTS™ FIFA ONLINE 4M*.

⁵ 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.



Earnings Presentation, Webcast and Replay:

Nexon management will host an earnings presentation for investors, analysts and the media to discuss the company's financial results and outlook. The presentation, which will be webcast live on Nexon's IR website on the same day at 5:30 p.m. JST / 3:30 a.m. EST, 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. A replay of the presentation will be available on the website within several days.

For additional information regarding Nexon's fourth quarter and full year 2018 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/>

NEXON Co., Ltd. ("Nexon") (3659.TO) is a global leader in online games, with more than 80 live games operated across more than 190 countries. Nexon pioneered micro-transactions and free-to-play business model, and is widely credited with unmatched global expertise in sophisticated live game operations, nurturing player communities, and for sustaining games for years, even decades. Founded in Korea in 1994, the Company is now headquartered in Japan and listed on the Tokyo Stock Exchange. In 2017, Nexon was placed on the Nikkei Stock Index 300.

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