



August 8, 2019

NEXON Co., Ltd.

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

(Stock Code: 3659, TSE First Section)

## Nexon Releases Earnings for Second Quarter 2019

*Record Q2 Revenue Driven by Growth in Key Territories, Solid Performance of Major Franchises Dungeon&Fighter, MapleStory and FIFA ONLINE 4*

*Acquisition of Embark Studios, Led by Patrick Söderlund, to Become Central to Nexon's Western Development Strategy*

**TOKYO – August 8, 2019** – NEXON Co., Ltd. (“Nexon”) (3659.TO), a global leader in online games, today announced the financial results for its second quarter ended June 30, 2019.

“The solid performance of *Dungeon&Fighter*, *MapleStory* and *FIFA ONLINE 4*<sup>1</sup> this quarter illustrates the idea we have stressed over the years that best-in-class live operations can power a title’s success and growth over an extended timeframe,” said Owen Mahoney, president and CEO of Nexon. “As we enter a period when our 3rd quarter will be down year-over-year, it’s important to recognize the long-term trend, which is that our enduring franchises remain robust and positive, and that while throughout our history we’ve seen near-term ebbs and flows in performance, our focus has always been the long-term health of our games.”

“Nexon is re-inventing itself by leveraging the success of our legacy franchises to support new game development, to invest in new technology, and to extend our substantial IP bench,” continued Mahoney. “We are thrilled about finalizing the acquisition<sup>2</sup> of Embark Studios. That team, led by Patrick Söderlund, will be central to our development strategy for the West. We’ve streamlined our PC and mobile business in North America and Korea to reflect a convergence of those platforms in the market. And we are leveraging both of our substantial capabilities in online games as well as new technology to build experiences that have not existed before.”

### **Second Quarter 2019 Highlights:**

- Revenues ¥53.9 billion, up 13% year-over-year as-reported, up 20% constant currency<sup>3</sup> – in the range of outlook. Both PC<sup>4</sup> and mobile business grew year-over-year
- Operating income ¥13.0 billion – in the range of outlook. While recording a ¥3.6 billion impairment loss primarily on right-of-use assets related to adoption of IFRS 16 Leases, as well as prepaid royalties, costs were lower than planned benefitting from favorable FX rate
- Net income<sup>5</sup> ¥ 19.1 billion – exceeded outlook due to a ¥5.9 billion FX gain primarily on U.S. dollar-denominated cash deposits

**Third Quarter 2019 Outlook:**

- Expect revenues in the range of ¥51.6 to ¥56.0 billion, down 26% to 19% year-over-year on an as-reported basis, down 21% to 14% year-over-year on a constant currency<sup>3</sup> basis
- Expect operating income of ¥20.6 to ¥24.4 billion
- Expect net income<sup>5</sup> of ¥21.8 to ¥25.0 billion
- Forex sensitivity<sup>6</sup>: Every one Japanese yen move against the U.S. dollar would have the following impact on our financials for Q3 2019
  - Revenues: ¥0.47 billion
  - Operating Income: ¥0.19 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 6:00 p.m. Japan Standard Time (JST) / 5:00 a.m. Eastern Daylight Time (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 8, 2019 at 6:00 p.m. JST / 5:00 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: 86208223#

**For Japanese Speakers**

Telephone Number: +81-3-6630-2234 (Japan)

Pass Code: 10383718#

**■ 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 15, 2019. Webcast replay and the 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: 512472264#

**Conference Call Replay (Japanese)**

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

Reference Number: 512472261#



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*, *MapleStory M* and *AxE*.

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

<sup>2</sup> Full acquisition will be ratified at the Nexon extraordinary shareholder meeting scheduled in September.

<sup>3</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. 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.

<sup>4</sup> PC revenues include other revenues besides PC online games and mobile games.

<sup>5</sup> Net income refers to net income attributable to owners of the parent, as stated in Nexon's consolidated financial results.

<sup>6</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.