



May 14, 2024

NEXON Co., Ltd.

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

(Stock Code: 3659, TSE Prime Market)

Nexon Releases Earnings for First Quarter 2024

Dungeon&Fighter Mobile to Launch in China on May 21

*Stronger-Than-Expected Results
Driven by FC ONLINE, FC MOBILE, and Blue Archive*

Board of Directors Authorizes Increased Dividend and ¥30 Billion Share Repurchase

TOKYO – May 14, 2024 – NEXON Co., Ltd. (Nexon) (3659.TO), a global leader in online games, today announced the financial results for its first quarter ending on March 31, 2024.

“We’re incredibly excited about the May 21 launch of *Dungeon&Fighter Mobile* in China,” said Junghun Lee, President and CEO of Nexon. “The powerful marketing campaign planned by our partners at Tencent is designed to inspire China’s enormous base of mobile gamers and the hundreds of millions of local fans who love the *Dungeon&Fighter* franchise.

“Nexon has established new priorities aimed at creating more fun for our players and growth for our investors,” continued Junghun Lee. “We’re now re-energizing key titles and developing multiple new games with potential to become global hits. We’ve established a franchise management strategy to unlock the enormous potential in our most popular IP and prioritized improvement of Nexon’s profit margins with top-line growth, operational efficiency, and cost management.”

Recent Highlights:

- In Q1, Nexon delivered stronger-than-expected revenue, operating income, and net income¹ driven by strong performances from *FC ONLINE*², *FC MOBILE*³, and *Blue Archive*.
- Q1 revenue was ¥108.4 billion, down 13% year over year on an as-reported basis and down 19% on a constant-currency⁴ basis primarily due to tough comparisons with strong 2023 performances achieved by *Dungeon&Fighter* and *FC ONLINE*².
- Operating income was down 48% year over year at ¥29.1 billion due to lower consumer spending, rising costs, and an anticipated one-time loss. However, operating income came in above our expectations due to revenue outperformance combined with careful management of HR⁵ and marketing costs, as well as lower-than-expected cloud service costs.
- Net income¹ was ¥35.9 billion, down 32% year over year primarily due to a decrease in operating income. Despite this decline, results exceeded our outlook, primarily due to better-than-expected operating income and an FX gain of ¥10.7 billion primarily on U.S. dollar-denominated cash deposits.

- In Korea, revenue was down 12% year over year at ¥57.3 billion, and exceeded our outlook driven by the higher-than-expected performances of *FC ONLINE*² and *FC MOBILE*³. Revenue of *FC ONLINE*² was down year over year due to a challenging comparison with Q1 2023, but above our expectations driven by successful updates and sales promotions.
- Also in Korea, *MapleStory* fell slightly below our forecast, however our strategy of throttling monetization in favor of improving player engagement had a positive impact. *MapleStory*'s Net Promoter Score⁶ improved by 14 points between January and April.
- In China, revenue was down 32% year over year but within our outlook at ¥29.2 billion. The benefit from *MapleStory: The Legends of Maple*⁷ was more than offset by the year-over-year decrease in *Dungeon&Fighter*'s revenue.
- Also in China, *Dungeon&Fighter* revenue was at the high end of our outlook. Nexon continues to work on restoring the balance of the in-game economy to recover revenue momentum and the number of active players. Ongoing content updates in Q2 and onward are expected to further improve the in-game economy.
- Revenue in Japan increased 1% year over year and exceeded our expectations at ¥3.6 billion, driven by the strong performance of *Blue Archive*. Year over year, the solid growth in *MapleStory* was offset by decreases from mobile titles.
- In North America and Europe, revenue grew 92% year over year at ¥9.9 billion, primarily driven by contributions from *THE FINALS* and *DAVE THE DIVER*, as well as strong growth in *MapleStory*. However, revenue was slightly below our expectations due to the lower-than-expected performance of *THE FINALS*.
- The launch of *THE FINALS*' Season 2 in March created a short-lived increase in player metrics but delivered lower-than-expected retention and revenue. The Embark team is working with our Korea-based Live Operations team to understand and address the key issues.
- Rest-of-World⁸ revenue increased 14% year over year and exceeded our outlook at ¥8.3 billion, primarily driven by *MapleStory*, *MapleStory M*, and *Blue Archive*. Year over year, solid growth in *MapleStory* and a contribution from *HIT2* were partially offset by decreases in other mobile titles.
- Nexon made steady progress on new games including:
 - *HIT : The World*: Japan service of *HIT2* launched on April 17.
 - *MapleStory Worlds*⁹: Official service in Korea started on April 25.
 - *Dungeon&Fighter Mobile* in China: Published by Tencent, the game is scheduled to launch on May 21.
 - *The First Descendant*: On track to launch this summer and now ranked #7 on Steam's wishlist.
 - *MABINOGI MOBILE*: A mobile version of the highly successful PC MMORPG is scheduled to launch in the coming quarters.
 - *The First Berserker: Khazan*: A hardcore action RPG based on *Dungeon&Fighter* IP designed to introduce global players to one of Nexon's most popular franchises.
 - *ARC Raiders*: A third-person, PvPvE extraction shooter from Embark Studios for a global audience.
- In April, Nexon announced a publishing agreement with U.S. based studio, Theocracy Games Inc., to launch a new PC game, *Project Loki*, in Japan and Korea.

- Also in April, Nexon announced a global publishing agreement with GRAYGAMES Inc. to launch a new MMORPG, *Project T*, for PC and mobile based on the popular Korean web novel and webtoon, *Overgeared*.
- Nexon's Board of Directors authorized a ¥2.5 increase to the ¥5 semi-annual dividend which represents a per-share dividend of ¥7.5 semi-annually or ¥15 annually.
- In addition, the Board of Directors authorized an execution of a ¥30 billion share repurchase from the market between May 15 and July 19. On February 8, Nexon announced a ¥100 billion share repurchase policy over a three-year period. The remaining ¥70 billion worth of shares are expected to be repurchased by February 2027¹⁰.

Second Quarter 2024 Outlook:

- Expect revenue in the range of ¥92.3 to ¥104.7 billion, down 2% to up 11% year over year on an as-reported basis, down 10% to up 2% year over year on a constant-currency⁴ basis.
- Expect operating income of ¥17.3 to ¥27.7 billion, down 37% to flat year over year on an as-reported basis, down 44% to 9% year over year on a constant-currency⁴ basis.
- Expect net income¹ of ¥13.0 to ¥20.9 billion, down 47% to 15% year over year on an as-reported basis, down 53% to 24% year over year on a constant-currency⁴ basis.
- FX sensitivity¹¹ – For every one JPY move against the USD, expect the following impact on our Q2 2024 financials:
 - Revenue: ¥0.63 billion
 - Operating Income: ¥0.16 billion

Earnings Letter

Investors, analysts, and media are encouraged to visit Nexon's website at <https://ir.nexon.co.jp/en/>, and review the Earnings Letter: Q1 2024 with details on our recent performance and Q2 outlook.

Conference Call

Nexon management will host a conference call for investors, analysts, and the media to discuss the company's financial results and outlook which 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.

Date & Time: May 14, 2024 at 5:00 p.m. JST / 4:00 a.m. EDT

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=8893415&linkSecurityString=17f73f8dba>

(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. 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 in more than 190 countries on PC, console, and mobile. 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 Net income refers to net income attributable to owners of the parent.

² Official title is *EA SPORTS FC™ONLINE* (PC) and *EA SPORTS FC™ONLINE M* (mobile).

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

⁴ 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.

⁵ HR costs includes HR cost (COGS), HR cost (SG&A) and R&D (SG&A).

⁶ Net Promoter Score assess player satisfaction.

⁷ Official title of *MapleStory M* in China.

⁸ "Rest of World" includes other Asian countries as well as Central and South American countries.

⁹ A content creation and play content platform based on *MapleStory* IP.

¹⁰ Share repurchase will take into consideration factors including investment opportunities, financial conditions, and market environment.

¹¹ 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.