



November 8, 2018
NEXON Co., Ltd.

Nexon Q3 2018 Continues to Grow Decade-long Successful Franchises, Invests in Embark Studios with a Future Vision for Decades Ahead

Record Q3 Results, Driven by Continued Strength of Our Biggest Franchises across the Regions

Nexon's Strategic Partnership with Industry Veteran Patrick Söderlund's New Studio to Cover

Future Global Publishing Deal;

Söderlund Nominated for a Board of Directors Seat

TOKYO – Nov. 8, 2018 – NEXON Co., Ltd. (“Nexon”) (3659.TO), a global leader in online games, today announced financial results for its third quarter ended September 30, 2018. In Q3 2018, revenues were 69.3 billion yen, up 15% year over year, with an operating income of 23.7 billion yen.

Nexon has also today announced a significant strategic investment and partnership with industry leader Patrick Söderlund’s new game development studio, Embark Studios AB (“Embark Studios”). As part of the agreement, in addition to equity investment, Nexon will serve as its worldwide publisher. Söderlund has been nominated to join Nexon’s Board of Directors; the nomination is expected to be ratified in Nexon’s shareholder meeting in March 2019.

“We had another great quarter, demonstrating the long-term strength of our core franchises,” said Owen Mahoney, President and Chief Executive Officer of Nexon. “At the same time, we see a future of new interactive entertainment experiences enabled by technologies like AI, cloud computing and more, and we believe Nexon should lead this next generation of entertainment. That is why, based on a deeply aligned vision for the future of online games and simulated worlds, we are investing in some of the most talented people of the industry at Embark Studios.”

Nexon’s growth in Q3 was primarily driven by *Dungeon&Fighter*’s National Day update performance in China and stronger-than-expected success of *MapleStory* in Korea. While Japan saw a slight decrease in overall revenues, North America, Europe and Others¹ more than doubled its revenue year over year based on the performance of Pixelberry Studios, *Darkness Rises* and *MapleStory M* which were launched in June and July respectively in 140 countries.

Third Quarter 2018 Highlights:

- Revenues ¥69.3 billion, up 15% year over year as-reported or constant currency² basis.
- Exceeded outlook, primarily driven by the strong start of *Dungeon&Fighter* China's National Day Update as well as the stronger-than-expected result of *MapleStory* in Korea, driven by the successful Summer Update.
- Operating income ¥23.7 billion – in the range of outlook. The revenue outperformance as well as lower-than-planned HR and marketing costs were offset by a ¥7.3 billion impairment loss primarily on NAT Games' goodwill and game IP.
- Net income³ ¥22.3 billion – in the range of outlook while recording a ¥1.9 billion FX loss on U.S. dollar-denominated cash deposits.

Fourth Quarter 2018 Outlook:

- Expect revenues of ¥45.9 to ¥50.0 billion
(Down 13% to 5% year over year on as-reported basis, Down 10% to 2% year over year on constant-currency² basis)
- Expect operating income of ¥6.4 to ¥8.8 billion
- Expect net income³ of ¥7.6 to ¥9.6 billion
- Forex sensitivity⁴: every one Japanese yen move against the U.S. dollar would have the following impact on our financials for Q4 2018
Revenues: ¥0.42 billion
Operating Income: ¥0.07 billion

¹ "Europe and Others" includes Europe as well as other Asian countries and South American countries.

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

⁴ 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.



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) / 4:00 a.m. Eastern Standard Time (EST), 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: November 8, 2018 at 6:00 p.m. JST / 4:00 a.m. EST

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), +82-047-320-202 (South Korea)
Pass Code: 10904057#

For Japanese Speakers

Telephone Number: +81-3-6630-2234 (Japan)
Pass Code: 80666250#

■ **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 November 15, 2018. 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: 512454980#

Conference Call Replay (Japanese)

Replay Telephone Number: +81-3-6630-2236 (Japan)
Reference Number: 512454976#

For additional information regarding Nexon's third quarter 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/>

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 80 live games in various genres operated across more than 190 countries. Major game titles include *MapleStory*, *Dungeon&Fighter*, *HIT* and *HIDE AND FIRE*.

Contact Information

For Nexon Corporate PR
CorporatePR.Team@nexon.co.jp