



May 12, 2021

NEXON Co., Ltd.

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

(Stock Code: 3659, TSE First Section)

Nexon Releases Earnings for First Quarter 2021

Revenues Up 7% on a Year-Over-Year Basis

Growth Driven by Strength of Existing Virtual Worlds

TOKYO – May 12, 2021 – NEXON Co., Ltd. (Nexon) (3659.TO), a global leader in Virtual Worlds, today announced the financial results for its first quarter ended March 31, 2021.

"Nexon delivered another strong quarter with revenue growth and multiple regions performing close to or above the high end of our guidance," said Owen Mahoney, President and CEO of Nexon.

"The past 18 months offer a clear affirmation of our strategy for focusing on fewer projects that deliver bigger results. This includes doubling down on online-multiplayer Virtual Worlds, expansion onto mobile and consoles, leveraging our IP with geographic market expansion and development of new Virtual Worlds."

First Quarter 2021 Highlights:

- Nexon group revenues were ¥88.3 billion, up 7% year-over-year on an as-reported basis and up 3% year-over-year on a constant currency¹ basis – within the range of our outlook
- Operating income was ¥43.3 billion – exceeded our outlook. This was primarily due to lower-than-planned costs including payment gateway fees and marketing costs
- Net income² was ¥46.0 billion – exceeded our outlook primarily driven by an ¥18.1 billion FX gain related to the depreciation of both the Korean Won and Japanese yen against the U.S. dollar during the quarter and its corresponding impact on U.S. dollar-denominated cash deposits
- By region, revenues from China, North America and Europe, and Rest of World³ each exceeded our expectations. Revenues from Japan were in the range of our outlook and Korea was below our expectations
- In Korea, revenues were below our outlook primarily due to lower-than-expected performances of *MapleStory* and *KartRider Rush+*. *MapleStory*'s revenue grew year-over-year driven by the well-received Winter update while its revenue was below our outlook. On a year-over-year basis, revenues increased by 26% on an as-reported basis and by 21% on a constant currency¹ basis
- Also in Korea, PC⁴ revenues grew by 21%. Mobile revenues increased by 42% year-over-year driven by contributions from *The Kingdom of the Winds: Yeon*, *KartRider Rush+* and *FIFA MOBILE*⁵, as well as *MapleStory M* which grew 69%, partially offset by a year-over-year decrease in *V4. FIFA ONLINE 4's*⁶ PC and mobile revenues combined grew year-over-year

driven by the well-received Lunar New Year package offerings and promotions. Revenues from *Dungeon&Fighter* and *Sudden Attack* grew by 13% and 56% year-over-year, respectively

- In China, revenues exceeded our outlook due to *Dungeon&Fighter* which was slightly above our expectations. However on a year-over-year basis, revenues decreased by 23% on an as-reported basis and by 26% on a constant currency¹ basis
- Revenues from Japan more than doubled year-over-year driven by contributions from *FIFA MOBILE*⁵, *V4*, *TRAHA*, as well as *Blue Archive*, which launched on February 4th
- Revenues from North America and Europe increased by 16% primarily driven by *MapleStory* and *MapleStory M*, which grew by 136% and 78% year-over-year, respectively
- Revenues from Rest of World³ increased by 10% primarily driven by *MapleStory* which grew 90% year-over-year

Other Highlights:

- In April, Nexon announced development of *OVERKILL*, a new Virtual World offering an alternative perspective on Nexon's blockbuster *Dungeon&Fighter* franchise
- Also in April, Nexon's board approved the purchase of 1,717 bitcoins for approximately \$100 million, representing less than 2% of total cash and cash equivalents on hand⁷. We believe bitcoin offers long-term stability and liquidity while maintaining the value of Nexon's cash for future investments
- In March, Nexon disclosed the names of four publicly traded companies related to a previously announced initiative to invest in companies which sustain strong global IP: Hasbro, Inc., BANDAI NAMCO Holdings Inc., KONAMI HOLDINGS CORPORATION and SEGA SAMMY HOLDINGS INC. Other investments related to this initiative did not meet the disclosure threshold⁸
- Also in March, veteran global entertainment executive Kevin A. Mayer was elected to Nexon's board of directors⁹

Second Quarter 2021 Outlook:

- Expect group revenues to be in the range of ¥54.5 to ¥59.6 billion, representing a 16% to 8% decrease year-over-year on an as-reported basis and a 23% to 16% decrease year-over-year on a constant currency¹ basis
- Expect operating income to be in the range of ¥12.0 to ¥16.4 billion
- Expect net income² to be in the range of ¥9.0 to ¥12.3 billion
- Forex sensitivity¹⁰: Every one Japanese yen move against the U.S. dollar would have the following impact on our financials for Q2 2021
 - Revenues: ¥0.51 billion
 - Operating Income: ¥0.15 billion



Conference Call (Japanese & English)

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 translations.

Time: May 12, 2021 at 5:00 p.m. JST / 4:00 a.m. EDT (planned)

Pre-registration Required

Please register in advance from the link below. Access Number, Participant PIN, and Security Code will be provided upon registration.

To register, please go to Registration Page:

<https://aerp.arkadin.com/e-40882617818d37b97dab71e9ff0af9593502c2a72824ed43e7a05f3c8cec46cfbfc2360decbe46bc0ce2b660f291777df165852041aad14ee27a670d/nir-nexon-en-20210512>

Audio Archive and Transcript

Audio archive and a transcript will be available on Nexon's Investor Relations website in Japanese at <http://ir.nexon.co.jp> and in English at <http://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. <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 and Virtual Worlds. 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 50 live games on multiple platforms including mobile and available in more than 190 countries. Major game franchises include *MapleStory*, *KartRider* and *Dungeon&Fighter*.

Contact Information

NEXON Co., Ltd. Corporate PR
CorporatePR.Team@nexon.co.jp

¹ 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.

² Net income refers to net income attributable to owners of the parent.

³ "Rest of World" includes other Asian countries as well as Central and South American countries.

⁴ PC revenues include other revenues besides PC online games and mobile games.

⁵ Official title is *EA SPORTS™ FIFA MOBILE*.

⁶ Official titles are *EA SPORTS™ FIFA ONLINE 4* (PC) and *EA SPORTS™ FIFA ONLINE 4 M* (mobile).

⁷ Cash and cash equivalents as of December 2020.

⁸ Disclosure thresholds were set by Nexon in consultation with an outside auditor.

⁹ Elected as an external director to its board at Nexon's 19th annual general meeting of shareholders.

¹⁰ 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.