February 9, 2023
NEXON Co., Ltd.
https://company.nexon.co.jp/en/
(Stock Code: 3659, TSE Prime Market)

Nexon Releases Earnings for Fourth Quarter and Full-Year 2022

Record-Setting Fourth Quarter and Full-Year Revenue

FIFA ONLINE 4, Dungeon&Fighter Mobile and HIT2 Drove Strong Growth in 2022

Dungeon&Fighter Returns to Growth in China

Projecting 28% to 38% Year-Over-Year Growth in Q1 2023

TOKYO – February 9, 2023– NEXON Co., Ltd. (Nexon) (3659.TO), a global leader in Virtual Worlds, today announced the financial results for its fourth quarter and fiscal year ended on December 31, 2022.

"Nexon has never been stronger, or its future brighter," said Owen Mahoney, President and CEO of Nexon. "Despite global headwinds that have severely impacted our sector, Nexon's revenue grew 49% year over year in Q4 and we expect to grow 28% to 38% year over year in the current quarter.

"In today's turbulent economic environment, Nexon is anti-fragile. Our business model of Virtual Worlds, and our long-term approach to player engagement have resulted in an enormously robust business."

Recent Highlights Include:

- In Q4, Nexon achieved record-breaking fourth quarter revenue of ¥81.1 billion, up 49% year over year on an as-reported basis and up 36% year over year on a constant-currency[1] basis - within the range of our outlook.
- Operating income was up 269% year over year and within our outlook at ¥11.0 billion.
- Net loss[2] was ¥7.9 billion - below our outlook due to a ¥25.0 billion FX loss primarily on U.S. dollar-denominated cash deposits.
- In Korea, Nexon generated record-breaking fourth quarter revenue, up 62% year over year on an as-reported basis and up 50% on a constant-currency basis[1]. Results in Korea were driven by *FIFA ONLINE 4*[3], *MapleStory, HIT2* and *Dungeon&Fighter Mobile*. *FIFA ONLINE 4*[3] achieved record Q4 revenue, driven by successful World Cup-related events and sales promotions.
- When *Dungeon&Fighter Mobile* was named best game of the year by The Korean Game Awards in November, Nexon celebrated by reducing monetization to build momentum and fortify long-term relationships with players. While Q4 revenue was below our outlook, active users increased sequentially.

- In China, revenue grew by 55% year over year, based on *Dungeon&Fighter* posting a strong Q4 turnaround with a meaningful increase in active players. Following the Lunar-New-Year update released in January, the game is tracking toward strong year-over-year revenue growth in Q1.
- In Japan, revenue increased by 14% year over year driven by the growth of *Blue Archive* and a contribution from *TalesWeaver: SecondRun*.
- Despite growth in *MapleStory*, revenue from North America and Europe decreased by 6% year over year due to *Choices*[4] and *Blue Archive*.
- Rest-of-World[5] revenue increased by 25% year over year, driven by the growth in *MapleStory M* and contributions from new games.
- *KartRider: Drift* started its preseason globally on January 12 and will launch "Season 1" on PC, iOS, Android, Xbox and PlayStation March 9.
- Nexon is scheduled to conduct a closed-beta test for *THE FINALS* in Q1.
- Several more Virtual Worlds are in late-stage development, including *WARS OF PRASIA*, *VEILED EXPERTS*, *The First Descendant*, *Warhaven* and *MABINOGI MOBILE*.
- Nexon completed approximately ¥24.7 billion of its three-year ¥100 billion share repurchase policy announced on August 9, 2022 and expects to complete ¥50 billion in share repurchases by April 2023. We are scheduled to complete the rest of the repurchase authorization after May 2023 and by August 2025 with consideration of several factors including investment opportunities, financial conditions and market environment.

Full-Year 2022 Highlights:

- Nexon achieved record-breaking revenue in FY2022, driven by strong growth of major franchises and the launch of new Virtual Worlds.
- Revenue was ¥353.7 billion, up 29% year over year on an as-reported basis, up 19% on a constant-currency basis[1]. Full-year PC[6] revenue grew by 24% and mobile revenue grew by 41% year over year.
- Operating income was ¥103.7 billion, up 13% year over year on an as-reported basis, up 2% on a constant-currency basis[1].
- Net income[2] was ¥100.3 billion, down 13% year over year on an as-reported basis and down 21% on a constant-currency basis[1], primarily due to a comparison with 2021 when tax expense was at the low level due to recording of additional deferred tax assets on overseas subsidiaries. Additionally, we recorded valuation losses for investment funds, bitcoins and affiliates due to changes in the market environment.

First Quarter 2023 Outlook:

- Expect revenue in the range of ¥116.7 to ¥125.6 billion, representing a 28% to 38% increase year over year on an as-reported basis and a 19% to 28% increase on a constant-currency basis[1]
- Expect operating income of ¥45.3 to ¥52.5 billion
- Expect net income[2] of ¥34.4 to ¥39.8 billion
- FX sensitivity[7]: Every one-Japanese yen move against the U.S. dollar would have the following impact on our financials for Q1 2023:
  - Revenue: ¥0.92 billion
  - Operating Income: ¥0.39 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 / 3:00 a.m. 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. The Q&A session will be conducted with consecutive translations.

Time: February 9, 2023 at 5:00 p.m. JST / 3:00 a.m. EST (planned)

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=7220224&linkSecurityString=1040b5b000
(Please note that the link is accessible on Google Chrome, Mozilla Firefox, Microsoft Edge (Chromium) only.)

Telephone Number

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+65-315-87696(Singapore), +82-23-483-3906(Korea)

*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 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*. 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] 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 / loss refers to net income / loss attributable to owners of the parent.
[3] Official titles are *EA SPORTS™ FIFA ONLINE 4* (PC) and *EA SPORTS™ FIFA ONLINE 4 M* (mobile).
[4] Official title is Choices: Stories You Play.
[5] "Rest of World" includes other Asian countries as well as Central and South American countries.
[6] PC revenue include other revenue besides PC online games and mobile games
[7] 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.