



February 8, 2022

NEXON Co., Ltd.

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

(Stock Code: 3659, TSE First Section)

Nexon Releases Earnings for Fourth Quarter and Full-Year 2021

*Biggest Year of New Game Launches in Company History
Includes Three New Virtual Worlds Scheduled to Launch in 2022*

Mobile Dungeon&Fighter Launching in Korea March 24

Tracking to Exit 2022 Multiple New Revenue Streams Layered onto Existing Business

TOKYO – February 8, 2022 – 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, 2021.

“In 2021, our focus was on the development of new IP and fine-tuning our existing Virtual Worlds ahead of the next period of dynamic growth,” said Owen Mahoney, President and CEO of Nexon. “2022 is the biggest year for new game launches in our company history and will include three new Virtual Worlds. By layering revenue from new games onto the steady performance of our current portfolio, we expect to exit the year with a step-function improvement in Nexon’s earnings profile.”

Nexon’s balance sheet remains a powerful strategic asset. In 2021, the company generated more than ¥100 billion operating cash flow, or approximately US\$1 billion.

Recent Highlights:

- Following record-breaking revenue and operating profit in Q4 2020, group revenues were ¥54.3 billion, down 18% year-over-year on an as-reported basis and down 22% year-over-year on a constant currency basis¹ - within the range of our outlook
- Results for the quarter were driven by strong performances from *FIFA ONLINE 4*² in Korea, and *Sudden Attack*, which grew by 124% year-over-year and hit record-high Q4 revenue in the quarter.
- Operating income was ¥3.0 billion – within the range of our outlook. Marketing expenses were lower than our plan while recording a ¥2.8 billion impairment loss primarily on NAT GAMES’ IP as we expect a delay in one of the game launches.
- Net income³ was ¥22.0 billion – exceeding our outlook. Driven by ¥14.6 billion additional deferred tax assets primarily on overseas subsidiaries, as well as an FX gain of ¥3.2 billion primarily on U.S. dollar denominated cash deposits and a revaluation gain of ¥1.2 billion yen due to movements in the market price of bitcoin during the quarter.
- In China, *Dungeon&Fighter* revenue was slightly below outlook. Additional content updates recently released for China’s Lunar New Year are being well received by players.



- In Korea, the *MapleStory* team has been working closely with players to fine-tune the game and monetization strategies for improving user engagement. In the past 10 months, Net Promoter Scores on *MapleStory* rose an encouraging 50 points, indicating growing player satisfaction.
- In the US and Europe, revenue decreased by 5% year-over-year, reflecting a decline in the game *Choices: Stories You Play* which offset new revenue from *Blue Archive*.
- In Japan, revenue from *MapleStory*, *Blue Archive* and *CounterSide*, which launched on December 19th, was offset by decreases from *V4* and *TRAHA*.
- Revenues from the Rest-of-World⁴ increased by 29% year-over-year with growth in *MapleStory* and *MapleStory M* and new revenue from *Blue Archive*.
- Korea *Mobile Dungeon&Fighter*, the first of three highly anticipated new Virtual Worlds, is scheduled for launch on March 24. Nexon continues to work closely with our partner Tencent Games to prepare *Mobile Dungeon&Fighter* for a launch in China.
- *KartRider: Drift* and *ARC Raiders* are expected to launch later this year. Other notable launches scheduled for 2022 include: *DNF DUEL*, *MABINOGI MOBILE* and many more.
- In December, *ARC Raiders*, the first game from Nexon's Embark Studios, debuted its first trailer. Revealed at The Game Awards with more than 80 million views, the trailer received highly positive recognition in the media and on player forums.
- In the fourth quarter, Nexon signed an agreement with UK-based Games Workshop to develop a Virtual World on the popular *Warhammer*⁵ franchise.
- In January, Nexon announced a strategic minority investment in AGBO designed to enhance the global potential of existing franchises and to develop new IP for multiple platforms. Nexon's \$400 million investment gives the company two seats on AGBO's board and a roughly 38% stake in the company. The partnership is managed by Nexon Film and Television, a new division of the company.
- Nexon's execution of a ¥40 billion share repurchase initiative began in November 2021 and will end by April 2022. Subject to approval by Nexon's board, the company plans to buy back the remaining ¥60 billion by November 2023.

Full-Year 2021 Highlights:

- 2021 was a year of investment to improve existing games and preparation for new Virtual World's scheduled for launch in 2022.
- Revenues were ¥274.5 billion, down 6% year-over-year on an as-reported basis, down 12% on a constant currency basis¹
- Operating income ¥91.5 billion, down 18% year-over-year on an as-reported basis, down 24% on a constant currency basis¹
- Net income³ was ¥114.9 billion, up 104% year-over-year on an as-reported basis and up 94% on a constant currency basis¹ due to the ¥15.3 billion additional deferred tax assets primarily on overseas subsidiaries, as well as an FX gain of ¥36.4 billion on our cash deposits.

First Quarter 2022 Outlook:

- Expect revenues in the range of ¥84.8 to ¥92.7 billion, down 4% to up 5% year-over-year on an as reported basis, down 8 % to up 1% year-over-year on a constant currency basis¹
- Expect operating income of ¥32.9 to ¥39.7 billion
- Expect net income³ of ¥32.7 to ¥38.0 billion
- Forex sensitivity⁶: Every one Japanese yen move against the U.S. dollar would have the following impact on our financials for Q1 2022
 - Revenues: ¥0.76 billion
 - Operating Income: ¥0.34 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. Q&A session will be conducted with consecutive translations.

Time: February 8, 2022 at 5:00 p.m. JST / 3:00 a.m. EST (planned)

Pre-registration Required

Please register in advance from the link below. Participant PIN and Security Code will be provided upon registration. Please [click here](#) to reach the registration page.

(Please note that the link is accessible on Google Chrome, Mozilla Firefox, Microsoft Edge (Chromium) only.)

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+81-3-6629-1042(Japan), +1-408-758-9913(US), +44-20-3364-5380(UK),
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*Participant PIN and Security Code will be required to join the call

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

³ Net income refers to net income attributable to owners of the parent.

⁴ "Rest of World" includes other Asian countries as well as Central and South American countries.

⁵ All other product names mentioned here are trademarks or registered trademarks of their respective companies.

⁶ 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.