



August 8, 2024

NEXON Co., Ltd.

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

(Stock Code: 3659, TSE Prime Market)

## Nexon Releases Earnings for Second Quarter 2024

*Record Q2 Results Driven by Dungeon&Fighter Mobile in China*

*A New IP, The First Descendant, Reaches Top Sales Rankings  
with Strong Global Engagement*

*Nexon, Embark Studios and Tencent to Customize THE FINALS and  
ARC Raiders for Chinese Players*

**TOKYO – August 8, 2024** – NEXON Co., Ltd. (Nexon) (3659.TO), a global leader in online games, today announced the financial results for its second quarter ending on June 30, 2024.

“We are extremely pleased with our recent progress which includes breakaway performances by *Dungeon&Fighter Mobile* in China and a brand new IP, *The First Descendant*,” said Junghun Lee, President and CEO of Nexon. “These represent important proof points for Nexon’s IP Growth Initiative, which leverages extensions on our well-established IP, together with the development of all new games with potential to become enduring pillars of our IP portfolio.”

### Recent Highlights:

- Nexon delivered record-high Q2 results driven by *Dungeon&Fighter Mobile* in China, which launched on May 21 and sustained the top grossing position on China’s iOS chart<sup>1</sup> for more than 11 weeks – making it one of the most successful mobile releases in that country’s history.
- Q2 revenue was ¥122.5 billion, up 30% year over year on an as-reported basis and up 19% on a constant-currency<sup>2</sup> basis, which exceeded our outlook.
- Operating income exceeded our expectations – up 64% year over year to ¥45.2 billion, driven by significant revenue outperformance, while recording higher-than-expected performance-based bonuses.
- Net income<sup>3</sup> was ¥39.9 billion, up 63% year over year. Results exceeded our outlook, primarily due to operating income outperformance and an FX gain of ¥8.2 billion.
- In Q2, three major franchises – *Dungeon&Fighter*, *MapleStory* and *FC* – in aggregate delivered strong year-over-year growth of 57%.
  - ***Dungeon&Fighter***. Extending the franchise to mobile platforms and markets in China succeeded in acquiring new players and reenergizing dormant players. As a result, *Dungeon&Fighter*’s franchise revenues more than doubled year over year.
  - ***MapleStory***. Ongoing improvements in Live Operations and extensions to new regions and new formats resulted in 9% year-over-year revenue growth. In *MapleStory*’s biggest market, Korea, the Net Promoter Score<sup>4</sup> improved by 13 points.



- **FC.** Both *FC ONLINE*<sup>5</sup> and *FC MOBILE*<sup>6</sup> exceeded our expectations. However, as expected, *FC ONLINE*<sup>5</sup> revenue was down year over year due to a challenging comparison with Q2 2023.
- Other product highlights include:
  - **Blue Archive.** The April debut of the animated series has expanded the IP fanbase. Worldwide, game revenue set a Q2 record driven by double-digit growth in Japan and a contribution from our China service.
  - **THE FINALS.** Ongoing adjustments to the game’s balance and modes are designed to improve player retention.
- **The First Descendant.** A new Nexon IP which launched globally on July 2 and quickly became a top-seller on Steam. North American players comprised the highest number globally and console players made up approximately 60% of the total.
- Nexon and Embark Studios announced agreements with Tencent to customize *THE FINALS* and *ARC Raiders* to appeal to players in China.
- From May 15 to July 19, Nexon executed share repurchases of ¥30 billion. The remaining ¥70 billion worth of shares will be repurchased by February 2027<sup>7</sup>.

### Third Quarter 2024 Outlook:

- Expect revenue in the range of ¥137.8 to ¥152.0 billion, up 15% to 26% year over year on an as-reported basis, up 8% to 19% year over year on a constant-currency<sup>2</sup> basis.
- Expect operating income of ¥46.0 to ¥57.3 billion, down 1% to up 24% year over year on an as-reported basis, down 10% to up 12% year over year on a constant-currency<sup>2</sup> basis.
- Expect net income<sup>3</sup> of ¥34.6 to ¥43.0 billion, down 2% to up 22% year over year on an as-reported basis, down 13% to up 9% year over year on a constant-currency<sup>2</sup> basis.
- FX sensitivity<sup>8</sup> – For every one JPY move against the USD, expect the following impact on our Q3 2024 financials:
  - Revenue: ¥0.90 billion
  - Operating Income: ¥0.33 billion

### Capital Markets Briefing

Nexon will host a Capital Markets Briefing on September 3, 2024 at 4:00 pm Japan Standard Time (JST). In this two-hour event, CEO Junghun Lee will deliver an overview of the strategies and key initiatives that will shape Nexon’s growth over the next several years. CFO Shiro Uemura will provide financial objectives and a summary of Nexon’s shareholder return policy. Also, we will provide briefings and demos on the new games and services that will drive our performance over the next several years. The presentations and Q&A will be conducted with simultaneous translation in Japanese, English and Korean.



### **Earnings Letter**

Investors, analysts, and media are encouraged to visit Nexon's website, and review the Earnings Letter: Q2 2024 with details on our recent performance and Q3 outlook.

Nexon Investor Relations website: <https://www.nexon.co.jp/en/ir/>

### **Online Earnings Presentation (Japanese & English)**

Nexon management will host an online earnings presentation through Zoom Webinar (audio only) 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: August 8, 2024 at 5:00 p.m. JST / 4:00 a.m. EDT

### **Format / Pre-registration**

Online earnings presentation will be held through Zoom Webinar (audio only). URL, webinar ID, and passcode will be provided upon registration from the link below. Please join the webinar from the URL provided and choose the language by clicking 'Interpretation' button.

To register, please go to the Registration Page.

[https://zoom.us/webinar/register/WN\\_3G7bHmj\\_SJmyrao5Hjg61A](https://zoom.us/webinar/register/WN_3G7bHmj_SJmyrao5Hjg61A)

### **Audio Archive and Transcript**

Audio archive and a transcript will be available on Nexon Investor Relations website (<https://www.nexon.co.jp/en/ir/>).

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://www.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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<sup>1</sup> According to data.ai.

<sup>2</sup> 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.

<sup>3</sup> Net income refers to net income attributable to owners of the parent.

<sup>4</sup> Net Promoter Score is a popular metric used to gauge player satisfaction.

<sup>5</sup> Official title is *EA SPORTS FC™ONLINE* (PC) and *EA SPORTS FC™ONLINE M* (mobile).

<sup>6</sup> Official title is *EA SPORTS FC™MOBILE*.

<sup>7</sup> Share repurchase will take into consideration factors including investment opportunities, financial conditions, and market environment.

<sup>8</sup> 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.