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NEXON Co., Ltd.

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

(Stock Code: 3659, TSE Prime Market)

Nexon Releases Earnings for Fourth Quarter and Full-Year 2024

*Following Record-Breaking Revenue in 2024,
Nexon to Strengthen Established Franchises to Revitalize Growth*

*Co-Development Agreement with Tencent Brings Additional Creative Resources to
Dungeon&Fighter Franchise in China*

Nexon's Board of Directors Authorizes One-Year Share Buyback of ¥100 Billion

TOKYO – February 13, 2025 – NEXON Co., Ltd. (Nexon) (3659.TO), a global leader in online games, today announced financial results for its fourth quarter and fiscal year ended on December 31, 2024.

“Following record-breaking revenue in 2024, Nexon is committed to strengthening established franchises like Dungeon&Fighter for sustained growth and profitability,” said Junghun Lee, President and CEO of Nexon. “A disciplined increase in our own creative force, plus a new co-development agreement with Tencent, will provide the resources needed to drive growth. Additionally, seven new games scheduled for launch by 2027, each have potential to generate annual revenue over ¥10 billion. We have the vision, plan, and balance sheet to drive significant growth in the years ahead.

“As a reflection of our confidence in Nexon’s mid-term growth initiative, and to enhance shareholder value, the board of directors has authorized deploying the company’s deep cash reserves on a one-year ¥100 billion share buyback which will begin on February 14.”

Q4 Highlights:

- Q4 revenue was ¥79.7 billion, down 6% year over year on an as-reported basis, and down 4% on a constant-currency basis¹, which was below our outlook primarily due to the shortfall in the FC franchise and *The First Descendant*.
- An operating loss of ¥1.7 billion was recorded due to a one-time impairment loss of ¥7.0 billion. This was below our outlook due to revenue underperformance. Excluding the impairment loss, Q4 operating income was ¥5.3 billion.
- Net income² exceeded our outlook at ¥32.0 billion primarily due to a ¥31.7 billion FX gain on cash deposits.

Full-Year 2024 Highlights:

- In 2024, Nexon delivered record-breaking full-year revenue of ¥446.2 billion, up 5% year over year on an as-reported basis, and up 1% on a constant-currency basis¹.
- Operating income was ¥124.2 billion, down 8% year over year on an as-reported basis, and down 12% on a constant-currency basis¹, reflecting our ongoing investments to revitalize, strengthen and expand our IP portfolio over the next few years.
- Net income² was ¥134.8 billion, up 91% year over year on an as-reported basis or up 84% on a constant-currency basis¹, primarily due to an increased FX gain on cash deposits and an impairment charge recorded in 2023 on investment in an equity-method company which did not repeat in 2024.

Franchise Performance

- Strengthening and extending established franchises is a large element of the strategy for reaching our 2027 mid-term plan. In 2024, Nexon's three largest franchises – MapleStory, Dungeon&Fighter, and FC – grew in aggregate by 10% from ¥300.7 billion in 2023 to ¥330.7 billion in 2024, and represented 74% of our 2024 revenue versus 71% in 2023.
- **Dungeon&Fighter Franchise:**
 - The franchise delivered 53% growth in 2024, benefiting from the strong launch of *Dungeon&Fighter Mobile* in China, which broadly expanded the player base. However, we saw slower growth in Q4 and initial results from the Q1 2025 New Year Updates.
 - **PC *Dungeon&Fighter*.** In China, Q4 revenue fell below our outlook as an IP collaboration packaged-item sales in December did not meet our expectations. The large-scale Q1 New Year Update started slow but is showing improvements including greater balance to in-game economy and an increase in daily active users which are now close to the levels seen last year. Although Q1 revenue is expected to decline year over year, we anticipate the recovery will continue throughout the year. In Korea – which received the same update nearly simultaneously – we saw immediate improvement in daily active users, resulting in the likelihood of year-over-year sales growth in Q1.
 - ***Dungeon&Fighter Mobile*.** Our analysis shows that the Q4 level-cap increase in China effectively stabilized daily active users, but the subsequent New Year Update in January has been slow to attract players. As a result, we expect lower-than-anticipated revenue in Q1. We see two opportunities for growth in China: more diversified and hyperlocalized content, and all new experiences which can attract a broader range of players.
 - To accelerate franchise growth, Nexon has reached a co-development agreement with Tencent which has been in discussion for some time. Under the agreement, Tencent will provide additional production capacity for hyperlocalization, creating new experiences, and adapting the game to meet evolving trends – strategies aimed at attracting a wide range of players in China's large game market.
 - ***The First Berserker: Khazan*** – a new game which will introduce the Dungeon&Fighter franchise to a global audience – is scheduled for release on March 28. *Khazan* is a strategic first step in a series of vertical extensions on the Dungeon&Fighter IP, which include *Project OVERKILL* and *Dungeon&Fighter: ARAD*.

- **MapleStory Franchise:**

- Franchise revenue in 2024 declined year over year due to weakness in the Korea service of *MapleStory*. However, Global *MapleStory* grew 24% and now represents 35% of franchise revenue. A large Winter Update posted to Korea *MapleStory* in December delivered strong improvements in player numbers and satisfaction, driving Q4 sales above our expectations and providing good momentum into Q1 for the sales to increase by more than 30% year over year.
- ***MapleStory Worlds***, a new experience designed to grow the franchise, delivered better-than-expected results in Q4 driven by well-received content in Korea, and with a soft launch in North and South America. This bodes well for the regional expansion into Europe which began in January and for a launch in Southeast Asia scheduled this year.

- **FC Franchise:**

- The franchise recorded its second-highest full-year revenue in 2024 but was down year over year from a record-high in 2023.
- In Q4, franchise revenue increased year over year, but fell short of expectations as an October branding campaign did not deliver the expected sales.
- In 2025, we expect lower fan enthusiasm due to a lack of major professional soccer events ahead of the 2026 World Cup. Overall, the games are in good shape and we anticipate stable operations throughout the year.

- **Mabinogi Franchise:**

- ***Mabinogi*** revenue has grown steadily for seven years. In 2025, we aim for greater franchise growth with a platform expansion onto mobile. Pre-registration for *MABINO GI MOBILE* is now open ahead of the March 27 release in Korea.
- Looking ahead, another franchise extension, *Vindictus: Defying Fate*, is coming to PC and consoles. And *Mabinogi Eternity* Project, an update to the classic PC experience on Unreal Engine 5 for greater graphic fidelity and larger-scale content, is expected to attract new players and re-energize dormant users.

Shooters:

- ***The First Descendant***. Q4 revenue was below our expectations due to a decline in traffic attributable to lack of fresh content. However, the Season 2 Update released in December has improved retention, which creates a good foundation for the second episode of Season 2 scheduled in March.
- ***THE FINALS***. Q4 results came within the expected range with stable retention. In Q1, we expect a year-over-year revenue decline due to a tough comparison with Q1 2024, which followed the December launch.

A Powerful Pipeline of New Games in Development

- Accelerating the progress toward our mid-term goals, Nexon's pipeline of new titles in development includes seven games, each with potential to add incremental annual revenue of over ¥10 billion: *ARC Raiders*; *NAKWON: LAST PARADISE*; *Vindictus: Defying Fate*; *The Kingdom of the Winds 2*; *Project DX*; and two additional extensions on the *Dungeon&Fighter* franchise: *Project OVERKILL* and *Dungeon&Fighter: ARAD*.

Operating Cash and Shareholder Return

- Nexon continues to generate significant cash flows which further strengthen our balance sheet. In 2024, we generated over ¥100 billion in operating cash for the seventh consecutive year and finished the year with a cash balance exceeding ¥600 billion.
- Recognizing the importance of enhancing shareholder value while we strengthen established franchises and invest in growth, Nexon's board of directors has approved a share buyback policy of ¥100 billion over one year, including the remaining ¥50 billion of the ¥100 billion share buyback policy announced a year ago, with the immediate execution of a ¥50 billion buyback between February 14 and June 30³.
- We are also maintaining the semi-annual dividend of ¥15 per share or ¥30 per share on a projected annual basis in 2025.

First Quarter 2025 Outlook:

- Expect revenue in the range of ¥109.9 to ¥122.1 billion, up 1% to 13% year over year on an as-reported basis, up 2% to 14% year over year on a constant-currency basis¹.
- Expect an operating income in the range of ¥29.6 to ¥35.4 billion.
- Expect a net income² of ¥22.0 to ¥26.6 billion.
- FX sensitivity⁴ – For every one JPY move against the USD, expect the following impact on our Q1 2025 financials:
 - Revenue: ¥0.74 billion
 - Operating Income: ¥0.23 billion

Earnings Letter

Investors, analysts, and media are encouraged to visit Nexon's website, and review the Earnings Letter: Q4 2024 and FY2024 with details on our recent performance and Q1 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: February 13, 2025 at 5:00 p.m. JST / 3:00 a.m. EST (planned)



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_wdSz0JnBQjye0tNqUQJDFw)
https://zoom.us/webinar/register/WN_wdSz0JnBQjye0tNqUQJDFw

Q&A Session

An online Q&A session will be conducted with consecutive translation in Japanese, English, and Korean. When asking a question, please wait for the permission to speak prompt to appear on your screen, as some translations take longer to complete.

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 global leader in the production, development and operation of online games. First listed on the Tokyo Stock Exchange in December 2011, Nexon has since been listed on JPX400, Nikkei Stock Index 300, and Nikkei 225. Nexon currently has more than 40 games operating in more than 190 countries on PC, console, and mobile. Major game franchises include MapleStory, Mabinogi, and Dungeon&Fighter. In 2024, the company set a multi-year IP Growth Initiative that details vertical growth with new experiences in existing major franchises and horizontal growth with the creation of the new pillars in the company's IP portfolio.

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 refers to net income attributable to owners of the parent.

³ Share buyback will take into consideration factors including investment opportunities, financial conditions, and market environment.

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 US. dollar and Japanese yen.