



# INVESTOR PRESENTATION Q1 2022

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May 12th, 2022 NEXON Co., Ltd.



# CEO Highlights



# Summary

On Track for Step-Function Revenue Growth

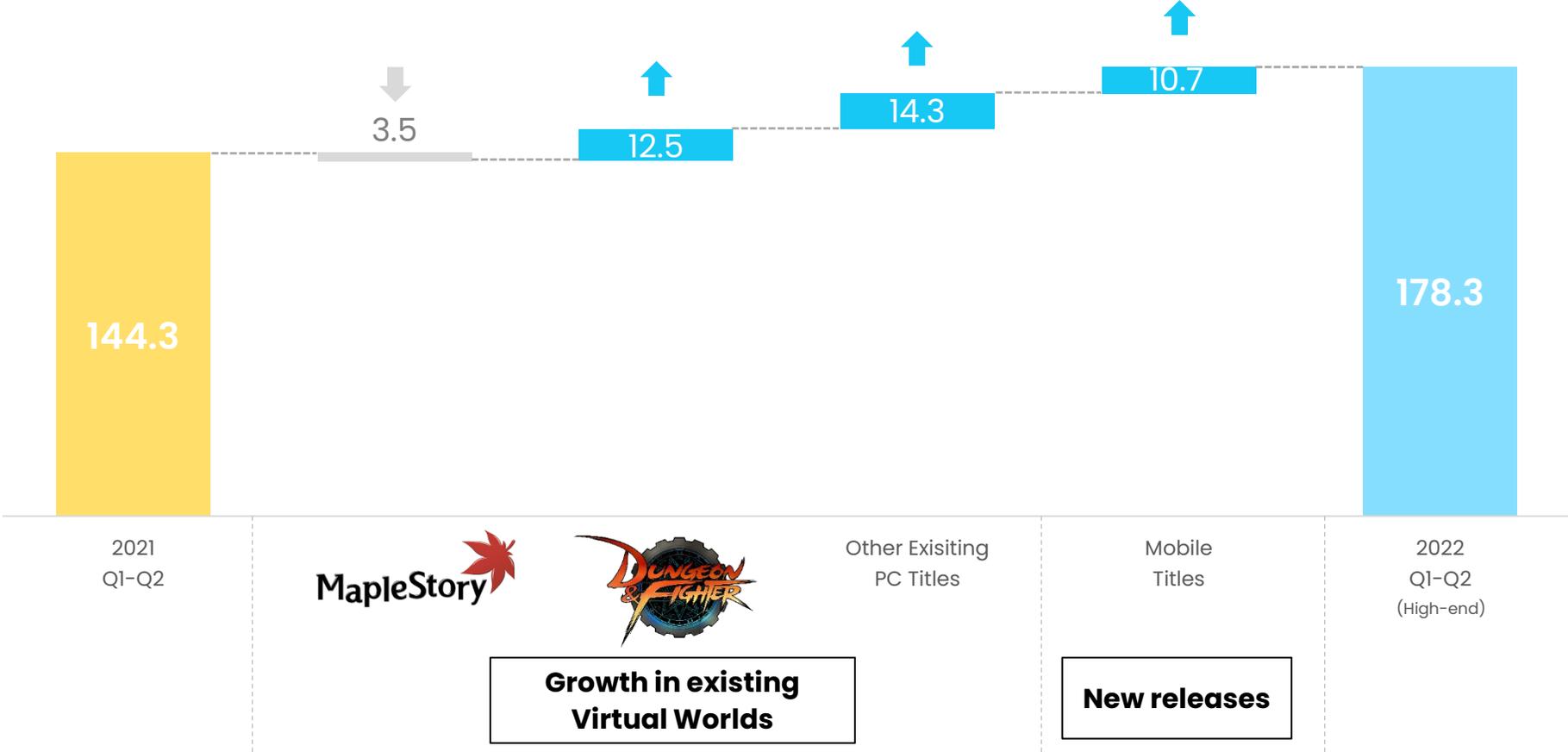
	GROWTH DRIVERS	ITEM	NOTES
1	Growth in existing Virtual Worlds	▪ China <i>Dungeon&amp;Fighter</i>	✔ Y/Y growth in Q1 driven by successful Lunar New Year update; plan to expand user base with Level Cap Release in Q2
		▪ Korea <i>MapleStory</i>	✔ Recovery of user base in Q1; expect active users and revenue to grow Y/Y from Q2 onward
2	New releases	▪ <i>Dungeon&amp;Fighter Mobile</i>	✔ Spectacular performance in Korea since its launch on 3/24
		▪ <i>KartRider: Drift, ARC Raiders</i>	✔ On track to launch in 2H
		▪ Several more new titles	✔ <i>DNF Duel</i> is slated to launch on 6/28; on track to launch multiple new games from 2H
3	Market and platform expansion	▪ North America and Europe	✔ <i>KartRider: Drift</i> and <i>ARC Raiders</i> to drive western business
		▪ Mobile	✔ Successful launch of <i>Dungeon&amp;Fighter Mobile</i> ; polishing the gameplay of <i>MABINOGI MOBILE</i>
		▪ Console	✔ <i>DNF Duel, KartRider: Drift, ARC Raiders</i> to drive console business

# Revenue Growth Breakdown

Growth in Existing Virtual Worlds; Strong Growth in Mobile Driven by New Releases

Y/Y Accumulated Revenue Comparison

(Unit: ¥ billions)



# DNF Franchise Growth with Platform Expansion

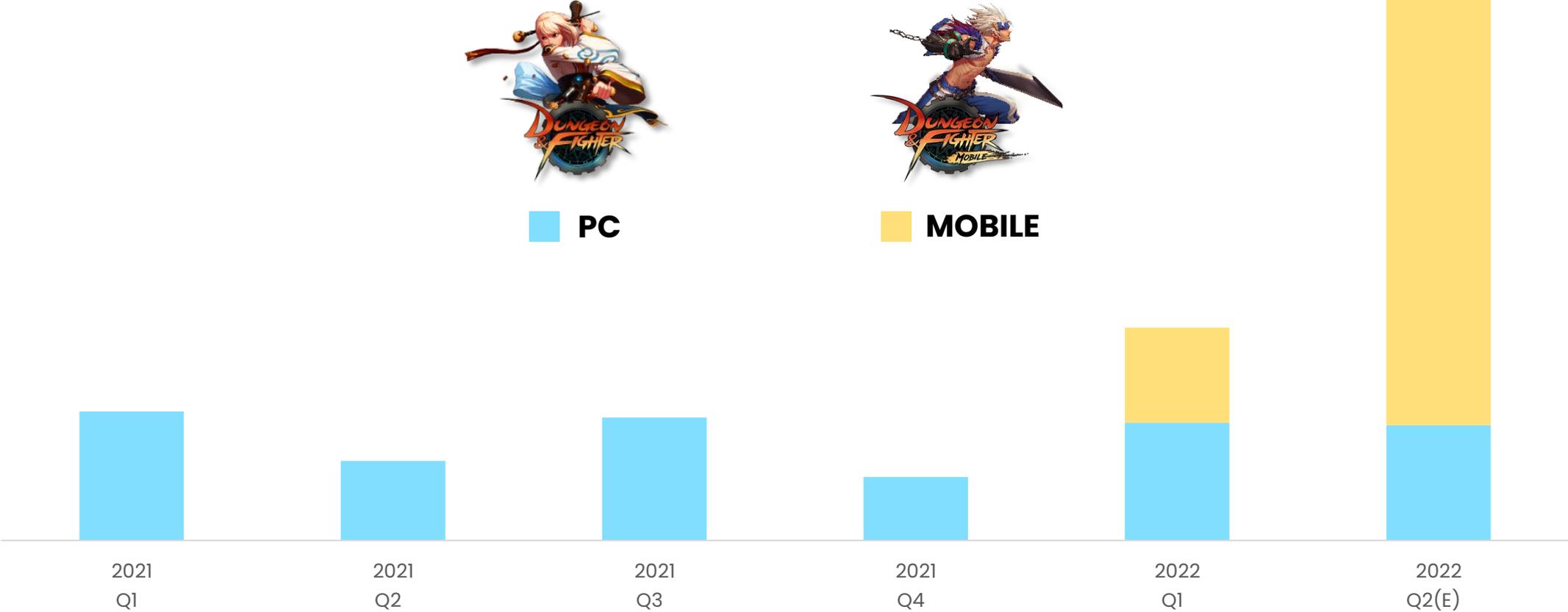
No Cannibalization Observed; Mobile Launch Is Accretive to The Franchise

Dungeon&Fighter Franchise Revenue Trend in Korea



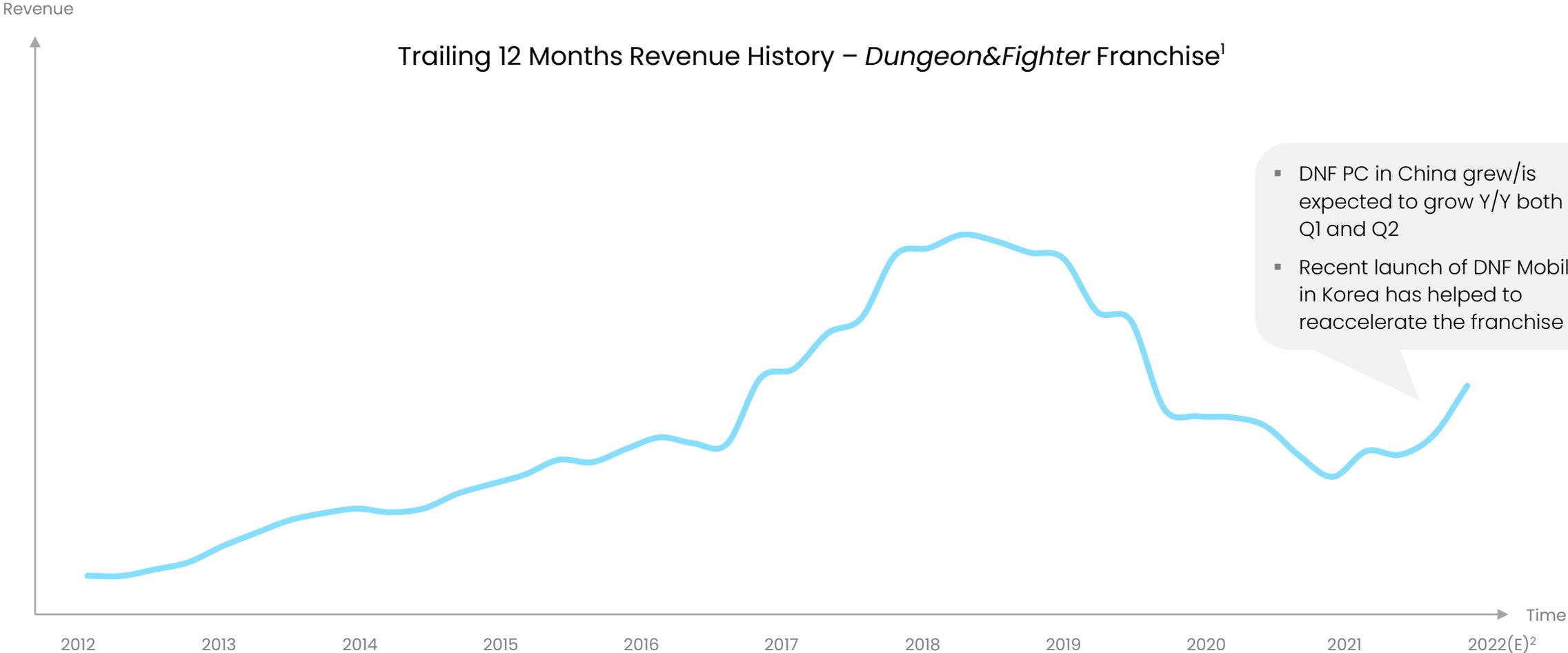
■ PC

■ MOBILE



# Enduring Power of Virtual Worlds

DNF Franchise Generated Over **\$20 billion** Life-to-date; Non-linear but Extremely Robust Growth Trajectory



<sup>1</sup> Aggregation of *Dungeon&Fighter*, *Dungeon&Fighter Mobile*, and *DNF Duel*

<sup>2</sup> Until 2Q 2022



# CFO Highlights



# Q1 2022 Results

# Q1 2022 Result Highlights

Revenues as Planned. *Dungeon&Fighter Mobile* Off to a Great Start in Korea

## Revenues

- In-line with expectations. *FIFA ONLINE 4*<sup>1</sup>, *MapleStory* in the RoW<sup>2</sup>, and *Dungeon&Fighter Mobile*, which launched in Korea on March 24, significantly exceeded outlook while China *Dungeon&Fighter* was slightly below outlook
- Y/Y increases in *FIFA ONLINE 4*<sup>1</sup>, *Dungeon&Fighter* in China, and *MapleStory* in the RoW<sup>2</sup> as well as a contribution from *Dungeon&Fighter Mobile* in Korea were offset by a decrease in Korea *MapleStory*

## Operating Income

- In-line with expectations. Marketing expenses and HR costs<sup>5</sup> were lower than our plan while royalty costs and PG fee<sup>6</sup> exceeded our plan due to stronger-than-expected sales from *FIFA ONLINE 4*<sup>1</sup> and *Dungeon&Fighter Mobile*
- Y/Y decrease primarily due to increases in HR costs<sup>5</sup> and marketing expenses while revenues were roughly flat Y/Y

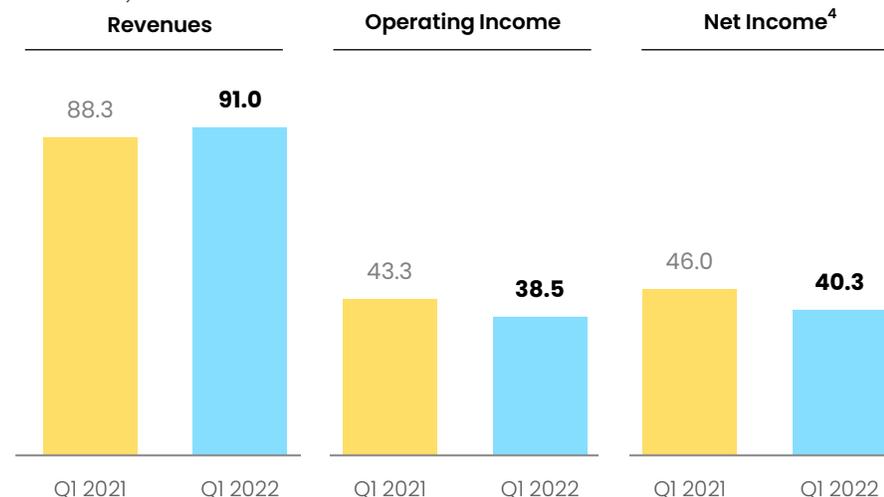
## Net Income<sup>4</sup>

- Exceeded outlook driven by a ¥12.7 billion FX gain primarily on U.S. dollar-denominated cash deposits
- Y/Y movement primarily due to
  - a decrease in operating income
  - ¥12.7 billion FX gain while recording ¥18.1 billion FX gain in Q1 2021
  - ¥9.3 billion gain on disposal of Six Waves equities

(Unit: ¥ millions, except per share data)

	Q1 2021	Q1 2022 Outlook		Q1 2022	YoY %
<b>Revenues</b>	<b>¥88,313</b>	<b>¥84,762 ~</b>	<b>¥92,750</b>	<b>¥91,034</b>	<b>3%</b>
PC <sup>3</sup>	65,768	65,079 ~	69,972	67,730	3%
Mobile	22,545	19,683 ~	22,778	23,304	3%
<b>Operating income</b>	<b>43,321</b>	<b>32,883 ~</b>	<b>39,700</b>	<b>38,520</b>	<b>(11%)</b>
<b>Net income<sup>4</sup></b>	<b>46,034</b>	<b>32,745 ~</b>	<b>37,966</b>	<b>40,261</b>	<b>(13%)</b>
Earnings per share	51.86	36.81 ~	42.68	45.35	
Exchange rates					
100 KRW/JPY	9.52	9.62	9.62	9.65	1%
CNY/JPY	16.33	18.06	18.06	18.30	12%
USD/JPY	105.90	114.85	114.85	116.20	10%

(Unit: ¥ billions)



1 Official title is EA SPORTS™ FIFA ONLINE 4 (PC) and EA SPORTS™ FIFA ONLINE 4 M (mobile).

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

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

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

5 HR costs includes HR cost (COGS), HR cost (SG&A) and R&D (SG&A).

6 PG fee includes commissions made to external payment gateway companies when users purchase ingame items in PC Online games that we service. It also includes mobile carrier-related commissions we pay regarding our Japanese mobile browser games, commissions we pay to Apple/Google regarding our mobile native games globally, and platform commission fees related to mobile browser games.

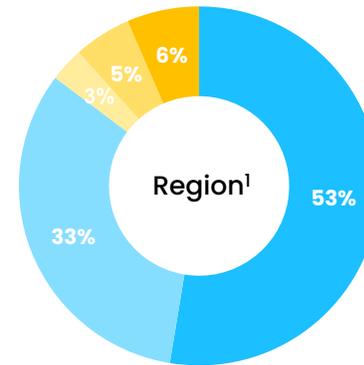
# Q1 2022 Revenue Breakdown

## Q1 2022 Financial Results

(Unit: ¥ millions)

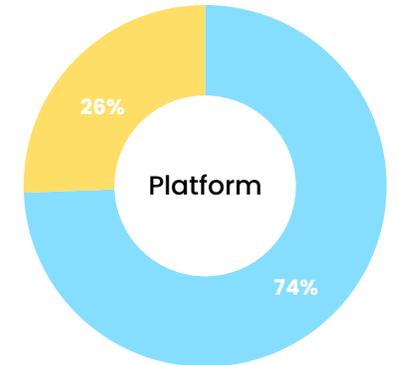
	Q1 2021	Q1 2022		YoY % Change	
		As-Reported	Constant Currency <sup>4</sup>	As-Reported	Constant Currency <sup>4</sup>
<b>Revenue by Region<sup>1</sup></b>					
Korea	¥50,167	¥47,880	¥47,232	(5%)	(6%)
China	25,798	29,761	27,039	15%	5%
Japan	3,382	2,794	2,773	(17%)	(18%)
North America and Europe	4,814	4,699	4,437	(2%)	(8%)
Rest of World <sup>2</sup>	4,152	5,900	5,760	42%	39%
<b>Nexon Total</b>	<b>88,313</b>	<b>91,034</b>	<b>87,241</b>	<b>3%</b>	<b>(1%)</b>
<b>Revenue by Platform</b>					
PC <sup>3</sup>	65,768	67,730	64,377	3%	(2%)
Mobile	22,545	23,304	22,864	3%	1%
<b>Nexon Total</b>	<b>88,313</b>	<b>91,034</b>	<b>87,241</b>	<b>3%</b>	<b>(1%)</b>
<b>FX Rate</b>					
100 KRW/JPY	9.52	9.65	9.52	1%	
CNY/JPY	16.33	18.30	16.33	12%	
USD/JPY	105.90	116.20	105.90	10%	

## Q1 2022 Revenue Breakdown



### Region<sup>1</sup>

- Korea 53%
- China 33%
- Japan 3%
- North America & Europe 5%
- Rest of World<sup>2</sup> 6%



### Platform

- PC<sup>3</sup> 74%
- Mobile 26%

1 Based on regions where the revenue originates; not a representation of revenues according to Nexon entities.

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

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

4 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. As an example, we calculate royalty revenues from China *Dungeon&Fighter* by applying the same CNY/USD, USD/KRW and KRW/JPY exchange rates from last year's same fiscal quarter.

5 For the KPIs (MAU, Pay Rate and ARPPU) of PC online games, please refer to appendix of this presentation.

# Q1 2022 Korea / China – Highlights

## Korea

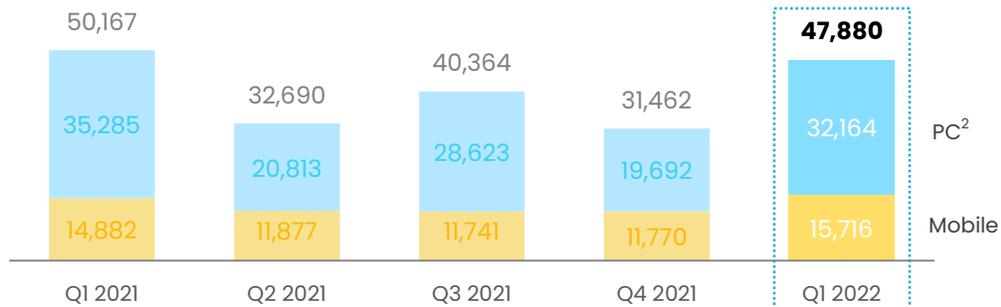
Exceeded outlook primarily driven by significant outperformances in *FIFA ONLINE 4*<sup>1</sup> and *Dungeon&Fighter Mobile*

- PC<sup>2</sup> revenues down 9% Y/Y
  - *MapleStory*: Decreased Y/Y; at the high-end of outlook driven by well-received Winter update; NPS<sup>3</sup> recovered to pre-probability issue level
  - *FIFA ONLINE 4*<sup>1</sup>: Grew Y/Y driven by well-received package offerings and sales promotions; recorded the highest quarterly revenue
  - *Sudden Attack*: Grew 18% Y/Y
- Mobile revenues up 6% Y/Y; up 34% Q/Q
  - *Dungeon&Fighter Mobile*: Launched on 3/24; spectacular performance, driven by well-received unique gameplay and high-quality rich content
  - Y/Y contributions from *Dungeon&Fighter Mobile* and *Blue Archive*, and growth in *FIFA ONLINE 4 M*<sup>4</sup> were partially offset by decreases in *V4* and *The Kingdom of the Winds: Yeon*

(Unit: ¥ millions)

YoY% change:

As Reported: **-5%**  
Constant Currency<sup>5</sup>: **-6%**



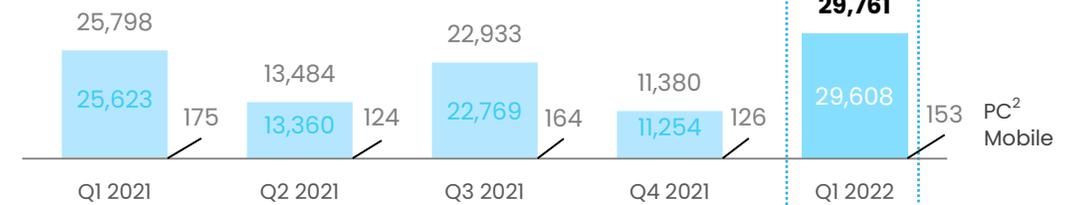
## China

Slightly below outlook. *Dungeon&Fighter*'s revenue increased Y/Y driven by well-received Lunar New Year package sales

- Introduced Lunar New Year update (1/20 – 4/21)
- Continued to focus on increasing user engagement rather than short-term monetization. As a result, user metrics trended stably while revenue was slightly lower than planned
- Q/Q MAUs, paying users, ARPPU and revenue increased due to typical seasonality
- Y/Y MAUs and paying users decreased while ARPPU and revenue increased, driven by well-received Lunar New Year package sales

YoY% change:

As Reported: **+15%**  
Constant Currency<sup>5</sup>: **+5%**



1 Official title is EA SPORTS™ FIFA ONLINE 4 (PC).

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

3 NPS stands for Net Promoter Score, which assesses player satisfaction

4 Official title is EA SPORTS™ FIFA ONLINE 4 M (mobile).

5 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. As an example, we calculate royalty revenues from China *Dungeon&Fighter* by applying the same CNY/USD, USD/KRW and KRW/JPY exchange rates from last year's same fiscal quarter.

# Q1 2022 Japan / North America and Europe / Rest of World<sup>1</sup> – Highlights

## Japan

Results as planned

- Benefited from *Counter:Side*
- *TRAHA*, *V4*, and *Blue Archive* decreased Y/Y

## North America and Europe

Exceeded outlook driven by *MapleStory M* and *Blue Archive*

- Benefited from *Blue Archive*
- *MapleStory M* grew 31% Y/Y
- *Choices*<sup>4</sup> and *MapleStory* decreased Y/Y

## Rest of World<sup>1</sup>

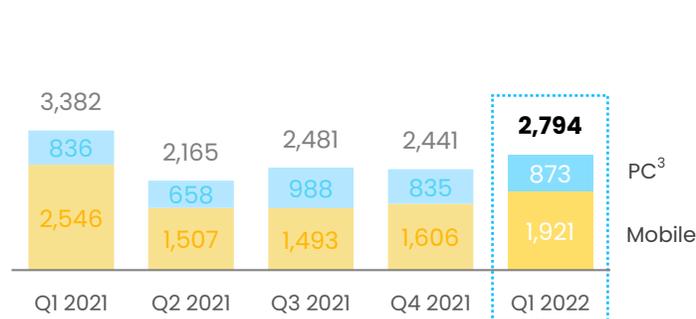
Exceeded outlook driven by *MapleStory* and *MapleStory M*

- Both *MapleStory* and *MapleStory M* revenue grew 61% and 50% Y/Y, respectively
- Benefited from *Blue Archive*

(Unit: ¥ millions)

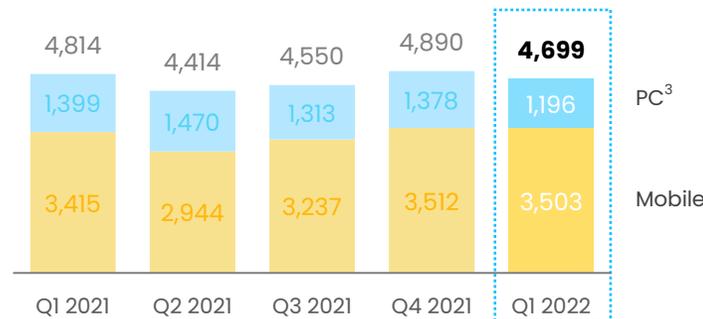
YoY% change:

As Reported: **-17%**  
Constant Currency<sup>2</sup>: **-18%**



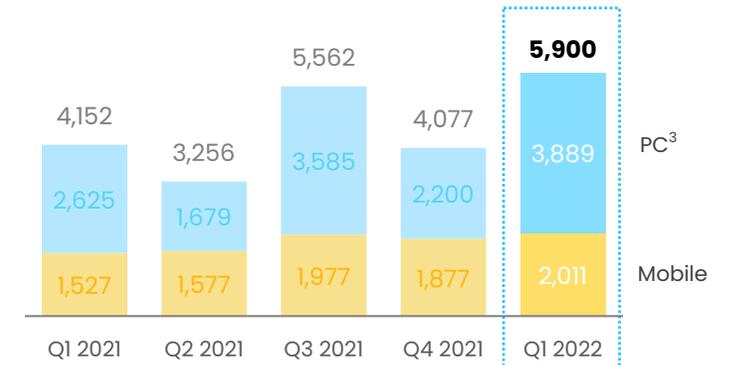
YoY% change:

As Reported: **-2%**  
Constant Currency<sup>2</sup>: **-8%**



YoY% change:

As Reported: **+42%**  
Constant Currency<sup>2</sup>: **+39%**



<sup>1</sup> "Rest of World" includes other Asian countries as well as Central and South American countries.

<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. As an example, we calculate royalty revenues from China *Dungeon&Fighter* by applying the same CNY/USD, USD/KRW and KRW/JPY exchange rates from last year's same fiscal quarter.

<sup>3</sup> PC revenues include other revenues besides PC online games and mobile games.

<sup>4</sup> Official title is *Choices: Stories You Play*.

# Q2 2022 Outlook

# Q2 2022 Financial Outlook

Expect Strong Y/Y Growth Driven by *Dungeon&Fighter Mobile* and Existing Core Franchises

## Revenues

- Constant currency<sup>1</sup> up 36% to 45%
- PC<sup>2</sup>: Growth driven by *Dungeon&Fighter* in both China and Korea, *FIFA ONLINE 4*<sup>3</sup>, and *Korea MapleStory*
- Mobile: Expect to benefit from *Dungeon&Fighter Mobile* in Korea

(Unit: ¥ millions, except per share data)

	Q2 2021	Q2 2022 Outlook		YoY %	
<b>Revenues</b>	<b>¥56,009</b>	<b>¥81,342</b>	~ <b>¥87,300</b>	<b>45%</b>	~ <b>56%</b>
PC <sup>2</sup>	37,980	55,807	~ 59,281	47%	~ 56%
Mobile	18,029	25,535	~ 28,019	42%	~ 55%
<b>Operating income</b>	<b>15,409</b>	<b>22,666</b>	~ <b>27,278</b>	<b>47%</b>	~ <b>77%</b>
<b>Net income<sup>5</sup></b>	<b>8,957</b>	<b>16,146</b>	~ <b>19,689</b>	<b>80%</b>	~ <b>120%</b>
Earnings per share	10.07	18.27	~ 22.28		
FX Rate Assumptions					
100 KRW/JPY	9.77	10.22	10.22	5%	
CNY/JPY	16.94	19.69	19.69	16%	
USD/JPY	109.49	126.58	126.58	16%	

Forex sensitivity<sup>6</sup>: Every one Japanese yen move against the U.S. dollar would have the following impact on our financials for Q2 2022

Revenues 0.66 billion yen  
Operating Income 0.22 billion yen

## Operating Income

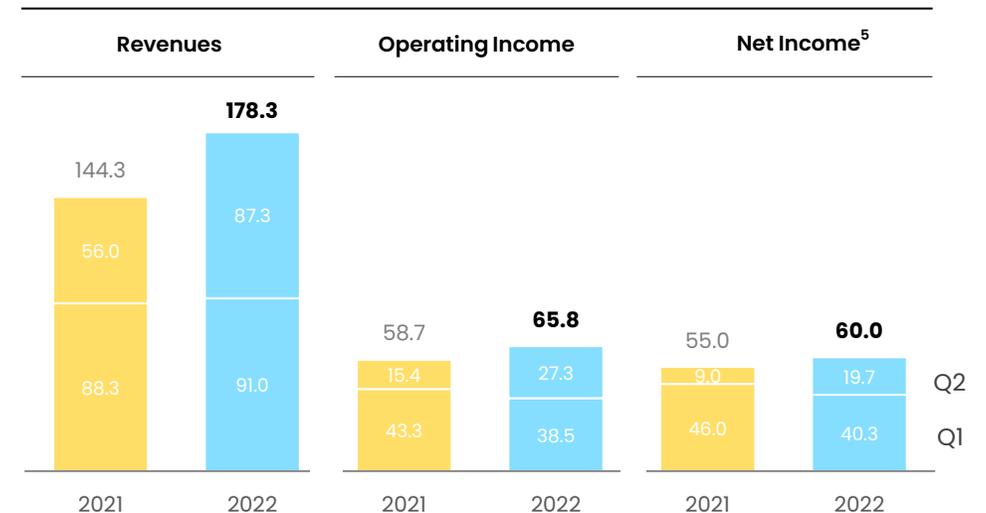
- Expect a Y/Y increase primarily due to revenue growth
- Expect increased variable costs, HR costs<sup>4</sup>, and marketing costs

## Net Income<sup>5</sup>

Expect a Y/Y increase driven by operating income growth

(Unit: ¥ billions)

### Q2 Accumulated (High-end)



<sup>1</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. As an example, we calculate royalty revenues from China *Dungeon&Fighter* by applying the same CNY/USD, USD/KRW and KRW/JPY exchange rates from last year's same fiscal quarter.

<sup>2</sup> PC revenues include other revenues besides PC online games and mobile games

<sup>3</sup> Official titles is *EA SPORTS™ FIFA ONLINE 4 (PC)*.

<sup>4</sup> HR costs includes HR cost (COGS), HR cost (SG&A) and R&D (SG&A).

<sup>5</sup> Net income refers to net income attributable to owners of the parent.

<sup>6</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 U.S. Dollar and Japanese Yen.

# Q2 2022 Korea / China Outlook

## Korea

Expect revenues to increase Y/Y primarily driven by *Dungeon&Fighter Mobile*, *FIFA ONLINE 4*<sup>1</sup>, and *MapleStory*

- PC<sup>2</sup>: Expect to increase Y/Y
  - *MapleStory*: Expect to increase Y/Y
  - Expect *FIFA ONLINE 4*<sup>1</sup> and *Dungeon&Fighter* to grow while *Sudden Attack* to decrease Y/Y
- Mobile: Expect to roughly double Y/Y
  - Expect to benefit from *Dungeon&Fighter Mobile* and *Blue Archive*
  - Expect *FIFA ONLINE 4 M*<sup>3</sup> to increase Y/Y while *V4*, *The Kingdom of the Winds: Yeon*, and *KartRider Rush+* to decrease Y/Y

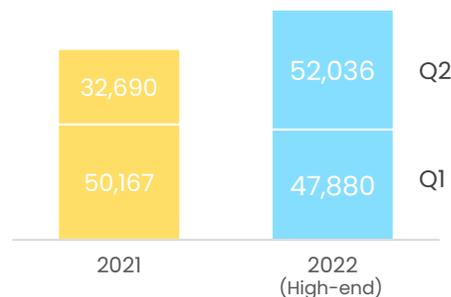
## China

Expect *Dungeon&Fighter*'s revenue to increase Y/Y

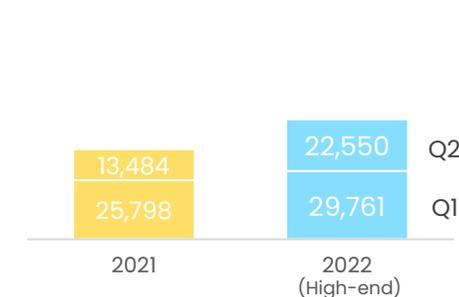
- Introduced Labor Day Update (4/21); scheduled to introduce the 14<sup>th</sup> anniversary update (6/16)
- In April, paying users and ARPPU were up Y/Y driven by successful Labor Day Update
- Expect Q2 revenue to increase Y/Y
- Aim to increase active users and paying users following the Level Cap Release scheduled in Q2

(Unit: ¥ millions)

Q2 2021	Q2 2022 Outlook		YoY % Change	
Actual	Low-end	High-end	As-Reported	Constant Currency <sup>4</sup>
32,690	49,039 ~	52,036	50% ~ 59%	43% ~ 52%



Q2 2021	Q2 2022 Outlook		YoY % Change	
Actual	Low-end	High-end	As-Reported	Constant Currency <sup>4</sup>
13,484	20,923 ~	22,550	55% ~ 67%	36% ~ 47%



<sup>1</sup> Official titles is EA SPORTS™ FIFA ONLINE 4 (PC).

<sup>2</sup> PC revenues include other revenues besides PC online games and mobile games

<sup>3</sup> Official title is EA SPORTS™ FIFA ONLINE 4 M (mobile).

<sup>4</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. As an example, we calculate royalty revenues from China *Dungeon&Fighter* by applying the same CNY/USD, USD/KRW and KRW/JPY exchange rates from last year's same fiscal quarter.

# Q2 2022 Japan / North America and Europe / Rest of World<sup>1</sup> Outlook

## Japan

Expect revenues to increase Y/Y

- Expect to benefit from *Counter:Side*
- Expect Y/Y decreases in *TRAHA* and *V4*

## North America and Europe

Expect revenues to increase Y/Y

- Expect to benefit from *Blue Archive* and *DNF Duel*, which is scheduled to launch on June 28
- Expect a Y/Y increase in *MapleStory M*
- Expect Y/Y decreases in *Choices*<sup>3</sup> and *MapleStory*

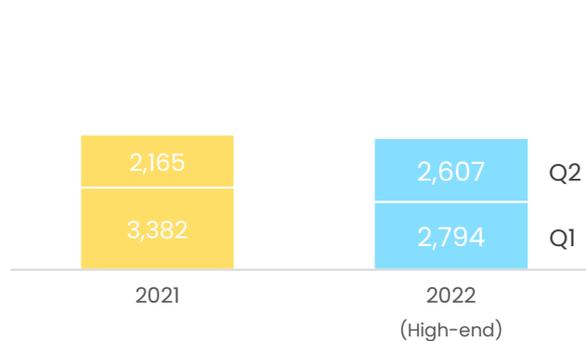
## Rest of World<sup>1</sup>

Expect revenues to increase Y/Y

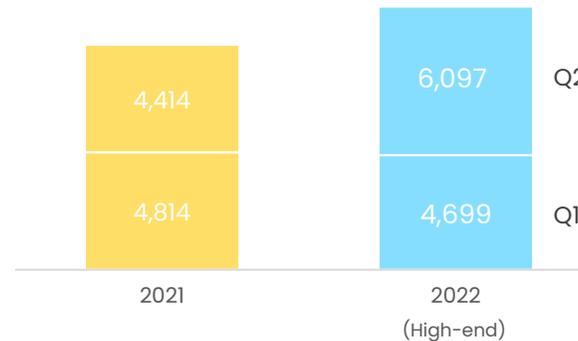
- Expect Y/Y increases in *Maplestory* and *MapleStory M*

(Unit: ¥ millions)

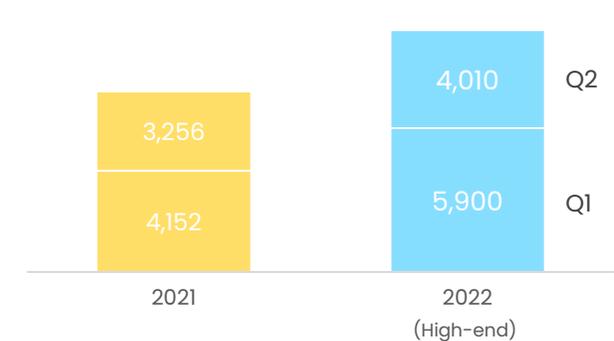
Q2 2021		Q2 2022 Outlook		YoY % Change	
Actual	Low-end	High-end	As-Reported	Constant Currency <sup>2</sup>	
2,165	2,199 ~	2,607	2% ~	20%	(1%) ~ 17%



Q2 2021		Q2 2022 Outlook		YoY % Change	
Actual	Low-end	High-end	As-Reported	Constant Currency <sup>2</sup>	
4,414	5,466 ~	6,097	24% ~	38%	13% ~ 26%



Q2 2021		Q2 2022 Outlook		YoY % Change	
Actual	Low-end	High-end	As-Reported	Constant Currency <sup>2</sup>	
3,256	3,715 ~	4,010	14% ~	23%	8% ~ 16%



<sup>1</sup> "Rest of World" includes other Asian countries as well as Central and South American countries.

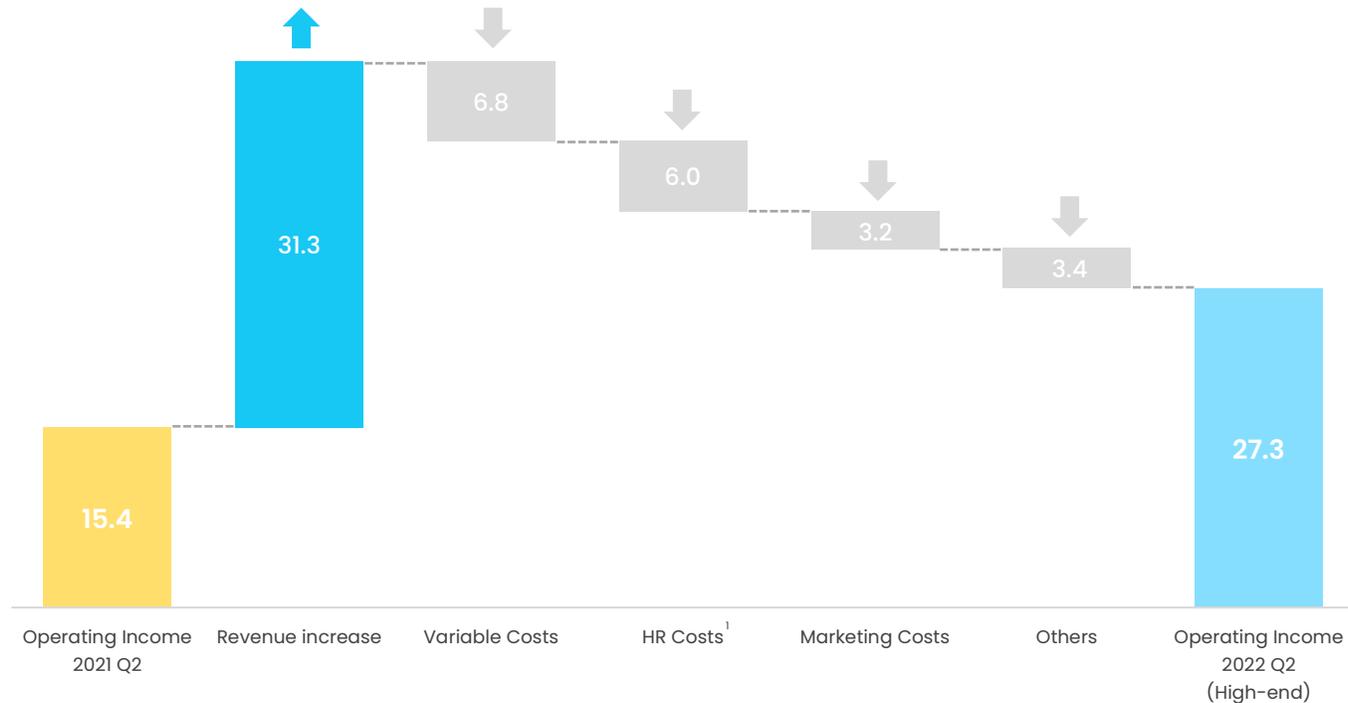
<sup>2</sup> Constant currency is a non-GAAP measure used to show performance unaffected by fluctuations in foreign currency exchange rates. Constant-currency basis amounts are calculated using the average foreign currency exchange rates for the comparable period in the prior year and applied to the current period. As an example, we calculate royalty revenues from China *Dungeon&Fighter* by applying the same CNY/USD, USD/KRW and KRW/JPY exchange rates from last year's same fiscal quarter.

<sup>3</sup> Official title is *Choices: Stories You Play*.

# Q2 2022 Operating Income & Cost Outlook

(Unit: ¥ billions)

## Y/Y Operating Income Comparison (High-end)



↑ Increased revenues

↓ Increased variable costs including:

- PG fees associated with mobile revenue growth
- Royalty costs in relation to increased revenues from *FIFA ONLINE 4*<sup>2</sup>

↓ Increased HR costs<sup>1</sup> related to:

- Headcount for development and launch of multiple new Virtual Worlds
- Bonus accruals to teams with great performances

↓ Increased marketing costs primarily associated with promotions for *Dungeon&Fighter Mobile* in Korea

↓ Others include:

- Increased outsourcing fees
- Increased cloud service fees

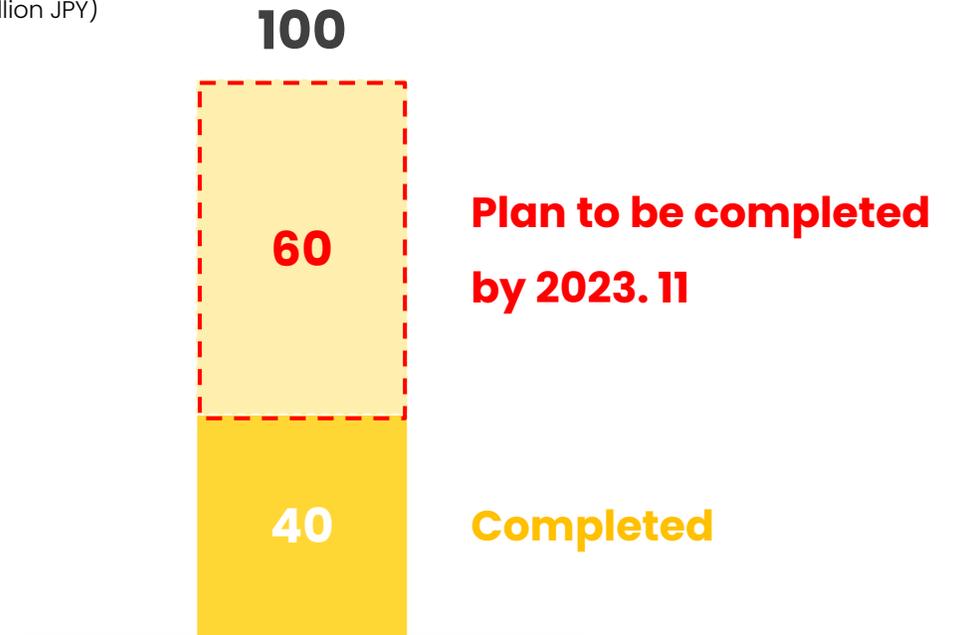
<sup>1</sup> HR costs includes HR cost (COGS), HR cost (SG&A) and R&D (SG&A).

<sup>2</sup> Official title is *EA SPORTS™ FIFA ONLINE 4* (PC) and *EA SPORTS™ FIFA ONLINE 4 M* (mobile).

# Shareholder Return: Buyback

- Announced a share repurchase policy to buyback up to ¥100 billion over the three years from November 2020 to November 2023
- Completed ¥40 billion worth of share repurchases by April 2022
- Plan to conduct remaining ¥60 billion by November 2023

(Unit: Billion JPY)



# 2022 China *Dungeon&Fighter* Update Schedule

Period	Tier 1 Content Update	2021	2022
Q1	 <b>Lunar New Year Update</b>	<b>January 21<sup>st</sup></b>	<b>January 20<sup>th</sup></b>
	Labor Day Update	April 22 <sup>nd</sup>	April 21 <sup>st</sup>
Q2	Anniversary Update	June 17 <sup>th</sup>	June 16 <sup>th</sup>
	Level Cap Release	N/A	TBD
Q3	Summer Update	July 8 <sup>th</sup>	TBD
	 <b>National Day Update</b>	<b>September 14<sup>th</sup></b>	<b>TBD</b>
Q4	Winter Update	N/A	TBD



Indicates financially important updates

\* 2022 update schedule is subject to change depending on various operational factors

# Pipeline<sup>1</sup>

PC ONLINE MOBILE CONSOLE

KOREA CHINA JAPAN NORTH AMERICA & REST OF THE WORLD



Dungeon&Fighter Mobile<sup>2</sup>



KartRider. Drift<sup>2</sup>



ARC Raiders



DNF Duel<sup>2</sup>



TalesWeaver. SecondRun<sup>2</sup>



Dynasty Warriors 9 Mobile<sup>2,3</sup>



Project D<sup>3</sup>



Project HP<sup>3</sup>



Project SF2<sup>3</sup>



OVERKILL<sup>2,3,5</sup>



HIT<sup>2</sup>



MABINOGI MOBILE<sup>2</sup>



Project ER<sup>3</sup>



Project MOD<sup>3</sup>



PROJECT MAGNUM<sup>3</sup>



Project AK<sup>2,3,4</sup>



Project Discovery<sup>3</sup>



1 Chart is illustrative excerpt of pipeline.

2 Games based on original IP.

3 Tentative title

4 PC 3D action RPG based on *Dungeon&Fighter* universe.

5 PC 3D side-scrolling action RPG based on *Dungeon&Fighter* universe.

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# Appendix



# Financials

# Summary of Results and Key Operational Metrics

(Unit: ¥ millions, except per share data)

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	YoY%
<b>(By Region)</b>						
Korea	¥50,167	¥32,690	¥40,364	¥31,462	¥47,880	(5%)
China	25,798	13,484	22,933	11,380	29,761	15%
Japan	3,382	2,165	2,481	2,441	2,794	(17%)
North America and Europe	4,814	4,414	4,550	4,890	4,699	(2%)
Rest of World <sup>1</sup>	4,152	3,256	5,562	4,077	5,900	42%
<b>(By Platform)</b>						
PC <sup>2</sup>	65,768	37,980	57,278	35,359	67,730	3%
Mobile	22,545	18,029	18,612	18,891	23,304	3%
<b>Revenue</b>	<b>88,313</b>	<b>56,009</b>	<b>75,890</b>	<b>54,250</b>	<b>91,034</b>	<b>3%</b>
<b>Operating income</b>	<b>43,321</b>	<b>15,409</b>	<b>29,835</b>	<b>2,976</b>	<b>38,520</b>	<b>(11%)</b>
<b>Net income<sup>3</sup></b>	<b>46,034</b>	<b>8,957</b>	<b>37,902</b>	<b>21,995</b>	<b>40,261</b>	<b>(13%)</b>
<b>Earnings per share</b>	<b>51.86</b>	<b>10.07</b>	<b>42.44</b>	<b>24.56</b>	<b>45.35</b>	
<b>FX rate</b>						
100 KRW/JPY	9.52	9.77	9.51	9.62	9.65	1%
CNY/JPY	16.33	16.94	17.02	17.81	18.30	12%
USD/JPY	105.90	109.49	110.11	113.71	116.20	10%
<b>KPI (Excluding Mobile)</b>						
MAU (millions)	16.4	14.0	15.2	12.4	13.3	(19%)
Pay Rate	19.7%	19.3%	22.1%	21.1%	22.5%	
ARPPU (as-reported)	10,516	7,103	9,241	6,356	12,586	20%

<sup>1</sup> "Rest of World" includes other Asian countries as well as Central and South American countries.

<sup>2</sup> PC revenues include other revenues besides PC online games and mobile games.

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

# COGS and SG&A<sup>1</sup>

(Unit: ¥ millions)

	FY2021				FY2022
	Q1	Q2	Q3	Q4	Q1
<b>Total Cost of Revenue<sup>1</sup></b>	<b>¥18,699</b>	<b>¥16,702</b>	<b>¥18,739</b>	<b>¥17,981</b>	<b>¥21,924</b>
Royalty <sup>2</sup>	7,977	5,967	7,712	5,634	9,013
HR cost (COGS) <sup>3</sup>	7,281	7,489	7,553	8,576	8,671
Other (COGS) <sup>4</sup>	3,441	3,246	3,474	3,771	4,240
<b>Total SG&amp;A<sup>1</sup></b>	<b>26,317</b>	<b>23,948</b>	<b>27,467</b>	<b>30,758</b>	<b>30,475</b>
HR cost	6,582	6,586	6,818	8,566	7,423
PG fee <sup>5</sup>	8,299	6,350	6,894	6,614	8,480
R&D	4,976	4,935	5,203	5,883	5,790
Marketing/advertising expenses	3,132	2,968	5,078	6,209	4,856
Depreciation and amortization	1,453	1,463	1,439	1,088	1,065
Other	1,875	1,646	2,035	2,398	2,861
Other Income <sup>6</sup>	124	163	197	321	160
Other Expense <sup>7</sup>	100	113	46	2,856	275
Includes: impairment loss	19	97	5	2,820	241

<sup>1</sup> Breakdown of COGS and SG&A are unaudited.

<sup>2</sup> Royalty includes royalties paid to third-party developers in order for us to obtain the right to publish their games.

<sup>3</sup> HR cost includes salaries, bonuses and benefits for our live game developers, who support post launch servicing, updating and support for our games.

<sup>4</sup> Other (COGS) primarily consists of depreciation and amortization of assets related to existing games, connection fees (mainly comprised of co-location and datacenter fees, internet bandwidth and access fees), and the costs of purchasing and maintaining our servers and computer equipment.

<sup>5</sup> PG fee in SG&A includes commissions made to external payment gateway companies when users purchase in-game items in PC Online games that we service. It also includes mobile carrier-related commissions we pay regarding our Japanese mobile browser games, commissions we pay to Apple/Google regarding our mobile native games globally, and platform commission fees related to mobile browser games.

<sup>6</sup> Other Income includes other non-operating income, reversal of deferred revenue, gain on sale of properties, gain on change in equity and gain on step acquisition.

<sup>7</sup> Other Expense includes other non-operating expenses, loss on sale/disposal of properties, loss on impairment of tangible fixed assets, loss on impairment of intangible assets, loss on impairment of other fixed assets and loss on change in equity. It also includes impairment loss of game IPs and goodwill.

# P&L Below Operating Income

(Unit: ¥ millions)

	FY2021				FY2022
	Q1	Q2	Q3	Q4	Q1
<b>Operating Income</b>	<b>¥43,321</b>	<b>¥15,409</b>	<b>¥29,835</b>	<b>¥2,976</b>	<b>¥38,520</b>
Finance Income <sup>1</sup>	20,995	3,949	18,404	6,926	23,308
Finance Costs <sup>2</sup>	650	1,264	1,160	681	3,695
(Loss) / reversal of loss on revaluation <sup>3</sup>	-	(4,499)	1,714	1,196	339
Equity profit / (loss) of affiliates, equity method companies	(91)	300	(435)	(773)	(1,271)
<b>Income before Income Tax</b>	<b>63,575</b>	<b>13,895</b>	<b>48,358</b>	<b>9,644</b>	<b>57,201</b>
Tax expense	17,842	5,361	10,677	(11,474)	17,082
Non-controlling interests	(301)	(423)	(221)	(877)	(142)
<b>Net income <sup>4</sup></b>	<b>46,034</b>	<b>8,957</b>	<b>37,902</b>	<b>21,995</b>	<b>40,261</b>

<sup>1</sup> Finance Income includes interest income primarily on cash deposits. 2021 Q1, Q3, Q4, and 2022 Q1 Finance Income includes FX conversion gains related to foreign currency deposits and accounts receivable.

<sup>2</sup> 2021 Q2 Finance Costs are primarily caused by FX conversion loss related to foreign currency deposits and accounts receivable.

<sup>3</sup> Loss / reversal of loss on revaluation refers to loss / reversal of loss on revaluation of cryptocurrency.

<sup>4</sup> Net income refers to net income attributable to owners of the parent.

# Cash Flow Statement

(Unit: ¥ millions)

	3 months ended March 31, 2021	3 months ended March 31, 2022
Cash flows from operating activities	¥17,933	¥18,048
Cash flows from investing activities	(32,829)	(1,477)
Cash flows from financing activities	(2,846)	(22,611)
Net increase / (decrease) in cash and cash equivalents	(17,742)	(6,040)
Cash and cash equivalents at beginning of fiscal year	252,570	365,239
Effect of exchange rate change on cash and cash equivalents	8,819	16,899
Cash and cash equivalents at end of fiscal year	243,647	376,098

# Balance Sheet

(Unit: ¥ millions)

	December 31, 2021	March 31, 2022
<b>Asset</b>		
Current Assets		
Cash and cash equivalents	¥365,239	¥376,098
Other deposits	169,689	179,191
Other current assets	58,789	88,264
<b>Total current assets</b>	<b>593,717</b>	<b>643,553</b>
Noncurrent assets		
Tangible assets	24,448	25,261
Goodwill	38,938	40,472
Intangible assets	17,703	17,495
Investments accounted for using equity method	58,933	65,963
Other non-current financial assets	202,588	202,159
Others	50,305	53,022
<b>Total noncurrent assets</b>	<b>392,915</b>	<b>404,372</b>
<b>Total assets</b>	<b>986,632</b>	<b>1,047,925</b>

	December 31, 2021	March 31, 2022
<b>Liability</b>		
Current liabilities		
Current tax liabilities	16,599	26,433
Current borrowings	-	-
Others	36,726	44,251
<b>Total current liabilities</b>	<b>53,325</b>	<b>70,684</b>
Noncurrent liabilities		
Non-current borrowings	-	-
Others	87,414	88,917
<b>Total noncurrent liabilities</b>	<b>87,414</b>	<b>88,917</b>
<b>Total liabilities</b>	<b>140,739</b>	<b>159,601</b>
<b>Shareholders' equity</b>		
Capital stock	34,255	34,932
Capital surplus	14,961	14,914
Treasury shares	(17,863)	(35,078)
Other equity interest	92,747	116,008
Retained earnings	712,568	748,370
Non-controlling interests	9,225	9,178
<b>Total equity</b>	<b>845,893</b>	<b>888,324</b>
<b>Total liabilities and total equity</b>	<b>986,632</b>	<b>1,047,925</b>

# P&L by Reporting Segment<sup>1</sup>

(Unit: ¥ millions)

	FY2021				FY2022
	Q1	Q2	Q3	Q4	Q1
<b>Japan</b>					
Revenue from external customers	¥1,340	¥1,025	¥1,339	¥1,338	¥1,270
Segment profit/(loss)	(2,285)	(2,449)	(2,814)	(4,391)	(3,075)
<b>Korea</b>					
Revenue from external customers	81,502	50,105	69,827	48,693	85,375
Segment profit/(loss)	45,606	18,266	33,272	12,047	43,044
<b>China</b>					
Revenue from external customers	1,049	674	901	526	899
Segment profit/(loss)	736	298	525	121	506
<b>North America</b>					
Revenue from external customers	4,075	3,975	3,436	3,418	3,077
Segment profit/(loss)	262	519	(162)	(794)	(615)
<b>Others</b>					
Revenue from external customers	347	230	387	275	413
Segment profit/(loss)	(1,023)	(1,258)	(1,149)	(1,472)	(1,224)
<b>Adjustments</b>					
Revenue from external customers	-	-	-	-	-
Segment profit/(loss)	1	(17)	12	0	(1)
<b>Total</b>					
Revenue from external customers	88,313	56,009	75,890	54,250	91,034
Segment profit/(loss)	43,297	15,359	29,684	5,511	38,635

<sup>1</sup> Representation based on location of Nexon's entities; not based on regions where the revenue originates.

# NJ Corporate Entity Financial Statement<sup>1</sup> (1)

(Unit: ¥ millions)

Income Statement	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
<b>Revenue</b>	¥5,815	¥5,208	¥5,927	¥7,024	¥6,016	¥5,411	¥5,898
Cost of revenue	3,117	3,134	3,438	3,510	3,249	2,681	3,040
<b>Gross profit</b>	<b>2,698</b>	<b>2,074</b>	<b>2,489</b>	<b>3,514</b>	<b>2,767</b>	<b>2,730</b>	<b>2,858</b>
SG&A	6,470	6,736	6,941	9,447	7,910	7,893	11,269
<b>Operating profit / (loss)</b>	<b>(3,772)</b>	<b>(4,662)</b>	<b>(4,452)</b>	<b>(5,933)</b>	<b>(5,143)</b>	<b>(5,163)</b>	<b>(8,411)</b>
Non-operating income	19,163	636	5,049	15,646	32,565	47,902	94,274
Includes: dividend income	18,869	22	4,612	15,025	30,313	46,460	87,397
Non-operating expenses	1,246	1,826	1,969	9,352	4,063	2,802	1,700
<b>Ordinary income / (loss)</b>	<b>14,145</b>	<b>(5,852)</b>	<b>(1,372)</b>	<b>361</b>	<b>23,359</b>	<b>39,937</b>	<b>84,163</b>
Extraordinary income	6,443	852	58	109	635	189	1,007
Extraordinary losses	6,897	39,573	9,643	138	77	647	78
<b>Income / (loss) before income taxes</b>	<b>13,691</b>	<b>(44,573)</b>	<b>(10,957)</b>	<b>332</b>	<b>23,917</b>	<b>39,479</b>	<b>85,092</b>
Tax expense	5,519	(201)	234	755	1,520	2,327	6,425
<b>Net income / (loss)</b>	<b>8,172</b>	<b>(44,372)</b>	<b>(11,191)</b>	<b>(423)</b>	<b>22,397</b>	<b>37,152</b>	<b>78,667</b>

<sup>1</sup> Excerpt of NEXON Co., Ltd.'s standalone financial statements included in Annual Securities Report (Yuuka Shouken Houkokusho). Please note NEXON Co., Ltd.'s standalone financial statements are based on J-GAAP (Nexon Group's consolidated financial statements are based on IFRS).

# NJ Corporate Entity Financial Statement<sup>1</sup> (2)

(Unit: ¥ millions)

Balance Sheet	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
<b>Current assets</b>	¥70,444	¥52,632	¥42,946	¥55,209	¥45,374	¥85,462	¥144,774
Includes: cash and cash equivalents	68,997	49,531	41,868	53,096	43,100	83,523	143,334
<b>Non-current assets</b>	38,190	6,438	5,494	4,836	17,630	17,851	44,903
Property, plant and equipment	200	74	7	3	1	6	5
Intangible assets	66	-	-	-	-	-	-
Investments and other assets	37,924	6,364	5,487	4,833	17,629	17,845	44,898
<b>Total assets</b>	108,634	59,070	48,440	60,045	63,004	103,313	189,677
<b>Current liabilities</b>	3,506	2,341	1,796	2,303	2,037	2,085	4,376
<b>Non-current liabilities</b>	498	448	457	415	363	469	468
<b>Total liabilities</b>	4,004	2,789	2,253	2,718	2,400	2,554	4,844
<b>Shareholder's equity</b>	99,779	50,669	41,230	50,838	53,133	92,510	174,099
Capital stock	56,227	3,307	9,183	14,199	17,757	22,470	34,167
Capital surplus	36,087	88,621	43,021	36,846	39,981	21,720	33,417
Includes: other capital surplus	30,000	86,064	34,588	23,397	22,974	-	-
Retained earnings	7,465	(41,259)	(10,974)	(206)	22,614	48,320	122,547
Includes: other retained earnings	6,160	(41,476)	(11,191)	(423)	22,397	48,103	122,330
Treasury shares	-	(0)	-	(0)	(27,219)	(0)	(16,032)
<b>Valuation and translation adjustments</b>	246	77	(10)	(21)	(28)	(21)	(15)
<b>Subscription rights to shares</b>	4,605	5,535	4,967	6,510	7,499	8,270	10,749
<b>Total net assets</b>	104,630	56,281	46,187	57,327	60,604	100,759	184,833
<b>Statement of changes in equity (excerpt)</b>	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
<b>Payment of dividends</b>	(4,305)	(4,352)	-	-	-	(4,418)	(4,440)
<b>Acquisition of treasury shares</b>	(10,000)	(5,000)	(10,000)	(1)	(27,218)	(2,783)	(16,032)
<b>Cancellation of treasury shares</b>	10,000	5,000	10,000	-	-	30,002	-

<sup>1</sup> Excerpt of NEXON Co., Ltd.'s standalone financial statements included in Annual Securities Report (Yuuka Shouken Houkokusho). Please note NEXON Co., Ltd.'s standalone financial statements are based on J-GAAP (Nexon Group's consolidated financial statements are based on IFRS).

# Number of Employees by Reporting Segment

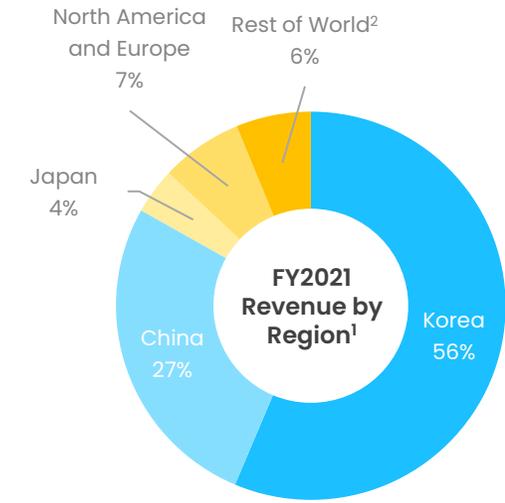
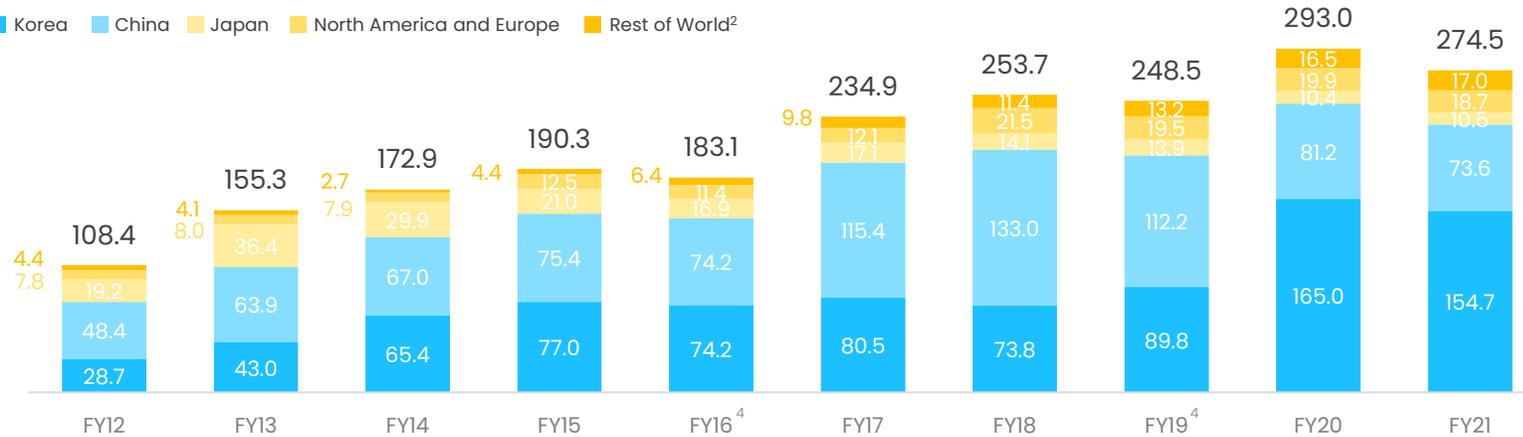
Full-time employees	March 31 2021	June 30 2021	September 30 2021	December 31 2021	March 31 2022
Japan	265	265	265	270	269
Korea	5,143	5,246	5,404	5,457	5,555
China	213	207	202	203	202
North America	342	342	357	353	357
Others	334	347	372	400	425
<b>Total</b>	<b>6,297</b>	<b>6,407</b>	<b>6,600</b>	<b>6,683</b>	<b>6,808</b>

# Historical Financials

(Unit: ¥ billions)

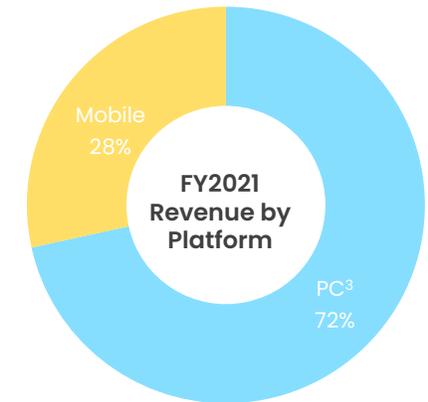
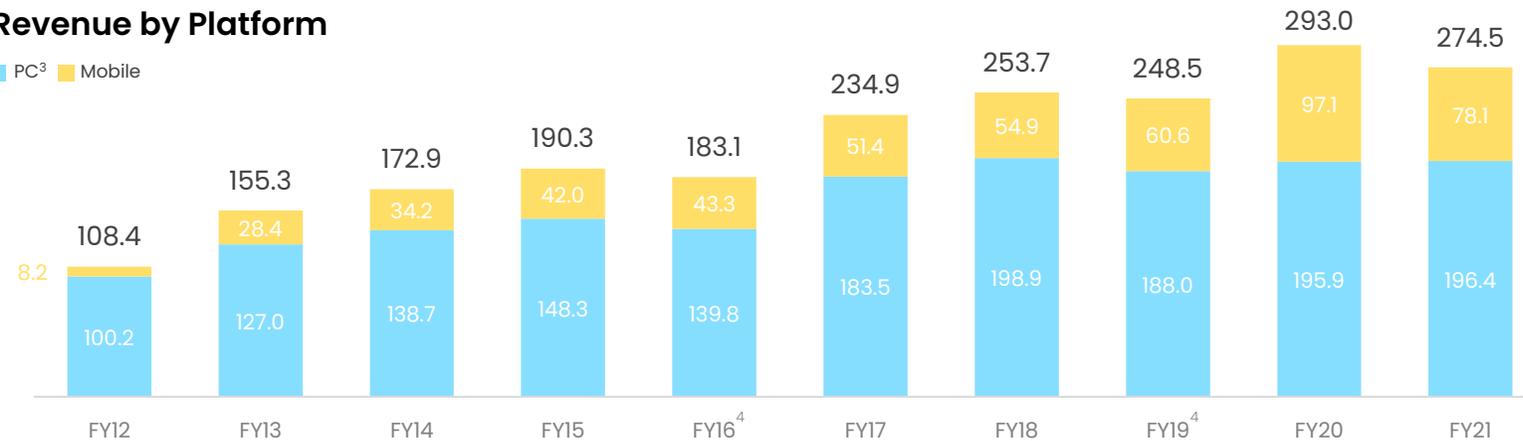
## Revenue by Region<sup>1</sup>

■ Korea ■ China ■ Japan ■ North America and Europe ■ Rest of World<sup>2</sup>



## Revenue by Platform

■ PC<sup>3</sup> ■ Mobile



<sup>1</sup> Based on regions where the revenue originates; not a representation of revenues according to Nexon entities.

<sup>2</sup> "Rest of World" includes other Asian countries as well as Central and South American countries.

<sup>3</sup> PC revenues include other revenues besides PC online games and mobile games.

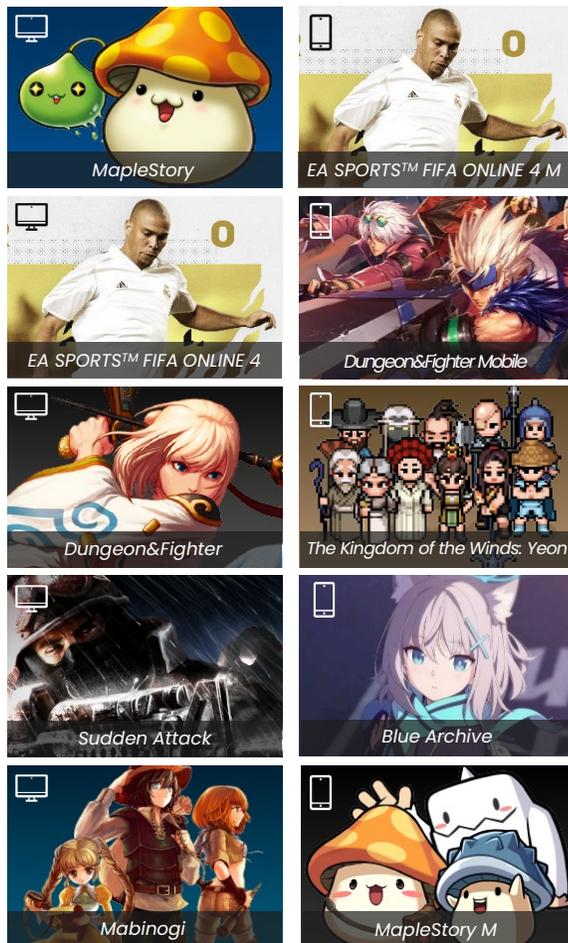
<sup>4</sup> FY16 and FY19 grew Y/Y on a constant currency basis.

<sup>5</sup> Nexon Group has made a change to a part of its regional segmentation of revenue from external customers from Q1 2020. The numbers for the past years have also been adjusted accordingly.

# Key Titles by Region<sup>1</sup>

PC<sup>3</sup> MOBILE

## Korea



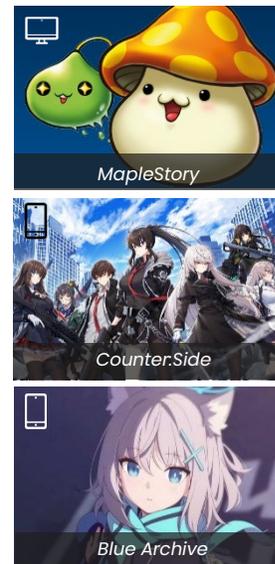
PC<sup>3</sup>

MOBILE

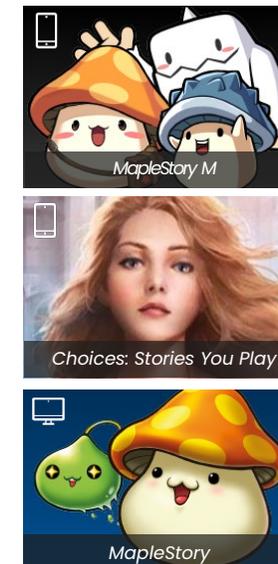
## China



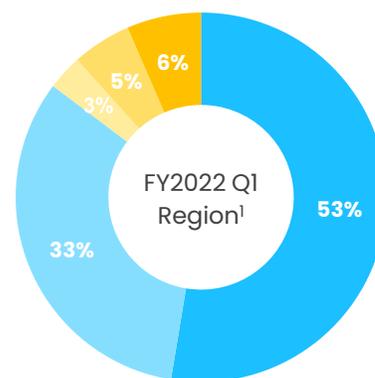
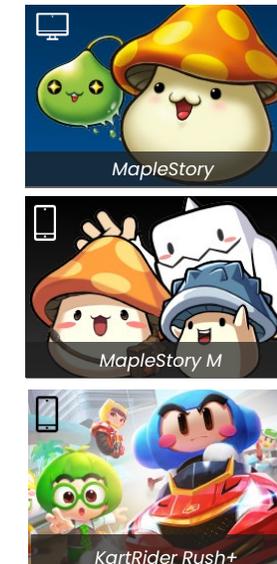
## Japan



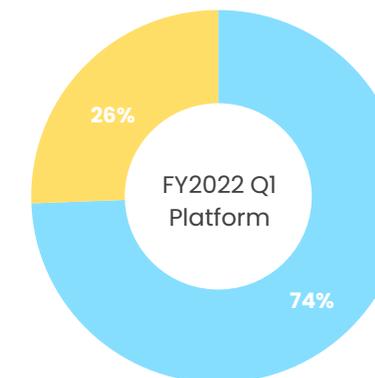
## N. America and Europe



## Rest of World<sup>2</sup>



- Korea 53%
- China 33%
- Japan 3%
- North America & Europe 5%
- Rest of World<sup>2</sup> 6%



- PC<sup>3</sup> 74%
- Mobile 26%

<sup>1</sup> Based on regions where the revenue originates; not a representation of revenues according to Nexon entities.

<sup>2</sup> "Rest of World" includes other Asian countries as well as Central and South American countries.

<sup>3</sup> PC revenues include other revenues besides PC online games and mobile games.

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**NEXON IP**



# Dungeon&Fighter Franchise

## LTD Overview



Launched 2005



Over 850 million registered users worldwide



Life-to-date gross revenue well over \$20 billion USD



Gross revenue several billion dollars more than life-to-date box office of *Star Wars* and *Harry Potter* series; more than double the revenue of the entire *Avengers* series<sup>1</sup>



Constantly evolving for 16 years with new characters, skills and communities



Easy-to-learn, hard-to-master accessibility, action-packed gameplay and iconic, pixelated art make *Dungeon&Fighter* one of the world's most popular and enduring game franchises

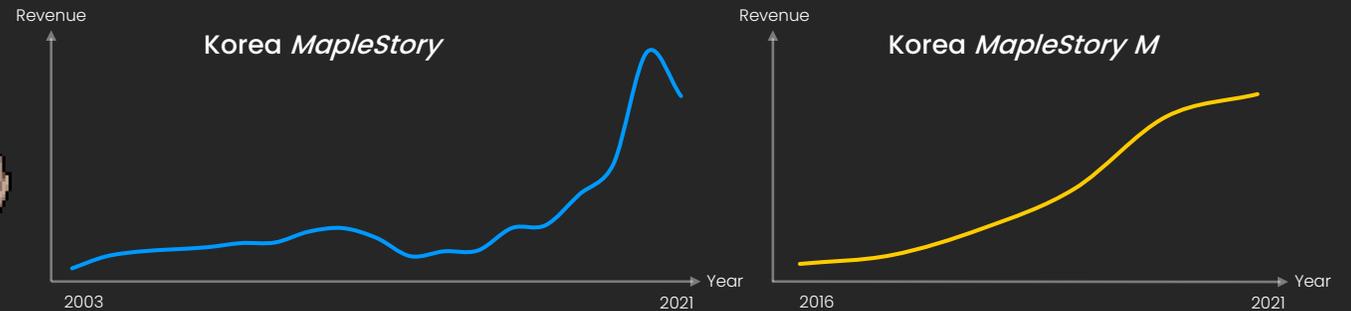
<sup>1</sup> Life-to-date global box office revenues as of May 11th, 2022 sourced from BoxOfficeMojo.com

<sup>2</sup> The letters, graphics, symbols, logos and other marks, and illustrations, characters and other works, which are shown in this material are trademarks, registered trademarks, copyrighted works or other legally protected materials owned by respective right holders



# MapleStory Franchise LTD Overview

-  Launched 2003
-  Over 180 million registered users worldwide. Player registrations equal to 45% of Korean population
-  Life-to-date franchise revenue over \$3 billion USD
-  Combined PC and mobile revenue exceeds global box office of the movie franchise *Frozen* – one of Disney's biggest<sup>1</sup>
-  An easy-to-learn, hard-to-master MMORPG with cross-cultural appeal that has been growing players and revenue over 19 years. Players love personalizing their characters



<sup>1</sup> Life-to-date global box office revenues as of May 11th, 2022 sourced from BoxOfficeMojo.com

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# KartRider Franchise

## LTD Overview

-  Launched 2004
-  Registered users over 380 million  
PC platform alone
-  Over half of all Korean population; over 45% of Taiwanese  
population has played the game
-  Combined PC and mobile Life-to-date gross revenue over \$1.0  
billion
-  A fast-paced online casual racing game with easy-to-learn,  
hard-to-master UI, and a universe of compelling characters  
which can be stylized to the player's taste

<sup>1</sup> The letters, graphics, symbols, logos and other marks, and illustrations, characters and other works, which are shown in this material are trademarks, registered trademarks, copyrighted works or other legally protected materials owned by respective right holders



# Sudden Attack

## LTD Overview



Launched 2005



Registered users over 23 million

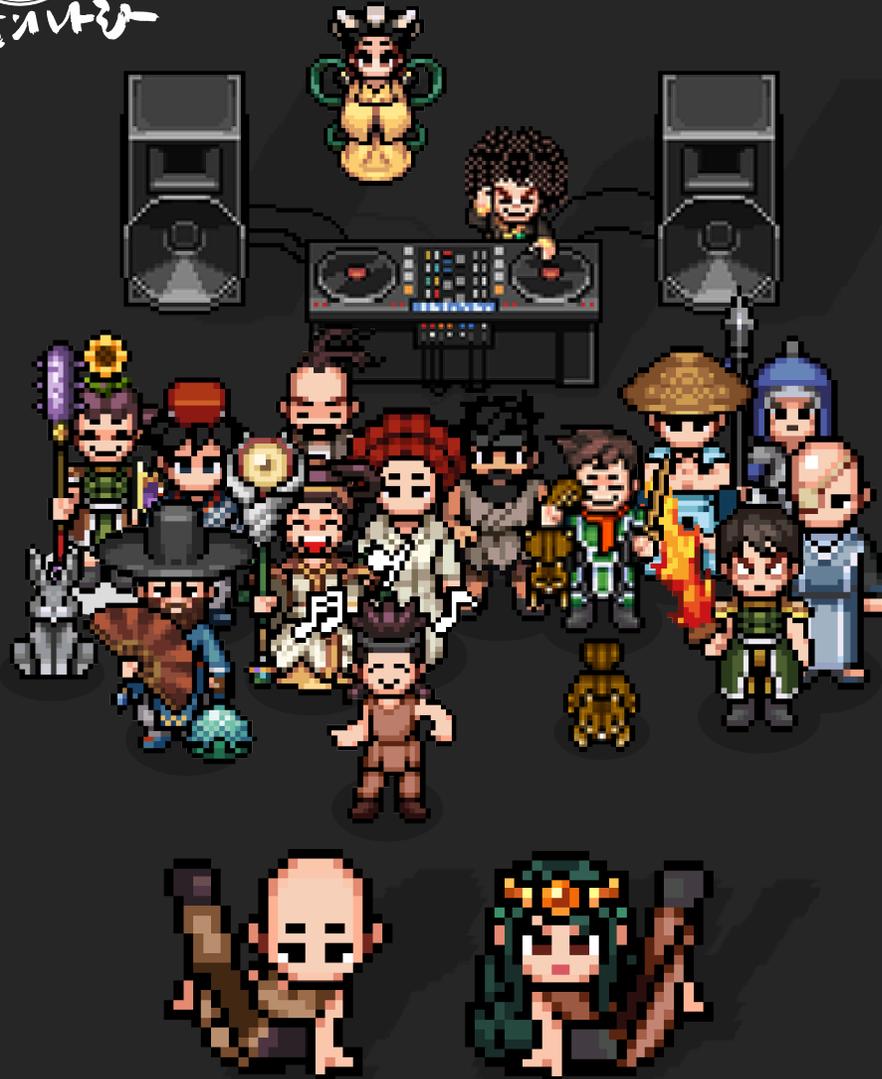


Life-to-date revenue over \$0.7 billion



Highly accessible online First-Person Shooter with fast, visceral action

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# *The Kingdom of the Winds* Franchise LTD Overview

-  Launched 1996
-  Registered users over 26 million
-  World's longest-running graphic MMORPG. Over 26 year service period
-  Mobile version launched on July 15, 2020. Highest ranking #1 on iOS and #2 on AOS
-  A popular and enduring MMORPG based on historical comic about the Goguryeo Dynasty

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# Mabinogi

## LTD Overview



Launched 2004



Registered users over 20 million



Life-to-date revenue over \$0.6 billion



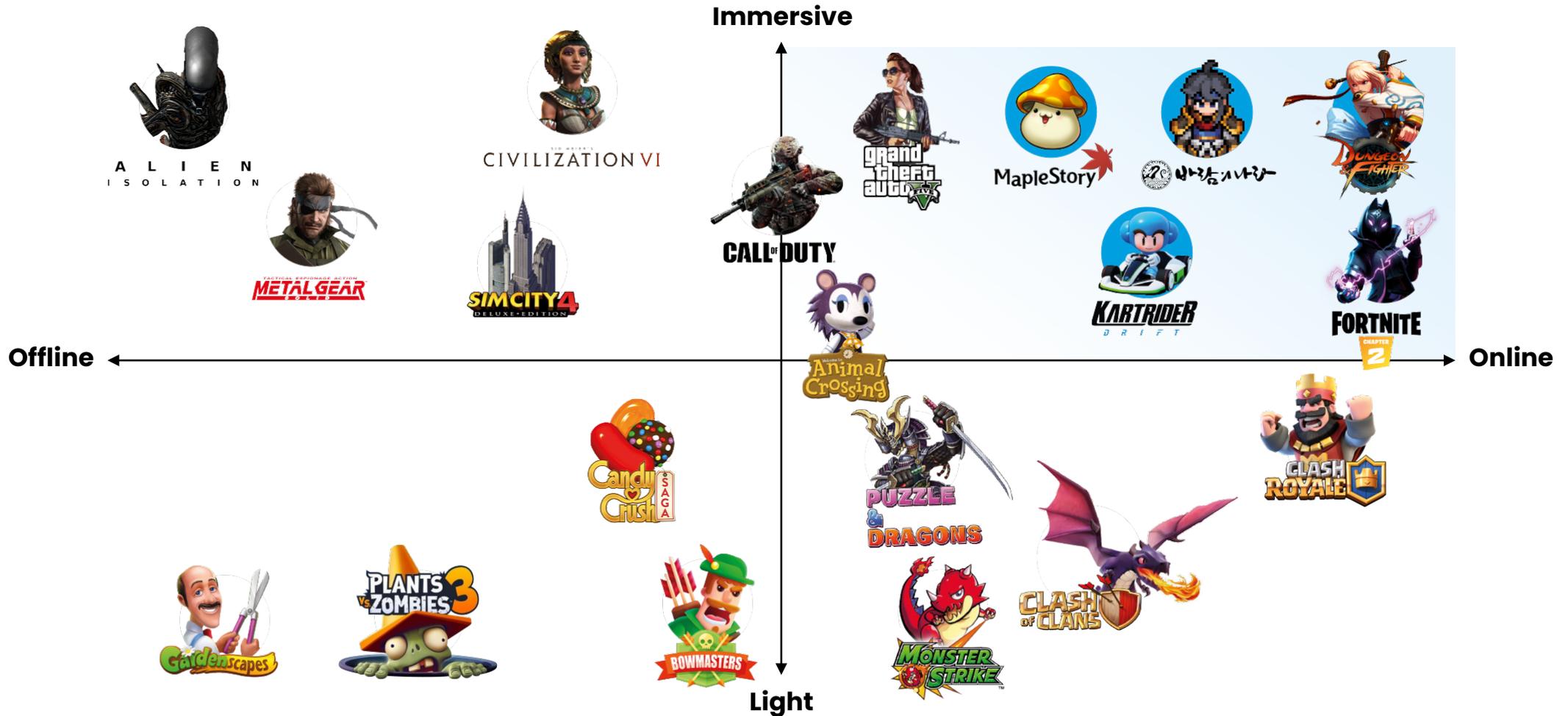
MMORPG with life-oriented content and contemporary music, fashion, and cooking. Highly differentiated from existing battle-focused games that saturate the market

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# **NEXON's Business**

# Global Leader in Virtual Worlds

Nexon is Well-positioned to Benefit from the Paradigm Shift in the Entertainment Industry



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<sup>2</sup> The categorization of the games shown in this material is based on our own view. It may not necessarily reflect the common views in the market.

# Nexon Focus

**1**  
**FOCUS ON  
VIRTUAL WORLDS**

**2**  
**PLATFORM  
EXPANSION**

**3**  
**LEVERAGE  
OUR OWN IP**

**4**  
**INVEST IN NEW IP  
AND TECHNOLOGY**

embark

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# Solid Foundation. Significant Opportunities for Growth

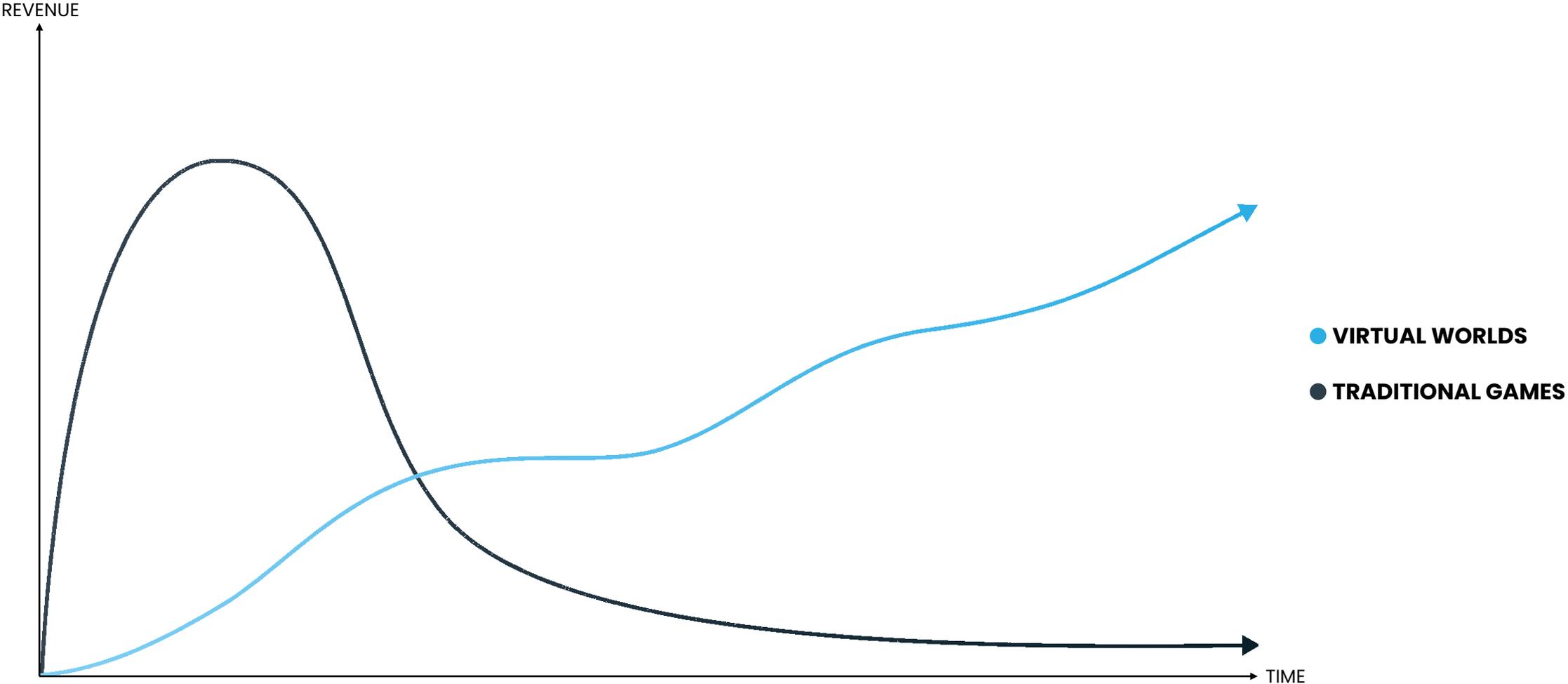
Big Growth Opportunities Layered on Top of Core Business



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# Mental Model of Virtual Worlds

Virtual Worlds Can Grow Over a Period of Years Despite the Near-term Ups and Downs



# Glossary of Terms

Term / Abbreviation	Meaning
FPS (first person shooter)	A game in which the player plays from the point of view of the game character in three-dimensional graphics
MMORPG (massively multiplayer online role playing game)	An online role-playing game that has a “massive” number (usually several hundred or more) of players who play concurrently
MAU (monthly active user)	Monthly total number of users who logged in and played Nexon’s PC online games. MAU in this presentation is the quarterly average of such numbers. Nexon’s PC online games include game developed and serviced by Nexon group, games developed by Nexon group and serviced by non-Nexon group publishers, and game developed by non Nexon group acquired publishing rights.
ARPPU (average revenue per paying user)	The amount obtained by dividing monthly PC online game gross revenues by the number of monthly paying users. ARPPU in this presentation is the quarterly average of such numbers. Gross revenues used in the calculation are in-game sales, and exclude other revenues included in PC revenues such as sales from PC café time charge.
Pay Rate	The percentage rate obtained by dividing the number of monthly paying users by the number of monthly active users. Pay rate in this presentation is calculated using the quarterly average of such numbers.
MCCU (maximum concurrent users)	The maximum number of users concurrently accessing a game at a particular moment. MCCU is generally used to measure the popularity of a game
Closed Beta Test (CBT)	A trial version (beta version) of a game offered for a certain period of time to a limited number of users or groups. A Limited Beta Test in an even smaller-scale trial mode of a game with fewer numbers of users or group
Open Beta Test (OBT)	A trial version (beta version) of a game a certain period of time without restrictions on participation. OBT is usually conducted after CBT.
Tier One Update	Large scale update to existing PC games typically launched in Q1 or Q3 around peak season
Tier Two Update	Smaller update to existing PC games released throughout the year

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- Continued growth and popularity of Nexon's key titles;
- Nexon's ability to maintain favorable relationships with key licensing partners;
- Nexon's continued ability to offer games in China, through local partners or otherwise;
- Nexon's ability to compete effectively in the online games industry;
- Nexon's ability to address hacking, viruses, security breaches and other technical challenges;
- Fluctuations in currency exchange rates;
- Nexon's ability to maintain and further develop its brand name;
- Effective acquisition of new companies, businesses, technologies and games from third parties and the possibility of recognizing impairment losses;
- Continued growth of the online games market, including the underlying infrastructure, and free-to-play/item-based revenue generation model;
- Nexon's ability to adapt to new technologies;
- Nexon's ability to enter into licensing arrangements for third-party titles on terms favorable to it;
- Effective defense of Nexon's intellectual property; and
- Legislative, regulatory, accounting and taxation changes in the countries in which Nexon operates.

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# Q2 2022 Earnings Release Schedule

Q2 2022 financial results are scheduled for release on

# Tuesday, August 9th, 2022.

Nexon management is scheduled to host an earnings conference call for investors, analysts and the media on the same day.

Details of the earnings conference call will be available on our IR website about a month prior to the release.

