

February 12, 2026



Earnings Letter: Q4 2025

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MANAGEMENT SUMMARY

We are pleased to report significant progress with Nexon's IP Growth Initiative marked by renewed momentum in our flagship games *MapleStory* and *Dungeon&Fighter* (PC), and exciting releases of all-new titles including *MABINOGI MOBILE* and *MapleStory: Idle RPG* and, of course, the global smash hit *ARC Raiders*. As a result, in 2025 we achieved record-high full-year revenue of ¥475.1 billion, representing year-over-year growth of 6%.

Beyond the financial metrics, 2025 was a year in which Nexon once again demonstrated the constant renewal and resilience of our core franchises, and the ability to add all new IP that resonates with players across regions, platforms, and business models. We have proven our creative and operating model can deliver success at scale.

On this foundation, we have entered a new year as a more diversified, durable and globally competitive company.

ARC Raiders

Among the many company milestones established in the year, perhaps the most meaningful breakthrough was how *ARC Raiders* demonstrated Nexon's ability to introduce and sustain a blockbuster property across multiple large global markets.

Developed by a small team at our Embark Studios, on a budget smaller than its AAA competitors, *ARC Raiders* launched on October 30 and, in less than two months, sold more than 10 million units. Against deeply established competitors, our game claimed the #1 position on Steam's Top Sellers list for much of three months, reached a top ranking on PlayStation and Xbox, while capturing multiple awards for quality and innovation.

And as we post this letter, with 15 weeks in the market, *ARC Raiders* has reached total unit sales of 14 million and continues to grow at a rate that defies the standard quick-up-quick-down trajectory of a hit game.

But the true measure of a blockbuster game is sustainability, and for *ARC Raiders* two metrics demonstrate robust and sustained engagement far beyond the launch window. First, in January – ten weeks after the October launch – *ARC Raiders* recorded 960,000 peak-concurrent users. Second, the game has increased and sustained approximately six million weekly active users to date, which means that millions of players around the world have integrated *ARC Raiders* into their weekly routine.

ARC Raiders continues to grow, powered by a steady cadence of content updates that keeps the core engaged while attracting thousands of new players every day. And players can expect a full calendar of content updates in 2026 supported by Nexon's best-in-class Live Operations.

While strong sales were recognized in the quarter, a ¥27.7 billion of *ARC Raiders*' revenue was deferred into 2026, reducing our reported Q4 and 2025 revenue and operating income by the same amount. *ARC Raiders* is a game offered through upfront payment, providing a multiplayer experience with online servers and no single player mode. To better reflect these characteristics, and in consultation with our auditors, we deferred a portion of the revenue from a certain sales channel. More than half of the ¥27.7 billion deferred out of Q4 will be recognized in Q1 of 2026.

The success of *ARC Raiders* stands as a clear proof point in our strategy for global expansion and as a foundation for future releases. Embark has delivered **a major new IP** set to become an enduring pillar of our portfolio.

MapleStory: Idle RPG

Idle games have emerged as a distinct and increasingly popular genre, well-suited to our franchise expansion *MapleStory: Idle RPG*, which reimagines the core MapleStory experience in a highly accessible idle RPG format. Following a release on November 6, *MapleStory: Idle RPG* held the #1 position in Korea for over 10 weeks, reached #1 in Taiwan and Singapore, and charted well in North America.

However, a coding error which misapplied the stated value for a specific paid item was discovered and corrected without notifying players or management. These issues came to the attention of management when players posted concerns about the underperformance of purchased items.

Recognizing the error on January 25, Nexon management acted quickly, announced process reforms, disciplinary action, and, to reaffirm trust with players, made an offer of compensation or full refunds upon request. *MapleStory: Idle RPG* players worldwide have the option to receive either in-game compensation or to request a cash refund for payments made between November 6, 2025 and January 28, 2026. Refund requests are open from February 5 to February 15, 2026 and will be processed through app stores, with completion expected by March 15, 2026. Accounts which receive cash refunds will be restricted from further participation.

The estimated impact of this refund, for sales that occurred in Q4, was recognized in our Q4 results and led to an approximate ¥9 billion reduction of revenue and an approximate ¥4 billion reduction of operating income. Also, we incorporated an estimated negative impact of an approximate ¥5 billion on revenue and an approximate ¥3 billion on operating income into our Q1 outlook.

In more than three decades of sustaining and growing blockbuster games, we have recognized that building and maintaining the trust of our players is a fundamental principle of how we operate. When we discover flaws, we openly admit our mistakes, adopt reforms, and make things right for players. We recognize that this refund offer is a big commitment, but one we believe is essential to preserving trust in our games and company brand.

In summary, despite the short-term setback, our achievements in Q4 and full-year 2025 results reflect the enduring strategic success of our IP Growth Initiative. Looking ahead, Nexon enters 2026 with solid momentum across both established franchises and new IP.

Q4 AND FY2025 RESULTS

In Q4, the release of *MapleStory: Idle RPG* and the spectacular global launch of *ARC Raiders* contributed to revenue of ¥123.6 billion, representing year-over-year growth of 55%, and operating income of ¥7.2 billion.

These results include the deferral of ¥27.7 billion of *ARC Raiders*' revenue and operating income out of Q4, as well as estimated impact of refunds related to *MapleStory: Idle RPG*, which reduced Q4 revenue by approximately ¥9 billion and operating income by approximately ¥4 billion.

Moving to expenses, strong sales from our titles including *ARC Raiders* resulted in a level of performance-based bonuses that was not incorporated in our guidance. Platform costs also exceeded our plan due to the strong performances of our new titles. Additionally, we recorded a one-time impairment loss of ¥3.0 billion primarily related to the service termination of a published game.

Overall, Q4 revenue came in within our expectations, while operating income was below the outlook.

Regarding full-year 2025, Nexon achieved record-high revenue of ¥475.1 billion representing year-over-year growth of 6%, demonstrating the power and success of our IP Growth Initiative. Operating income was flat year over year at ¥124.0 billion.

Q1 OUTLOOK

Our current quarter began with a major update for *Dungeon&Fighter* alongside strong and ongoing contributions from *ARC Raiders* and *MABINOGE MOBILE*. Also, while we offer an option of compensation or full refunds for all in-game purchases made through January 28, we expect *MapleStory: Idle RPG* to remain as a strong contributor in Q1. As a result, we expect revenue to be in the range of ¥150.5 billion to ¥164.0 billion, up 32% to 44% year over year, and operating income to be in the range of ¥51.2 billion to ¥61.1 billion, up 23% to 47% year over year.

With the addition of a new global blockbuster and the 43% year-over-year growth for the MapleStory franchise for the year, Nexon has finished 2025 and entered 2026 with solid momentum across both established franchises and new IP.

FRANCHISE OVERVIEW

In 2025, Nexon's three largest franchises – MapleStory, Dungeon&Fighter and FC – collectively maintained flat year over year to ¥331.5 billion, while MapleStory franchise achieved significant growth of 43%. Horizontal revenues grew to ¥143.6 billion, resulting in a 25% year-over-year increase, driven by successful launches of *ARC Raiders* and *MABINOGE MOBILE*.

Dungeon&Fighter Franchise:

Dungeon&Fighter (PC) delivered a solid recovery with multiple well-received content updates that generated double-digit year-over-year growth in both Q4 and full-year 2025. *Dungeon&Fighter Mobile* declined year over year, resulting in a 21% decline in franchise revenue for the year.

In Q1, we expect franchise revenue to decline year over year. A top franchise priority in 2026 will be returning *Dungeon&Fighter Mobile* to growth.

- ***Dungeon&Fighter (PC)***: In China, both Q4 and full-year revenue grew by double digits year over year, delivering a solid recovery and maintaining player engagement throughout the year. In Korea, Q4 revenue grew 56% year over year through new raid content. Annual revenue increased by 108%, which led to a record-high revenue in its 20th year of service. In Q1, we anticipate year-over-year growth, driven by the New Year update which includes the sales of packaged items.
- ***Dungeon&Fighter Mobile***: Q4 and 2025 revenue was down year over year. We expect Q1 revenue to be roughly flat quarter over quarter while decreasing year over year. In partnership with Tencent, we will provide more hyperlocalized content for players in China.

MapleStory Franchise:

The MapleStory franchise grew a remarkable 54% year over year in Q4, and achieved 43% year-over-year growth in 2025, reaching the highest full-year revenue in its 22-year history – a performance driven by recovery in Korea, regional expansion and new titles.

In Q1, we expect franchise revenue to grow approximately 30% year over year, including a strong contribution from *MapleStory: Idle RPG*.

In 2026, franchise initiatives include hyperlocalization and content updates.

- ***Korea MapleStory***: Q4 revenue grew 14% year over year with the start of winter update and achieved a record-breaking 45% share in PC Cafes. Full-year revenue increased 78% year over year. In Q1, we expect player engagement to remain solid supported by the winter update continued from Q4.

- **Global *MapleStory*:** Q4 revenue grew 24% year over year. In the West, the game achieved record-high quarterly revenue due to a major winter update. The solid results realized in 2025 rival the record-breaking performance of 2024. We expect Q1 revenue to be similar to Q1 of last year.
- ***MapleStory Worlds*:** Q4 revenue roughly doubled year over year, and full year revenue more than tripled year over year driven by the regional expansion. In Q1, we expect continued year-over-year growth.
- ***MapleStory: Idle RPG*:** The game delivered an exceptional launch and achieved the #1 spot in app stores across multiple markets, further proving the expansion potential of the MapleStory IP. Despite recognizing an approximate ¥9 billion revenue reversal in Q4, the game delivered a good contribution to our Q4 revenue.

Looking ahead to Q1, in two weeks since announcing the coding issue, our player base has remained strong and active, highlighting the demand and interest that our players have for this new game. We expect a solid contribution from the game while reflecting an estimated revenue reversal of approximately ¥5 billion and an operating income reduction of approximately ¥3 billion in our Q1 outlook.

FC Franchise:

Q4 revenue grew year over year driven by holiday updates and sales promotions. Annual franchise revenue was nearly flat year over year, despite a lack of major soccer events in 2025.

We expect revenue to be roughly flat year over year in Q1, and our priority is to build enthusiasm ahead of the World Cup which begins in June.

Mabinogi Franchise:

Since its launch in March 2025, *MABINOgi MOBILE* has made a significant contribution to the franchise and was honored as the *2025 Game of the Year* in Korea. In Q4, the mobile version delivered a good revenue contribution from the Sanrio collaboration released in late December.

In Q1, we plan to implement new battle content, New Year promotions, and anniversary updates. Further ahead in 2026, we are planning regional expansion including the introduction of *MABINOgi MOBILE* in Japan.

Shooters:

- ***ARC Raiders***: The game achieved a sensational launch with 14 million copies sold to date and showed exceptional retention and player metrics that included a peak of 960,000 concurrent users in January and approximately six million weekly active users sustained to date. Driven by monthly content drops and live events, we expect to sustain the strong player engagement and sales momentum.
- ***THE FINALS***: Revenue grew year over year in Q4, driven by the Season 9 update introduced in December. In China, we launched an Open Beta on November 18 which is now in service. We expect the game to deliver another year-over-year revenue growth in Q1.

MINTROCKET:

On February 6, Nexon's studio MINTROCKET launched the Chinese adaptation of *DAVE THE DIVER* on PC and mobile platforms in partnership with the local publisher X.D. Network. The mobile version of the hit game makes its debut in China and a global version of the mobile game is planned for release at a later date.

OPERATING CASH FLOW AND SHAREHOLDER RETURN

Nexon continues to generate significant cash flows which further strengthen our balance sheet. In 2025, we generated more than ¥100 billion in operating cash for the eighth consecutive year, with a cash balance exceeding ¥800 billion at year-end.

Our strong balance sheet has allowed us to materially increase our dividend while also buying back stock. In 2025, we doubled our dividend payout from ¥22.5 to ¥45 per share, and executed share buybacks of ¥96.9 billion.

Additionally, on January 28 we completed the remaining ¥25 billion buyback based on the one-year, ¥100 billion share buyback policy outlined in February 2025. Today, February 12, the Board of Directors resolved to cancel all shares previously repurchased pursuant to this share repurchase program.

We remain committed to proactive shareholder returns, outlined by our policy of returning more than 33% of the previous year's operating income to shareholders. For 2026, we plan a semi-annual dividend of ¥30 per share, or an annual total of ¥60, and will continue to actively consider share buybacks.

Looking ahead, we are committed to maintaining a robust balance sheet to support growth investment and capital allocation, while enhancing capital efficiency.

SUMMARY

Nexon's full-year success in 2025 is attributable to vision, strategy and discipline. At the Capital Markets Briefing in 2024, we unveiled an IP Growth Initiative that called for vertical growth in established franchises as well as a highly disciplined approach to horizontal growth from new and emerging IP with potential to become sustained franchises.

Beginning in 2023, we launched a number of new properties including *DAVE THE DIVER*, *THE FINALS*, *MapleStory Worlds*, *Dungeon&Fighter Mobile* in China, *The First Descendant*, *The First Berserker: Khazan*, *MABINOGLI MOBILE*, *MapleStory: Idle RPG*, *ARC Raiders* and more. Not all, but most have achieved a degree of success which can be even greater with regional expansion and content updates.

Most notably, *ARC Raiders*' achievement marks a truly meaningful step in Nexon's growing position in Western markets, advancing our multi-year plan to expand globally and across multiple platforms. Creating and sustaining a diversity of new revenue streams is a fundamental element of our global growth strategy.

Nexon is in a strong position to use its formidable balance sheet to expand, add and sustain intellectual properties that grow our business with multiple revenue streams, on multiple platforms, performing at scale in multiple markets around the world.

With this in mind, we would like to invite our investors to join us in Tokyo on March 31 for Nexon's second Capital Markets Briefing. The event will feature presentations from our executives and creative leaders, with details on our strategy for achieving our mid-term financial targets, including a preview of our content pipeline. We hope you will join us in Tokyo or watch the live webcast.