

NEXON Co., Ltd.

Q2 2025 Earnings Prepared Remarks

Aug 13th, 2025

Junghun Lee, Representative Director, President and Chief Executive Officer, NEXON Co., Ltd.

Thank you Kawai-san and good afternoon everyone – thank you for joining our call.

Today, Nexon posted a letter, slide deck, and press release detailing our Q2 performance and Q3 outlook. I'll start by offering context on recent milestones and then hand off to Uemura-san to provide financial highlights.

Nexon delivered a highly positive performance in the second quarter, highlighted by revitalized momentum in established games and solid results from new titles. This includes 60% year-over-year growth in the MapleStory franchise, strong growth in *Dungeon&Fighter* PC, a solid performance from *FC ONLINE*, and an impressive contribution from an all-new game, *MABINOGE MOBILE* which accomplished a remarkable start in March.

We achieved better-than-expected Q2 results, with revenue of ¥118.9 billion and operating income of ¥37.7 billion, 8% and 21%, above the high-end of our guidance, respectively.

Year over year, revenue was down 3% on an as-reported basis and up 6% on a constant-currency basis. Operating income was down 17% on an as-reported basis, and down 10% on a constant-currency basis. Nexon has re-ignited growth in key titles, created momentum for recent launches, and successfully introduced new services to expand our presence in large, global markets.

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Player enthusiasm for ***Dungeon&Fighter*** content updates delivered a solid recovery and 67% year-over-year revenue growth on *Dungeon&Fighter* PC. In Korea, we set another record for quarterly revenue with MAUs and PUs which nearly doubled – helping to deliver 132% year-over-year revenue growth. In China, the powerful performance of the Labor Day and Anniversary updates succeeded in returning dormant players, delivering double-digit year-over-year growth, and pushing June MAUs and PUs to their highest levels this year.

For ***Dungeon&Fighter Mobile***, we see improved prospects in Q3 driven by a series of updates during the quarter beginning with the July level cap increase – all expected to drive modest sequential revenue growth. We have also made progress in co-developing new content with Tencent, which is on track for release later this year.

And one more note on the Dungeon&Fighter franchise: While we negotiate with the union representing our Neople Studio, we are doing our best to ensure smooth game operation without any disruption. We do not expect an impact on our Q3, and we will keep investors advised if we believe the situation will have a material impact on the games' performance.

Moving to **MapleStory**, the franchise delivered another exceptional performance, with revenue growing 60% year over year, driven by strong growth in the core PC game in Korea, plus the regional expansion of *MapleStory Worlds*.

In June, a summer update for *MapleStory* in Korea contributed 91% year-over-year growth, which included a record 25% market share in PC cafes. Additional content releases are planned in Q3 to maintain this strong player engagement. And in the West, *MapleStory* delivered 36% growth.

Our strategy for growing the MapleStory IP includes the introduction of additional experiences which expand the franchise into new regions around the world. Two recent developments reflect that strategy.

MapleStory Worlds, a UGC platform offering over 20 years of MapleStory assets, achieved 7x year-over-year growth in Q2 following the roll-out in EU and Asia.

And an all-new game – **MapleStory: Idle RPG** – is expected to further expand the fan base. Created by our strategic partnership with developer Able Games, *MapleStory: Idle RPG* is scheduled for a global release later this year.

The MapleStory franchise has become a flagship, in Nexon's strategy of driving vertical growth by leveraging the popularity of well-established IP with hyperlocalization as well as new experiences designed to excite the core and attract new players. In many respects, the franchise is transforming into a platform for multiple experiences that ties to the MapleStory IP.

Next, the **Mabinogi** IP is tracking to deliver on its potential to become a sustainable contributor in Nexon's franchise portfolio. In Q2, *MABINOgi MOBILE* exceeded our outlook, with strong MAUs, PUs, and ARPPU.

And in June, we conducted a successful alpha test for *Vindictus: Defying Fate*, a Mabinogi franchise extension which became the Most-Played Demo in the Steam Next Fest.

Another game expected to expand Nexon's international footprint is *ARC Raiders* - a brand new and highly-anticipated shooter from Embark Studios. Scheduled for release on October 30, *ARC Raiders* is currently the #6 most-wishlisted game on Steam and positioned for global success, particularly in Western markets.

Also, an adaptation of *THE FINALS* – developed for China in partnership with Tencent – has been granted an ISBN license, and is now in a closed-alpha test.

And this week we announced *Woochi the Wayfarer*, an all-new AAA action-adventure set in the Joseon era. The game is developed by Nexon Games for a global audience on PC and consoles.

To summarize my remarks today: Nexon has demonstrated the strategy, execution, and experience to overcome setbacks, jump-start growth, and deliver promising new products.

Our fundamentals are solid; our strategy, well defined; our resiliency, proven – Nexon is now positioned for breakaway success.

With that, I will turn the call over to Uemura-san.

Shiro Uemura, Representative Director and Chief Financial Officer, NEXON Co., Ltd.

Thank you, Junghun.

The second quarter was highlighted by renewed momentum in established games like *Dungeon&Fighter* PC and *MapleStory*, solid performance of *FC ONLINE*, remarkable results from *MABINOGLI MOBILE*, and the successful regional expansion of *MapleStory Worlds*. These drove stronger-than-expected revenue and operating income.

Affected by negative FX impact, year-over-year revenue and operating income decreased by 3% and 17% at ¥118.9 billion and ¥37.7 billion, respectively, while on a constant-currency basis, revenue grew 6% and operating income declined 10%.

Despite the outperformance in operating income, net income was below the expectations at ¥16.8 billion due primarily to an FX loss of ¥17.5 billion on U.S. dollar-denominated cash deposits. Year over year, it was down 58% due to the aforementioned FX loss while recording an FX gain of ¥8.2 billion in Q2 2024.

Turning to the franchise review, the collective revenue on our three major franchises declined 13% year over year due to the Q2 2024 launch of *Dungeon&Fighter Mobile*.

In Q2, *Dungeon&Fighter* franchise revenue declined 40% year over year. However, strong player enthusiasm for recent content updates delivered 67% year-over-year revenue growth on *Dungeon&Fighter* (PC).

In Korea, we accelerated the momentum that began in Q1, to set a new record for quarterly revenue. Both MAUs and PUs nearly doubled, resulting in 132% year-over-year revenue growth.

In China, Q2 revenue exceeded our expectations and marked strong double-digit year over year growth, driven by the solid performance of the Labor Day update. Also, the Anniversary update was particularly effective in pushing both June MAUs and PUs to their highest levels this year.

For *Dungeon&Fighter Mobile* in China, Q2 performance was below our expectations, due to the May Anniversary update being less effective than anticipated at sustaining returning players.

Next, our *MapleStory* franchise delivered 60% year-over-year revenue growth, driven by strong performance of the core PC game in Korea and the regional expansion of *MapleStory Worlds* in multiple Asian markets.

In Korea, the summer update delivered a significant increase in active players. As a result, Q2 revenue grew 91% year over year and marked Q2 record.

Global *MapleStory* revenue grew year over year, led by the strong 36% growth in Western markets, which delivered a successful 20th Anniversary and collaboration event.

In April, *MapleStory Worlds* launched in multiple Asian markets and was particularly well-received by players in Taiwan. As a result, revenue exceeded our expectations and delivered more than 7x year-over-year growth.

Turning to our FC franchise, *FC ONLINE* exceeded our expectations, driven by a successful seventh anniversary update, which overcame lower seasonality to deliver both year-over-year and quarter-over-quarter revenue growth.

For *MABINOGLI MOBILE*, the focus on peaceful lifestyle elements which differentiate the game from traditional combat-focused MMORPGs, resonated well with players. Following the highly-successful March launch, the game exceeded our outlook, with strong MAUs, PUs, and ARPPU.

Moving on to our third quarter outlook. We anticipate another strong double-digit growth in two of our flagship titles, *Dungeon&Fighter* PC and *MapleStory*, along with solid contributions from *MABINOGLI MOBILE* and *MapleStory Worlds*. However, the year-over-year performance will be affected by Q2 2024 launch of *Dungeon&Fighter Mobile* in China and Q3 2024 global release of *The First Descendant*. Consequently, Q3 revenue is expected to be in the range of ¥116.6 billion to ¥127.1 billion, representing a 14% to 6% decrease on an as-reported basis or 12% to 4% decrease on a constant-currency basis year over year.

We expect the *Dungeon&Fighter* franchise to decline by approximately 45% year over year.

For PC *Dungeon&Fighter*, we anticipate continued strong year-over-year growth both in Korea and China while anticipating a sequential decline in revenue.

For *Dungeon&Fighter Mobile*, we expect modest sequential revenue growth driven by a series of updates during the quarter beginning with the July level cap increase.

Moving to *MapleStory*, we expect the franchise to accelerate revenue growth to approximately 70% year over year.

For the PC version of *MapleStory* in Korea, we anticipate revenue to more than double year over year driven by the additional content releases to maintain the strong momentum generated by the summer update.

We also expect *MapleStory Worlds* to significantly increase its revenue year over year again in Q3.

Revenues from the FC franchise are expected to be roughly flat year over year and quarter over quarter. We expect to maintain player engagement with our TOTS (Team of the Season) update and marketing initiative of the legendary players' exhibition match planned for September.

Overall, we expect revenues from the three largest franchises in Q3 to decrease by approximately 10% year over year.

Finally, for *MABINOGE MOBILE*, we expect some sequential moderation, but a significant contribution in Q3.

Moving on to the operating income outlook. We expect Q3 operating income to be in the range of ¥32.7 billion to ¥41.2 billion, representing a 36% to 20% decrease on an as-reported basis or a 35% to 18% decrease on a constant-currency basis year over year.

We anticipate increased royalty expenses and platform fees due to *MABINOGE MOBILE*. Also, we expect increased marketing expenses associated with promotions for FC and *MapleStory* franchises, as well as *MABINOGE MOBILE* and *ARC Raiders*. In addition, we expect increased fees to creators tied to revenue growth in *MapleStory Worlds*. On the other hand, we expect a decrease in HR costs due to lower performance-based bonuses.

Additionally, we expect a gain of ¥4.0 billion associated with the liquidation of our subsidiary funds.

Despite the year-over-year operating income decrease, we anticipate net income to be in the range of ¥26.4 billion to ¥32.8 billion, representing a 2% decrease to 21% increase on an as-reported basis or flat to 24% increase on a constant-currency basis year over year. This is due to the comparison against the ¥19.6 billion FX loss in Q3 2024.

Finally, I will provide an update on our shareholder return initiative.

Under the one-year, ¥100 billion buyback policy announced in February, we repurchased a total of ¥50 billion shares by June 25.

Also, today, Nexon's board of directors approved the execution of the repurchase for the ¥25 billion worth of shares, scheduled from August 14 to October 31. We plan to complete the repurchases of the remaining ¥25 billion worth of shares by February 2026 at the latest, with consideration of factors including investment opportunities, financial conditions, and the market environment. We remain committed to actively returning capital to our shareholders while enhancing capital efficiency.

With that, I will turn the call back to Junghun.

Junghun Lee, *Representative Director, President and Chief Executive Officer, NEXON Co., Ltd.*

Thank you Uemura-san.

In summary, Nexon has re-ignited growth in our key titles, and successfully introduced new games and services to expand our presence in large, global markets. Looking forward, we are on a path to broaden our international footprint with new releases that include the October 30 launch of *ARC Raiders* and later with *THE FINALS* for release in China.

This concludes our summary. Operator, we are ready to take questions.