November 11, 2025

Earnings Letter: Q3 2025

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MANAGEMENT SUMMARY

Nexon delivered third quarter revenue of ¥118.7 billion and operating income of ¥37.5 billion, both within our expected range. Our Q3 performance and Q4 outlook serve as a good demonstration of how the IP Growth Initiative we announced one year ago keeps our company on a path to long-term, sustainable growth. Content updates and careful management of established franchises like *MapleStory* provide Vertical growth, while new and emerging games contribute to our Horizontal strategy for creating all new revenue streams with titles like *MABINOGI MOBILE* and *ARC Raiders*, which has executed the strongest global launch in the history of our company.

Looking ahead to the fourth quarter and into 2026, we foresee this strategy building a strong, sustainable revenue, while diversifying and strengthening our global portfolio.

The performance of MapleStory franchise provides a clear validation of how Nexon's Vertical strategy drives meaningful growth in our portfolio – materially increasing player engagement and broadening the appeal of our IP worldwide.

This year, MapleStory – which has demonstrated a renewed momentum from fresh content in our core market of Korea – is making steady advances in international markets through our UGC platform, *MapleStory Worlds*, along with hyperlocalized[1] content for *Global MapleStory*. And last week, we launched *MapleStory: Idle RPG,* a casual experience designed to further expand the franchise player base.

The results speak for themselves. The MapleStory franchise is tracking to a formidable 40% year-over-year increase in annual revenue, and will deliver the highest annual revenue in the 22-year history of the franchise, with approximately 40% of total revenue coming from outside of the primary market for the franchise, Korea.

[1] Hyperlocalization is a key element of our global strategy, goes beyond language localization, providing adapted content, promotions and community management that suits the unique tastes of players in target markets.

Nexon is also delivering high-profile games with potential to significantly expand our presence in global markets.

On October 30, we released *ARC Raiders* – an all-new PvPvE extraction shooter that delivers a spark of innovation to the shooter category.

Nexon's Embark Studios executed a powerful launch, sustaining the #1 ranking on Steam's Global Top Sellers list. To date, the game has sold 4 million copies and reached more than 700,000 concurrent players across all platforms. The game received widespread acclaim from both players and critics, earning a "Very Positive" rating on Steam and ranking among the highest-rated titles of the year on various sites.

Sustaining engagement and attracting new players in the months ahead is a top priority. Later this month we will introduce additional content including a new map, new ARC machines, new quests, new gameplay items. Embark's roadmap for content and promotions designed to engage the core and attract new players extends through 2026.

ARC Raiders is a highly differentiated as a PvPvE extraction adventure set in a hauntingly familiar but lethal future earth, terrorized by a mechanized threat known as ARC. The launch metrics – including high ratings from players and critics – establishes the game as a promising challenger in the massive shooter genre.

Next is an update on partnerships and new games aimed at expanding our global footprint. We are making steady progress with our partnership with Tencent for releasing our games in China. An Open Beta for the Chinese adaptation of *THE FINALS* is planned on November 18. The partnership will also bring a unique adaptation of *The First Berserker: Khazan* and *ARC Raiders* to China, further expanding our presence in this large market.

And finally, we are bringing a full-hyperlocalized adaptation of *MABINOGI MOBILE* to Japan next year.

In summary, the early results on Nexon's IP Growth Initiative are highly promising and as we drive the strategy across other franchises, we expect it to deliver significant growth in the years ahead.

Q3 RESULTS AND Q4 OUTLOOK

Q3 revenue was within our guidance at ¥118.7 billion. Operating income also aligned with expectations at ¥37.5 billion, while costs for marketing and HR came in below plan.

Year over year, revenue and operating income declined by 12% and 27%, respectively, due to last year's launches of *Dungeon&Fighter Mobile* in China and *The First Descendant*. Net income was up 41% at ¥38.2 billion primarily due to a ¥9.2 billion FX gain in Q3, compared to a ¥19.6 billion FX loss in the year-ago quarter.

Looking ahead to Q4, we expect revenue to be in the range of ¥115.8 billion to ¥129.3 billion, up 45% to 62% year over year, and operating income to be in the range of ¥21.7 billion to ¥31.9 billion – up from ¥1.7 billion loss in Q4 2024.

Our outlook represents record-high Q4 revenue and operating income for our company, which includes year-over-year revenue growth driven by MapleStory and FC franchises as well as *Dungeon&Fighter* (PC). The quarter will also benefit from contributions related to four new games: *ARC Raiders*, *MABINOGI MOBILE*, *MapleStory: Idle RPG* and *THE FINALS* China service.

Heading into the final months of the year, Nexon is on track for a strong finish, with continued progress on our strategic initiatives and a solid foundation to drive the next phase of dynamic growth.

FRANCHISE OVERVIEW

In Q3, Nexon's key franchises extended robust performances from last quarter, including a solid contribution from *FC ONLINE* and 61% year-over-year growth in the MapleStory franchise. *Dungeon&Fighter* (PC) – the core title of the franchise – delivered 72% year-over-year growth, however in China, the mobile title declined year over year, offsetting the growth in PC. As a result, the aggregate revenue from the three largest franchises declined by 11% year over year. Looking ahead, in Q4, we anticipate double-digit revenue growth in MapleStory and FC franchises as well as *Dungeon&Fighter* (PC), and total revenue from the three largest franchises to grow approximately 15% year over year.

Dungeon&Fighter Franchise:

Dungeon&Fighter (PC) achieved 72% year-over-year revenue growth across all markets, driven by positive player reception to a series of content updates throughout Q3. On the other hand, total franchise revenue declined by 45% year over year due to the mobile launch in 2024. For Q4, we expect another year-over-year growth from *Dungeon&Fighter* (PC). However, we anticipate franchise revenue to be down approximately 10% year over year.

- ***Dungeon&Fighter* (PC)**: In Q3, the game delivered exceptional 145% year-over-year growth in Korea.
  In China, revenue exceeded our expectations and marked strong double-digit growth year over year, driven by the successful Summer and National Day update. MAUs, PUs, and ARPPU were all up year over year, reflecting healthy player engagement.
  In Q4, we anticipate continued year-over-year growth both in Korea and China, while focusing on preparation for the New Year update scheduled in January.
- ***Dungeon&Fighter Mobile***: Q3 revenue came at the high end of our outlook. Multiple updates including a level-cap release, plus new dungeons and raid content drove quarter-over-quarter revenue growth. For Q4, we expect revenue to remain roughly flat sequentially, driven by multiple updates despite a typical weak seasonality.

The first co-developed content with Tencent was released in late September, which offered players a fresh game experience with PvP combat and helped maintain key metrics, including retention rates. The next release of co-developed content is scheduled for next year.

<u>MapleStory Franchise</u>:

The MapleStory franchise sustained momentum with another exceptional performance, with 61% year-over-year revenue growth in Q3. Looking ahead to Q4, we expect the franchise to grow approximately 40% year over year driven by continued recovery in Korea and new products including *MapleStory: Idle RPG*.

- **Korea *MapleStory***: The summer update performed exceptionally well, with Q3 sales exceeding expectations and increasing its revenue approximately three times year over year. MAUs, PUs, and ARPPU were all up year over year, reflecting strong momentum from the summer updates, along with the introduction of much anticipated new content. In Q4, we plan to support this strong player engagement with the release of the winter update.
- **Global *MapleStory***: Q3 revenue declined year over year and Q4 revenue is also expected to be down slightly year over year. Looking a bit further ahead, we recently announced plans for *Global MapleStory Classic World* – new content for the original PC game that revives the early days of *MapleStory*, expected to energize the player base and bring back lapsed players.
- ***MapleStory Worlds***: The game delivered a significant year-over-year growth of over 8x globally in Q3. We expect another robust year-over-year growth in Q4.
- ***MapleStory: Idle RPG***: The game launched globally[2] on November 6. With its light-hearted gameplay style, we aim to attract a broader range of players to the MapleStory IP while re-engaging dormant players to return to the franchise.

[2] Excludes Japan, China, Vietnam, Slovakia, Belgium, and other specified regions.

<u>FC Franchise:</u>

FC ONLINE revenue increased year over year in Q3, exceeding our expectations, driven by the successful TOTS (Team of the Season) update. We anticipate the growth to continue in Q4 through sustained player engagement, multiple updates and sales promotions. Despite the absence of major professional soccer events in 2025, we expect the franchise to finish the year with revenue to be roughly flat compared to the strong performance in 2024.

<u>Mabinogi Franchise</u>:

MABINOGI MOBILE has been a significant contributor to our performance since the launch this March. It again made a strong contribution this quarter, while Q3 revenue was somewhat below our expectations. In Q4, in which we anticipate a sequential moderation in revenue, we also expect to sustain players with exciting collaborations and new content updates.

Looking ahead to 2026, the mobile game is scheduled for a fully-hyperlocalized release in Japan.

<u>Shooters:</u>

- ***ARC Raiders***: With a remarkable debut on October 30, the game quickly reached #1 on Steam's Global Top Sellers list and has sold 4 million copies to date. We plan to sustain player engagement and drive additional purchases through a high cadence of events and new content drops.
- ***THE FINALS***: The Season 8 update introduced in September drove 58% year-over-year revenue growth in Q3. We expect this positive momentum to continue in Q4. The Chinese adaptation through our partnership with Tencent is set to start the Open Beta on November 18 and is expected to contribute to our Q4 performance.

SHAREHOLDER RETURN

Nexon has been steadily executing our IP Growth Initiative to enhance shareholder value over the medium to long term. With significant and stable cash flows, and a robust balance sheet already in place, we are well-positioned to continue driving substantial growth while enhancing shareholder returns.

To that end, Nexon's board of directors today approved a doubling of the year-end dividend – up from the initially planned ¥15 to ¥30 per share, reflecting our firm confidence in continued stable growth and cash flow generation from our core franchises and new titles in development. Accordingly, our FY25 annual dividend forecast will be ¥45 per share and the FY26 annual dividend forecast will be ¥60.

Additionally, under the one-year, ¥100 billion share buyback policy outlined in February, we completed a ¥25 billion buyback on October 24, and in total we have completed a ¥75 billion buyback to date. Also, today, our board approved the execution of the repurchase for the remaining ¥25 billion worth of shares, scheduled from November 12 to January 26, 2026.

We will continue our fundamental policy of returning more than 33% of the previous year's operating income to shareholders, while promoting proactive shareholder returns through both stable dividend payments and flexible share repurchases. At the same time, we will maintain a robust balance sheet that supports growth investments and strategic capital allocation, while remaining committed to enhancing capital efficiency.

SUMMARY

As we near the close of another exciting year, Nexon's management team measures our progress in 2025 with a humble sense of accomplishment.

We began the year with a highly detailed IP Growth Initiative – a strategic plan for revitalizing key franchises in our largest market and for delivering growth with new content, new platforms, and global expansion. The initiative is delivering results that can be measured in both our quarterly performance and our longer-term goals for global expansion. *ARC Raiders* has broken the record for a global launch by Nexon and the growth blueprint we have established with the MapleStory franchise, can be applied to much of Nexon’s portfolio, including Dungeon&Fighter, Mabinogi and many others.

The IP Growth Initiative has given our entire company a sharp and exciting focus. Combined with a powerful balance sheet for capturing new opportunities, we have the direction, talent, and passion to deliver long-term profitable growth.