August 13, 2026

Earnings Letter: Q2 2026

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MANAGEMENT SUMMARY

Nexon is delivering on the transformation initiative shared at our Capital Markets Briefing in March. We have sharpened our focus - eliminating projects with limited commercial potential, integrating new technology into our processes, managing costs, and strengthening our player communities. These actions position Nexon for stability and sustained, long-term growth amidst a broader game industry contraction.

Our Q2 performance was highlighted by another strong performance from our MapleStory franchise as well as a solid contribution from *ARC Raiders*, resulting in both revenue and operating income coming in above our outlook at ¥121.1 billion and ¥31.3 billion, respectively.

Our **MapleStory franchise** outperformed in Q2 with 63% year-over-year growth, driven by a solid showing from the core PC game, alongside deep engagement in user-generated content in ***MapleStory Worlds***, and a recent franchise extension: ***MapleStory: Idle RPG.*** We believe this strategy can be replicated and scaled across other titles in our portfolio.

It is important to understand that franchise extensions such as *MapleStory Worlds* and *MapleStory: Idle RPG* – while expanding our player base, driving engagement, and delivering significant revenue growth – operate on a different cost structure, with revenue-linked expenses including creator fees, platform fees, royalties, as well as user-acquisition costs in early phase. However, they provide substantial growth in operating income.

ARC Raiders contributed ¥18.3 billion in revenue in the quarter - collectively it has generated more than ¥88 billion and surpassed 16.3 million units sold since its launch on October 30, 2025. *Frozen Trail* – the largest content update since launch is designed to re-energize the large installed base and attract new players when it launches in October.

Much more than a one-off hit, *ARC Raiders* represents a replicable strategy for developing and publishing games that can break through in Western markets dominated by legacy franchises.

The **Dungeon&Fighter franchise** delivered results in line with our outlook. In China, we are working closely with our local publishing partner, Tencent, to re-energize the large base of existing players. Under the creative oversight of Nexon's Neople Studio, development on the mobile game for China has been transferred to Tencent, which is expected to deliver content closely attuned to the preferences of local players. Hyperlocalized content releases are expected to be on monthly cadence through the second half of the year.

In addition to a concerted effort to re-ignite player enthusiasm in the core PC and mobile games, our plan for unlocking enormous new growth in Dungeon&Fighter builds on a blueprint established by the MapleStory franchise. By leveraging the equities of an established franchise, we can energize the base and attract new players by offering new experiences and expanding into new markets.

Later this year, Nexon will release ***Arad: Idle RPG***[1], a highly accessible, casual experience designed to re-engage lapsed *Dungeon&Fighter* users and attract new players to the franchise. And for a community of millions who feel a deep nostalgia for the original game they grew up with, we are developing ***Dungeon&Fighter Classic***.

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[1] The game title is tentative and subject to change.

Finally, two new franchise extensions – **Project OVERKILL** and ***Dungeon&Fighter: ARAD*** – are being developed to bring the Dungeon&Fighter universe to a global audience.

Following a similar strategy for expanding our franchises into new markets, we executed a solid start for the July 22 release of *MABINOGI MOBILE* in Taiwan, Hong Kong and Macau and we are finalizing plans to introduce the game to Japanese players in Q4.

Partnerships are another way we leverage our strengths, using our publishing expertise to bring partners' world-class titles to our players. As one example, we are extremely excited about Nexon's service of ***Overwatch*** on PC in Korea, which launched on August 12, in partnership with Blizzard Entertainment.

CAPITAL ALLOCATION AND SHAREHOLDER RETURNS

The renewed focus extends to the **management of our balance sheet**. Steady operating cash flow from our established franchises, together with operating cash flow from all-new games, funds both our investment in future growth and our commitment to returning capital to shareholders. Our cash reserves have been further strengthened by the recent divestiture of Nexon's investments, which returned ¥106 billion in principal and generated ¥142 billion in gains, leaving us with ¥842 billion in cash at quarter-end.

With this in mind, Nexon today announced a plan to pay a special dividend of ¥415 per share, totaling approximately ¥324 billion[2] (or $2 billion[3]), to shareholders registered as of September 30 of this year – a decision subject to formal Board resolution expected in

[2] The aggregate amount reflects ¥415 per share applied to the number of shares outstanding, net of treasury shares, as of July 31, 2026, and is subject to change based on the number of shares outstanding as of the record date of September 30, 2026.
[3] Calculated at an exchange rate of US$1 = ¥160.7

September, and a significant step forward in improving our capital efficiency. This is consistent with our standing target of a minimum ROE of 10%, with an aim to grow to 15% over the mid-to-long term and our policy of returning more than 33% of the prior year's operating income to shareholders.

Given the scale of this return, the Board of Directors has determined that a special dividend is an effective way to return cash directly and equitably to all shareholders.

Our policy ensures that we retain sufficient cash to fund future growth initiatives, while returning capital through a combination of dividends and buybacks. For 2026, we plan a semi-annual dividend of ¥30 per share, or an annual dividend of ¥60, alongside the special dividend of ¥415 per share announced today. And in July, we completed the ¥30 billion share repurchase approved by our Board in May. The special dividend, collectively with all of our regular dividends and buybacks since our IPO in 2011, will bring our total capital returned to shareholders to more than ¥900 billion by the end of 2026.

Q2 RESULTS AND Q3 OUTLOOK

In Q2, Nexon delivered a quarter ahead of our outlook, with revenue and operating income of ¥121.1 billion and ¥31.3 billion, respectively. These results were led by strong performance of the MapleStory franchise.

Year over year, revenue grew 2% and operating income was down 17%, reflecting a shift in our product mix with higher revenue-linked costs — including creator fees, user acquisition costs, as well as cloud service fees from growing global live services and data usage, along with increased software service fees.

Relative to our outlook, total costs came in lower than planned, as higher creator fees tied to the strong performance of *MapleStory Worlds* were more than offset by lower-than-planned HR costs on a non-recurring reversal of share-based compensation, and lower royalties and marketing costs.

Net income also exceeded our outlook at ¥29.6 billion, driven by the operating income outperformance and a ¥5.5 billion valuation gain on funds. Year over year, it was up 77% primarily due to a ¥1.7 billion FX loss in Q2 2026 compared to a ¥17.5 billion FX loss recognized in Q2 2025.

Our Q2 results once again reflect sustained growth from the MapleStory franchise and a solid contribution from *ARC Raiders*. The MapleStory franchise significantly outperformed our outlook, growing 63% year over year, and reaching a new quarterly revenue high, driven by *MapleStory Worlds* and *MapleStory: Idle RPG*. We recognized ¥18.3 billion in revenue from *ARC Raiders* during the quarter and total cumulative unit sales have grown to more than 16.3 million since the game's launch nine months ago.

For Q3, we expect revenue to grow year over year in the range of ¥120.7 billion to ¥133.4 billion, up 2% to 12%. The growth reflects continued momentum in the MapleStory franchise, contributions from *ARC Raiders*, as well as newly launched services including the regional expansion of *MABINOGI MOBILE*.

Q3 2025 operating income included a ¥3.9 billion gain from the liquidation of trusts, and net income included an FX gain of ¥9.2 billion — neither repeats in Q3 2026. Similar to Q2, our Q3 expenses reflect higher revenue-linked costs – including PG fees and royalties, along with cloud and software service fees, as well as marketing costs for UA and new-title promotions. These are primarily the costs of product diversification, committed to at our March Capital Markets Briefing, both for Q3 releases and the launches ahead in Q4.

Our Q3 outlook also includes a one-time cost of ¥1.5 billion for the adjustment of outstanding stock options in connection with the special dividend, subject to Board approval.

As a result, we expect Q3 operating income in the range of ¥22.6 billion to ¥32.3 billion, down 40% to 14% and net income of ¥18.2 billion to ¥25.6 billion, down 52% to 33% year over year.

FRANCHISE OVERVIEW

Nexon's three largest franchises – MapleStory, Dungeon&Fighter and FC – collectively delivered revenue of ¥81.2 billion, down 5% year over year. Horizontal revenue grew 20% year over year to ¥39.9 billion. Our performance was driven by the MapleStory franchise, which grew 63% year over year and *ARC Raiders* – which contributed about 15% of our revenue for the quarter.

MapleStory Franchise:

The MapleStory franchise delivered another exceptional performance in Q2, significantly outperforming our outlook with 63% year-over-year growth – a record quarterly high, led by growth in *MapleStory Worlds* and contributions from *MapleStory: Idle RPG*. In Q3, we expect the franchise to sustain this momentum with approximately 40% year-over-year growth.

- **Korea *MapleStory***: Q2 exceeded expectations, growing 7% year over year on top of last year's 91% year-over-year growth, marking a Q2 record, driven by strong sales tied to the June summer update. We expect Q3 revenue to be broadly in line with Q3 2025, which grew approximately three times year over year, with continued contributions from the summer updates during the quarter.

- **Global *MapleStory***: Q2 revenue declined 7% year over year against a strong prior-year base. In Q3, we expect revenue to grow double digits year over year, supported by a hyperlocalized summer update in Western *MapleStory*.
- ***MapleStory Worlds***: Q2 revenue exceeded our outlook and grew 123% year over year, driven by two new user-generated worlds launched in late April - *Maple Planet* in Korea and *Maple Star* in Taiwan. We expect continued strength and revenue to approximately double year over year in Q3.
- ***MapleStory: Idle RPG***: Q2 revenue exceeded our outlook, driven by the April half-anniversary update. We expect the game to continue contributing to franchise growth in Q3, with revenue moderating sequentially.

<u>Dungeon&Fighter Franchise</u>:

In Q2, the Dungeon&Fighter franchise performed as expected, with revenue declining 44% year over year, as the mobile game outperformed and the PC service tracked our outlook. For Q3, we expect the franchise to decline year over year while increasing sequentially, driven by the summer update, followed by the National Day update and new raid content for the PC service in China.

- ***Dungeon&Fighter* (PC)**: In China, Q2 revenue was within our guidance range, but declined year over year, due to the soft start to the April new-season update. The June anniversary update helped drive solid retention among the core player base, which carried into July. The sales tied to the July summer update started strong but have since slowed. Combined with the September National Day update and new raid content, we expect Q3 revenue to increase sequentially. Year-over-year revenue is expected to increase mainly driven by favorable FX, while the underlying local-currency performance is expected to remain approximately flat. In Korea, Q2 revenue declined year over year, reflecting a high prior-year comparison and soft reception to the new season update in March. We expect the year-over-year decline to continue in Q3, as we prioritize retention and re-engaging lapsed players with the August anniversary update and new raid content.

- ***Dungeon&Fighter Mobile***: Driven by the May anniversary update and monetization from a new feature, Q2 revenue exceeded our outlook, although it was down year over year. In Q3 we are planning a series of updates – including a new farming dungeon and multi-character legion content, and a new raid timed for the National Day holiday – while expecting revenue to decline year over year.

FC Franchise:

Franchise revenue fell below our outlook and declined versus a year-ago quarter on softness in both *FC ONLINE* and *FC MOBILE*. We expect franchise revenue to slightly decline year over year in Q3.

- ***FC ONLINE***: Q2 revenue declined year over year, and came in below our outlook, as traffic and monetization were softer than expected. The World Cup did not translate into the traffic lift we anticipated, and our user-acquisition efforts also fell short of plan. However, following the June TOTS (Team of the Season) update, we expect revenue to recover sequentially in Q3 and return close to prior-year levels.
- ***FC MOBILE***: Q2 revenue was down year over year and below our plan. An April update overhauling UI, UX, and graphics led to some technical quality issues, which affected traffic and monetization. Service quality has since stabilized, with traffic recovering since June alongside ongoing UX improvements. Following the

July launch of TOTS (Team of the Season) class content, we expect both traffic and revenue to sequentially improve in Q3.

<u>Mabinogi Franchise</u>:

MABINOGI MOBILE revenue declined year over year in Q2 against the strong launch-quarter base, and moderated sequentially. We expect Q3 revenue to be down year over year against the high prior-year base, but grow at a strong double-digit rate quarter over quarter, based on a solid start to the Taiwan, Hong Kong, and Macau service, which launched on July 22. The Japan service will follow in Q4.

<u>Shooters:</u>

- ***ARC Raiders***: With an additional 800K units sold, cumulative unit sales reached a remarkable 16.3 million in Q2, with sales momentum normalizing more than nine months after launch. *Frozen Trail* – the largest content drop since launch – remains on track for October release, which is expected to reenergize the core and attract new players. In July, we conducted a Closed Alpha Test in China together with our partners at Tencent, which exceeded our targets for registrations and received positive feedback on localization quality.
- ***THE FINALS***: More than 30 months after the launch, the game demonstrates stable engagement metrics among a passionate player base, supported by periodical season updates. Q2 revenue grew year over year, and we expect Q3 to remain stable year over year with the July launch of Season 11.

PIPELINE OF NEW GAMES

Following the launch of multiple titles in Q3, Q4 brings *Frozen Trail* for *ARC Raiders*, an update our players have been anticipating. *Arad: Idle RPG*[4] brings the MapleStory playbook to the Dungeon&Fighter franchise for the first time, and *MABINOGI MOBILE* debuts in Japan. The second half we outlined earlier this year is now on the calendar, with dates.

- ***MABINOGI MOBILE***: Taiwan, Hong Kong, and Macau service launched on July 22, with Japan service set to follow in Q4.
- ***Higan: Eruthyll***: Began Korea service for this subculture, collectible 3D RPG developed by China's Bilibili, on July 23.
- ***Overwatch* on PC**: Under our publishing agreement with Blizzard Entertainment, Nexon's PC service in Korea began on August 12.
- ***DAVE THE DIVER* (Mobile)**: The mobile version will launch globally on September 17.
- ***Arad: Idle RPG***: A new casual idle game is on track to launch in Q4.
- ***Azur Promilia***: A fantasy world RPG for PC and mobile, developed by China-based Manjuu Games, featuring a distinct art style and an expansive worldview. Nexon will publish the game in Korea this year.
- ***TEMPPAL: OVERGEARED***: Developed by GRAYGAMES, this full-3D MMORPG brings the popular web novel/webtoon IP *Overgeared* to life with a realistic medieval fantasy concept and a third-person, seamless open world. Nexon will bring the game to players in Korea, Taiwan, Hong Kong, and Macau.

While the additional releases planned for our second half are expected to deliver greater revenue, our third quarter will carry the transition costs of product diversification,

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[4] The game title is tentative and subject to change.

including revenue-linked costs from growing global services and launch marketing ahead of the richest release quarter of the year.

Now looking beyond the current year, our release slate extends well into 2027 and beyond, with a strong lineup of new games.

Dungeon&Fighter Franchise:

- ***Dungeon&Fighter Classic***: A reboot of the original action-based experience with a modern twist, scheduled for release in 2027.
- ***Dungeon&Fighter: ARAD***: The second game in a series designed to introduce the Dungeon&Fighter franchise to a global audience.
- **Project OVERKILL**: Carries the Dungeon&Fighter franchise forward as a PC and console online action RPG that fully modernizes combat physics and visuals.

Mabinogi Franchise:

- ***Vindictus: Defying Fate***: A modern PC and console action experience based on the Mabinogi franchise. Targeting a 2027 launch, the game will be serviced as free-to-play.
- ***Mabinogi Eternity***: A conversion of the original PC *Mabinogi* to Unreal Engine 5. The first alpha test will be conducted in Korea this September.

All-New Titles:

- ***NAKWON: LAST PARADISE***: A multiplayer zombie survival game set in a post-apocalyptic Seoul, leveraging Embark Studios' knowledge in design, narrative, and technology to further elevate the game's overall quality. The game is scheduled for a global release in 2027.
- ***Woochi the Wayfarer***: An action-adventure game inspired by Jeon Woochi, a folk hero of Korea's Joseon era, developed on Unreal Engine 5.

- ***Durango World***: A multiplayer open-world survival game for PC and console that is a rebranding of an earlier Nexon game, *Durango*.
- **Project RX**: An anime-style game for PC, mobile, and consoles developed by IO division, the team behind *Blue Archive*. The playable will be available at Tokyo Game Show 2026.
- ***CrazyRacing KartRider***: A game that reboots the timeless KartRider franchise upgraded with today's technology for players in Korea and Taiwan.
- ***Bancho the Chef***: A new RPG-meets-cooking simulator is in development for PS5 and Steam globally, as a spin-off of *DAVE THE DIVER*.
- ***Godzilla Defense Force: X***: A strategy-management game featuring monsters from the many films spanning 70 years of Godzilla history is targeting a global release in early 2027.
- **From Embark Studios**: Two new games in the early stage of development.

SUMMARY

Now past the midpoint in the first year of our transformation initiative, Nexon is making material progress on the objectives and commitments outlined in our March Capital Markets Briefing – managing cost, streamlining our development pipeline, and refining a strategy for global expansion.

We have prioritized a far-reaching cost management initiative that is showing meaningful progress each quarter. Specifically, we are managing our full-year HR costs to remain flat year over year. We are also in the process of assigning contribution margins, or profit targets to our existing titles as well as each new game and project in our pipeline. We are winding down low-margin live projects and reallocating resources to proven franchises. And finally, we are investing in new technology aimed at improving productivity in our game studios.

Multiple growth catalysts lie ahead. We have recognized areas for improvement and committed our best leaders to deliver solutions that enhance our creative output, operational efficiency, and profitability. The initial progress is exciting, but will require time before the full impact of change flows through to our results.

Looking ahead to the second half of this year, a steady sequence of catalysts include: continued strength in the MapleStory franchise, *Frozen Trail* update for *ARC Raiders*, and a series of new title releases.

In a broader context of a well-established contraction in the game sector, Nexon's opportunities far outweigh our challenges. At our core, established game franchises, built on massive and deeply committed player communities, provide an economic foundation for our business. This allows us to continue investing in high-potential new games and attracting world-class talent made available by global layoffs.

Our commitment to global expansion has been validated by the success of *ARC Raiders,* an all-new game that broke through in Western markets dominated by legacy franchises. Embark's strategy – pioneering new technology for leaner, faster development – is a strategic unlock and a portal for Nexon's global expansion.

In summary, we are moving decisively to unlock greater creative output, efficiency and profitability, while preparing to capture a massive growth opportunity in new markets – the results of which we are committed to share with our investors.

DISCLAIMER

This letter is prepared to offer reference information about NEXON group to the investors and is intended to generally provide investors and analysts with financial and operational information about Nexon, but not to solicit or recommend any sale or purchase of stock or other securities of Nexon. NEXON Co., Ltd. (“Nexon”) has not verified and would assume no responsibility for the accuracy, appropriation, or completeness thereof. This letter does not contain all relevant information relating to Nexon or the sale of its shares, including, without limitation, the information that would be stated under the captions “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business” in an annual report. Any investment decision with respect to any shares of Nexon should be made solely upon the basis of the information contained in the disclosure documents and is qualified in its entirety by reference to the detailed information appearing in the disclosure documents. This letter includes non-GAAP and non-IFRS financial measures, including but not limited to key performance indicators, as well as ratios calculated on the basis thereof. These non-GAAP and non-IFRS financial measures should not be considered in isolation or as a substitute for the most directly comparable financial measures included in our consolidated financial statements and presented in accordance with IFRS. This letter includes forward-looking statements. In some cases, you can identify forward-looking statements by terms such as “anticipate”, “assume”, “believe”, “estimate”, “expect”, “forecast”, “may”, “plan”, “potential”, “predict”, “seek”, “should”, or “will”, or by other similar terminology. These statements discuss expectations, identify strategies, contain projections of Nexon’s financial condition or results of operations or state other forward-looking information. The forward-looking statements in this letter are subject to various risks, uncertainties and assumptions about Nexon’s business and results of operations. The expectations expressed in these forward-looking statements may not be achieved, and actual results could differ materially from and be worse than expectations. Potential risks and uncertainties that could cause actual results to differ materially from expectations include, without limitation: 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. Nexon does not intend, and disclaims any duty, to update or revise any forward-looking statements contained in this letter to reflect new information, future events or otherwise. We caution you not to place undue reliance on the forward-looking statements contained in this letter.