

LETTER TO SHAREHOLDERS

FY 2024

To Our Shareholders,

My first year serving as Nexon's CEO has been both exhilarating and humbling – including successful launches of new titles, as well as challenges related to creating new growth in our core franchises. I'm deeply grateful for the guidance offered by Nexon's board of directors and the many insights extended in meetings with our shareholders. Your input is deeply appreciated and has influenced us as we refine and execute our vision.

The game industry is in a period notable for canceled projects, studio closures and layoffs. While some companies are making deep cuts for short-term margin improvement, we believe simply cutting costs is not a growth strategy. At Nexon, we strategically reinvest the robust cash generated by our established IP to strengthen and grow proven franchises and develop new games. Maintaining the right balance

between profitability and investment is the key to delivering sustainable growth for our shareholders.

Also, Nexon's powerful balance sheet and significant cash generation enable us to enhance shareholder value with a capital allocation policy that includes both an improved dividend and an ambitious share buyback initiative. This includes a one-year ¥100-billion share buyback announced in February. And last year, we set an ROE target of 10% with potential to go as high as 15%, plus a commitment to return more than 33% of annual operating income from the prior year.

In the past three years, Nexon's shareholders have benefitted from more than ¥250 billion returned in the form of dividends and stock buybacks.

We strongly believe that the strength in our global IP, our growth strategy, and our capital allocation policies make Nexon a uniquely compelling investment in the current environment.

Growth Strategies That Recognize Market Reality

Nexon's new management team established a strategy based on a practical understanding of today's industry and recognized two basic dynamics. First, companies with well-established franchises are sustaining large and active player bases. Second, while new games can be extremely valuable for growth, launching new IP is a high-cost, high-risk endeavor and many good games fail to find a committed audience.

In September 2024, we hosted a **Capital Markets Briefing** to share with our investors our new **IP Growth Initiative and mid-term financial goals** – the first time in company history that we have offered a comprehensive strategy with quantitative targets.

At the core of our IP Growth Initiative are Nexon's blockbuster franchises, which have sustained growth and profitability for decades: **Dungeon&Fighter**, **MapleStory**, and **FC**. When a game demonstrates the ability to attract and hold a massive audience for years, our top priority is growing and retaining those players with a steady stream of great experiences. We see **vertical growth** – building on an established franchise with expansions into new markets and onto new platforms, and with all new experiences – is the key to sustainable growth and profitability.

We also identified **hyperlocalization** – adapting content to the unique tastes of players in large regional markets – as a key component of our strategy – establishing a Western MapleStory team in Los Angeles and co-production deals with Tencent in China.

This vertical growth strategy is being deployed in our biggest franchises.

Dungeon&Fighter



The 2024 launch of *Dungeon&Fighter Mobile* in China grew our base and contributed to 53% year-over-year growth for the franchise. Energizing and sustaining that momentum is a top priority in 2025 with hyperlocalization, new platforms, and new experiences – franchise extensions designed to grow our global player base.

In February, we signed a **co-development agreement** with our China publishing partner **Tencent** for *Dungeon&Fighter* PC and mobile which increases our production capability with greater hyperlocalization and new experiences to meet quickly evolving trends and attract a broad spectrum of players in China. Nexon's Neople Studio will continue to invest and develop core content and maintain overall creative control of the franchise while Tencent will provide a variety of new experiences.

And on March 28, we will release ***The First Berserker: Khazan***, the first of three games in our strategy for introducing the *Dungeon&Fighter* franchise to global audiences – particularly in the West. *Khazan* will be available on PC and consoles. And following *Khazan*, two more franchise extensions – ***Dungeon&Fighter: ARAD***, and ***Project OVERKILL*** – are scheduled for launch by 2027.

MapleStory



The growth strategy for our MapleStory franchise includes many of the same elements: hyperlocalization to adapt the games in large local markets, plus multiple new experiences – franchise extensions designed to energize the core and attract new players.

Global MapleStory, which grew by 24% in 2024, now represents 35% of the franchise revenue. The big driver of that growth is hyperlocalization, our strategy for adapting content to engage players in large local markets including Japan and the West. In 2024, we established a Western MapleStory team in Los Angeles and this year we organized our Japan team to drive similar growth with hyperlocalization.

MapleStory Worlds is a dynamic new UGC platform where players and creators unite to explore custom-crafted worlds with tools and access to over 30 million MapleStory assets and rewards users for their unique creations. Initially launched in Korea, we expanded the service in North and South America, and Europe. Service in Southeast Asia is scheduled for this year.

Another new experience is **MapleStory Universe**, which integrates blockchain technology and NFTs to track and reward engagement and user-generated content with ownership of digital content. The project is scheduled to launch this year in select markets.

FC

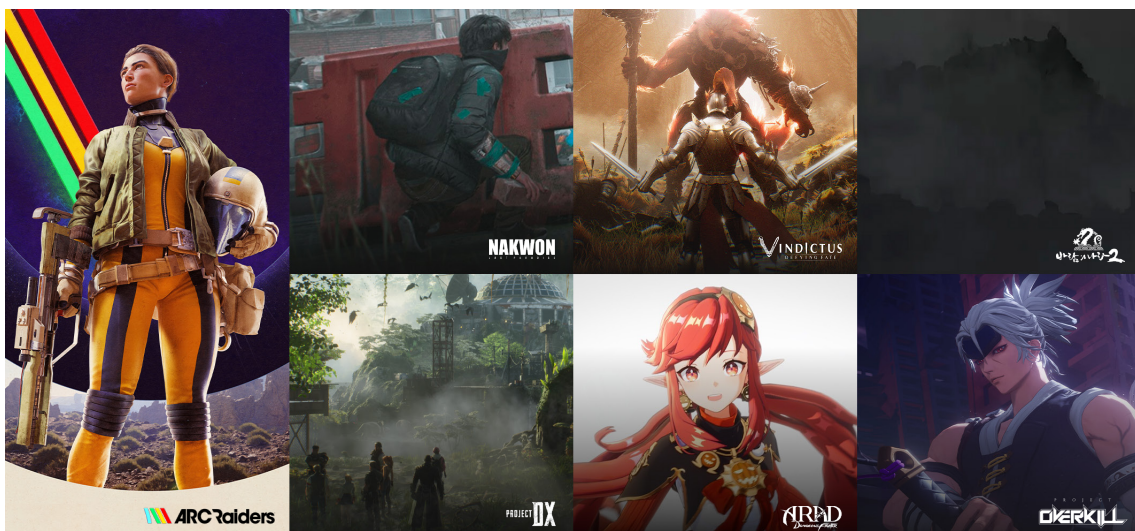


The FC franchise continues to provide a solid and stable foundation of our business. Nexon and EA will continue to work closely together, building on our 12-year partnership.

Nexon's Pipeline of New Games

Another element of our IP Growth Strategy is **horizontal growth** from games with potential to become sustained pillars in our franchise portfolio. Our strategy pursues a select group of new games that could drive significant and sustainable revenue streams by reinvesting steady revenues from our established franchises.

With this in mind, we have identified **seven new games which will launch by 2027, each with the potential to generate annual revenue in excess of ¥10 billion.**



ARC Raiders: A 3rd-person PvPvE extraction shooter for PC and consoles from Nexon's Embark Studios.

NAKWON: LAST PARADISE: A 3rd-person zombie apocalypse survival game for PC.

Vindictus: Defying Fate: A new turn on Nexon's popular game *Mabinogi Heroes* for PC and consoles.

The Kingdom of The Winds 2: A long-awaited successor to the classic that pioneered many elements of today's MMORPGs will be released on PC and mobile.

Project DX: This PvE-focused MMORPG for PC and consoles is a rebranding of an earlier Nexon game, *Durango*.

And finally, two additional extensions on the Dungeon&Fighter franchise: **Dungeon&Fighter: ARAD** and **Project OVERKILL**.

Summary

I want to close by reiterating my enthusiasm for leading Nexon, one of the world's premiere companies in interactive entertainment. In fulfilling this role, I've drawn on the support of a management team that has provided critical insights and great ideas for growing our company. Together we have accomplished many things in a short time, including a new growth initiative and 2027 financial targets **which provide our investors with a clear strategic plan and growth targets.**

Veteran game-industry investors are fully aware of the challenges and opportunities facing the sector. They understand that the game industry operates in cycles largely driven by successive waves of innovation and new technology. Today companies, analysts and investors struggle to pick winners from multiple vectors that include emerging markets, new platforms, blockchain, tokenomics, artificial intelligence and the greatest disrupter of them all, player preferences.

In this environment of increasing complexity, Nexon offers investors a long-term growth opportunity anchored by six fundamental advantages.

- **Large Portfolio of Proven IP:** Over three decades, Nexon has established a portfolio of blockbuster franchises that includes MapleStory, Mabinogi, The Kingdom of the Winds, FC, plus our flagship franchise, Dungeon&Fighter. Each can deliver growth and sustained cash generation.

- **A Highly Disciplined, Strategic Approach to Supporting New Games:** Nexon makes careful decisions on reinvesting the robust cash generated by our established franchises to develop and publish new games that can deliver sustainable revenue streams. Our priority is on developing wholly-owned IP in our own studios, however we also pursue publishing partnerships that can deliver sustainable revenue and margin.
- **World Class Live Operations:** Deeply integrated Live Ops is fundamental to player satisfaction and retention. Only a handful of companies have it, others will struggle to catch up.
- **Global Distribution in All Major Markets:** Nexon is among a small group of game companies with established player bases in both Asia and the West.
- **Experienced Management:** Nexon's executive team anticipates opportunities and challenges to set strategies for sustained growth.
- **Powerful Balance Sheet and Cash Generation:** With more than ¥600 billion in cash and deposits, Nexon generates over ¥100 billion operating cash annually, making us one of the industry's top capitalized companies globally.

Where some see disruption in the sector, we see opportunities. Our strategy is to improve profitability by investing in our unique portfolio of strong existing IP and balance that with targeted new games, each of which could become significant additions to our annual revenue stream. Nexon has the IP, the talent, the experience, and most importantly, the financial resources to seize a big growth opportunity to deliver great experiences for our players and great returns for our investors.

Thank you for your ongoing confidence and support.



President and CEO
Junghun Lee



Tokyo, Japan
March 26, 2025