

LETTER TO SHAREHOLDERS

FY 2023

MESSAGE FROM NEW CEO JUNGHUN LEE

To Our Shareholders,

Let me begin by saying I am both honored and humbled by my recent appointment as Nexon's CEO. I joined Nexon 20 years ago as a young engineer and devoted my professional life to learning about games and player expectations. Much of my career has been dedicated to leading our Live Operations capability – the backbone of Nexon's unique model for sustaining engagement and profitability in big franchises over the course of decades. I've learned valuable lessons about managing and motivating teams, and delivering long-term value with careful management of global IP. More recently, as a member of Nexon's board of directors, I've developed a deeper understanding of all of Nexon's businesses and our unique ability to drive value creation.

As CEO, I look forward to working with investors, listening and sharing updates on what I believe could be the next great era of dynamic growth for our company.

In 2023, we delivered solid results with record-setting full-year revenue and operating income, up 20% and 30% respectively. We launched new titles, including *THE FINALS*, the first game from our Embark Studios in Stockholm and the next step in our strategy to expand Nexon's presence in Western markets.

However, the year was not without challenges, including an unanticipated finish for some of our key franchises late in Q4. While the circumstances behind each of these challenges were unique, we know that the common solution lies in listening to players' voices, reflecting their ideas, and providing them with better gameplay through more frequent content updates. Our long-term investors will recognize that over the past three decades, Nexon is deeply experienced and successful in addressing player issues. I believe both players and investors will be excited to see our progress in live operations in the course of the year.

The strategy for jump-starting growth in an existing game franchise is to provide a steady supply of fresh, innovative and exciting experiences. In February and March, the Nexon teams responsible for our two biggest franchises, *Dungeon&Fighter* and *MapleStory*, began delivering what players can expect will be a steady stream of updates for both games.

Nexon has operated online games for close to three decades. And while the technology and player tastes have evolved dramatically, there aren't many challenges that are new to us. When we hit a speed bump, we listen closely to players, and move decisively to address the issue. As we've said many times: Nexon's business grows at a steady, if non-linear pace with periods of slow or declining growth, followed by the next era of dynamic growth.

As a reflection of our commitment and belief in the company's future, in February Nexon's board of directors authorized a new 100-billion-yen share repurchase policy to be completed by February 2027. This follows a 100-billion-yen share repurchase which was completed in January of this year.

Nexon's business model combines multiple blockbuster franchises that deliver a foundation of steady cash flow which we redeploy as investments in new technology, live operations, strategic opportunities and of course, new games. Today, Nexon's creative teams are developing the most robust pipeline of new games in company history.

In March, Embark Studios launched Season 2 of *THE FINALS*, packed with a new map, gadgets, weapons, and an all-new 5-versus-5 mode that allows team competition. A new title in development at Embark, *ARC Raiders*, is a player-versus-player-versus-environment survival game which is generating a lot of early excitement from players around the world.



And we are extremely pleased that *Dungeon&Fighter Mobile* was granted an ISBN license to operate in China. Now in its 19th year, *Dungeon&Fighter* has registered more than 850 million players – including many hundred million in China. Beginning in late February, our local publishing partner, Tencent, hosted a large beta test and reported an enthusiastic response from Chinese players. Given the long-standing popularity of this franchise in China, the enormous market for mobile games there, and the current scarcity of popular action games on mobile, we are increasingly excited about this game. And based on the highly positive results of the beta test, we have accelerated the launch date to the second quarter of this year.



Other games we look forward to releasing soon include: *The First Descendant*, *MABINO GI MOBILE* and *The First Berserker: Khazan*.



In summary, I want to express our optimism about how our content plan will excite and engage players in 2024 and beyond. Investors should not expect a dramatic change in our near-term strategy. Our priorities include re-energizing our core franchises by accelerating the pace of high-quality content updates; launching new titles on multiple platforms which have potential to become enduring global IP; and expanding our presence in Western markets with a close collaboration between Embark Studios and our Korea-based Live Operations teams.

In the months ahead, I look forward to sharing a more far-reaching and expansive plan for igniting the next great era of dynamic growth at Nexon.

I want to close with a heartfelt thank you to my friend and colleague, Owen Mahoney, who recently retired after 13 years with Nexon – three as our CFO and ten as CEO. It's difficult to overstate the impact his leadership has had on our business and culture. Owen saw into the future with an unshakable belief that Nexon's pioneering approach to immersive online games, sustained by best-in-class Live Operations, would become one of the world's largest, most exciting, and profitable entertainment formats. Owen led us through big initiatives that brought Nexon into new markets and platforms. Just as important, he steered us away from the traps – flashy trends that disappoint players, frustrate creative teams, and waste billions.

Thank you Owen, and congratulations on the impact you've delivered for our players, our employees and our investors.

And finally, thank you to our investors. Your ongoing support is deeply appreciated. We hope you share our belief that Nexon is now preparing to deliver the next period of dynamic growth.



MESSAGE FROM FORMER CEO OWEN MAHONEY

Dear Nexon Investors,

After a deeply gratifying ten-year term as Nexon's CEO, this is my last communication as a member of the executive team. On this occasion, I want to offer some reflections on how the company has evolved as an innovator and leader in global entertainment, and on the very bright future I see for this company under a new generation of leadership.

Now in its 30th year of operation, Nexon was and is a pioneer in many of the most popular, and profitable breakthroughs that define the game industry today. This includes introducing online games while the rest of the world was selling plastic disks in stores; the introduction of the first graphic MMORPG in 1996 and free-to-play model; and of course, Nexon's revolutionary use of live operations to extend the lifespan of a game from months to decades. More recently, I've seen innovation in our studios which will profoundly change how games are created and played, with potential to reduce the time and cost of development.

Both professionally and personally, my time at Nexon has been enormously rewarding. Much of that gratification came from my relationships with inspiring people, including Nexon's founder, the late Jay Kim who mentored many of us on games, business and leadership. Another great contributor to Nexon's success is my friend and colleague Junghun Lee who is, to my mind, peerless in our industry for his understanding of the players, the games, and the business, as well as for his insights on managing and growing global entertainment franchises for years and decades.

I also want to thank the many investors who have supported Nexon throughout my tenure as CFO and CEO. As a pioneer of new ideas and an innovator that often moves directly against the trends of the day, Nexon is not always the easiest company to understand at a glance, but highly rewarding for those willing to think in new and different ways about our industry. I deeply appreciate the support you've provided for many years.

I hope that, like me, you feel the same enthusiasm for the next generation of innovation, growth, and leadership.

Thank you.

