

[This is an English translation prepared for the convenience of non-resident shareholders. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translations.]



Consolidated Financial Results
for the Nine Months Ended September 30, 2023
[IFRS]

November 9, 2023

Company name: NEXON Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Stock code: 3659

URL: <https://ir.nexon.co.jp/en/>

Representative: Owen Mahoney, Representative Director, President and Chief Executive Officer

Contact: Shiro Uemura, Representative Director and Chief Financial Officer

Phone: +81-3-6629-5318

Scheduled date for filing of quarterly securities report: November 10, 2023

Scheduled date of commencing dividend payments: -

Supplementary briefing material on quarterly financial results: Yes

Quarterly financial results briefing: Yes (conference call for institutional investors, analysts and media)

(Amounts are rounded to nearest million yen)

1. Consolidated Financial Results for the Nine Months Ended September 30, 2023 (from January 1, 2023 to September 30, 2023)

(1) Consolidated Operating Results (cumulative)

(% changes year-over-year)

(Millions of yen)

	Revenue		Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent company		Total comprehensive income	
	Amount	% change	Amount	% change	Amount	% change	Amount	% change	Amount	% change	Amount	% change
Nine months ended September 30, 2023	338,779	24.3%	130,199	40.4%	167,589	7.1%	113,206	5.4%	112,496	4.2%	174,299	37.8%
Nine months ended September 30, 2022	272,619	23.8%	92,728	4.7%	156,524	24.4%	107,419	16.8%	107,930	16.2%	126,524	38.5%

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended September 30, 2023	131.77		130.83	
Nine months ended September 30, 2022	122.95		121.89	

(Note) In the three months ended December 31, 2022, a provisional accounting treatment for an equity method application was finalized and retroactive adjustments were made to the condensed quarterly consolidated financial statements for the nine months ended September 30, 2022.

(2) Consolidated Financial Position

(Millions of yen)

	Total assets	Total equity	Total equity attributable to owners of the parent company	Ratio of equity attributable to owners of the parent company
As of September 30, 2023	1,193,598	995,973	985,308	82.5%
As of December 31, 2022	1,042,849	867,546	858,193	82.3%

2. Dividends

(Yen)

	Annual Dividends				
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	End of Year	Total
FY 2022	—	5.00	—	5.00	10.00
FY 2023	—	5.00	—		
FY 2023 (Forecast)				5.00	10.00

(Note) Revision of most recently announced dividend forecasts: No

3. Consolidated Financial Results Forecast for the Year Ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

(% changes year-over-year)

(Millions of yen)

	Revenue		Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent company		Basic earnings per share
											Yen
Full year	426,700	20.6%	141,563	36.5%	183,149	30.3%	121,708	21.7%	121,353	20.9%	142.37
	~	~	~	~	~	~	~	~	~	~	~
	434,938	23.0%	148,018	42.7%	189,609	34.9%	126,834	26.8%	126,374	25.9%	148.26

(Note) As it is difficult to estimate specific figures, disclosure is made with a range. For details, please refer to "1. Qualitative Information on Consolidated Financial Results for the Period (3) Explanation on Future Forecast Information including Consolidated Financial Results Forecast" on page 4 of the Appendix.

*(Notes)

(1) Changes in Significant Subsidiaries during the Period : No
(Changes in specified subsidiaries accompanying changes in scope of consolidation)

(2) Changes in Accounting Policies and Changes in Accounting Estimates

- 1) Changes in accounting policies required by IFRS: Yes
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No

(3) Number of Shares Issued (common stock)

1) Total number of shares issued at the end of the period (including treasury stock):

As of September 30, 2023: 855,763,755 shares

As of December 31, 2022: 866,773,728 shares

2) Total number of treasury stock at the end of the period:

As of September 30, 2023: 5,826,525 shares

As of December 31, 2022: 5,955,400 shares

3) Average number of shares during the period (cumulative):

Nine months ended September 30, 2023: 853,724,967 shares

Nine months ended September 30, 2022: 877,867,607 shares

(Note) “Total number of treasury stock at the end of the period” includes Nexon’s stock held by our consolidated subsidiaries, Stiftelsen Embark Incentive and NEXON Employee Benefit Trust (as of September 30, 2023: 1,118,925 shares; as of December 31, 2022: 787,023 shares). The number of treasury stock deducted in the calculation of the average number of shares during the period includes Nexon’s stock held by the consolidated subsidiaries (as of September 30, 2023: 1,064,912 shares; as of September 30, 2022: 865,770 shares).

* This quarterly financial report is outside the scope of quarterly review procedures by a certified public accountant or an audit firm.

* Explanation of the Proper Use of Financial Results Forecasts and Other Notes

(Caution Concerning Forward-Looking Statements)

The forward-looking statements including the financial results forecast herein are based on information currently available to the Company and certain assumptions that can be deemed reasonable, and are not intended as the Company’s commitment to achieve such forecasts. Actual results may differ significantly from these forecasts due to a wide range of factors. For conditions prerequisite to the financial results forecast and the points to be noted in the use thereof, please refer to “1. Qualitative Information on Consolidated Financial Results for the Period (3) Explanation on Future Forecast Information including Consolidated Financial Results Forecast” on page 4 of the Appendix.

(Method of Obtaining Supplementary Briefing Material on Financial Results)

The supplementary briefing materials on quarterly financial results are available on the Company’s website.

Contents of Appendix

1. Qualitative Information on Consolidated Financial Results for the Period	2
(1) Explanation on Operating Results	2
(2) Explanation on Financial Position	3
(3) Explanation on Future Forecast Information including Consolidated Financial Results Forecast	4
2. Matters Related to Summary Information (Notes)	7
(1) Changes in Significant Subsidiaries during the Period	7
(2) Changes in Accounting Policies and Changes in Accounting Estimates	7
3. Condensed Consolidated Financial Statements and Major Notes	8
(1) Condensed Consolidated Statement of Financial Position	8
(2) Condensed Consolidated Income Statement	10
(3) Condensed Consolidated Statement of Comprehensive Income	12
(4) Condensed Consolidated Statement of Changes in Equity	14
(5) Condensed Consolidated Statement of Cash Flows	16
(6) Notes on Going Concern Assumption	18
(7) Notes on Significant Changes in the Amount of Equity Attributable to Owners of the Parent Company	18
(8) Segment Information	20
(9) Subsequent Events	27
4. Other	28

1. Qualitative Information on Consolidated Financial Results for the Period

(1) Explanation on Operating Results

Nexon Group discloses its financial outlook for the upcoming quarter as a range so as to provide its shareholders and investors with more accurate information, while the explanation on operating results in its quarterly consolidated financial results focuses on analyses and comparisons with the same quarter in the previous accounting year.

Brothers International, LLC, which became our affiliate as we newly acquired its equity, is included in the scope of application of the equity method from the three months ended December 31, 2021. Accordingly, in the three- and nine-month periods ended September 30, 2022, we have used a provisional accounting treatment based on reasonable data available at the time, which was finalized in Q4 2022, and retroactive adjustments were made to the numbers for these periods.

Due to this, share of loss of investments accounted for using equity method increased by ¥2,106 million and exchange differences on translating foreign operations decreased by ¥88 million compared to the provisional amounts in the three months ended September 30, 2022.

For the nine months ended September 30, 2022, investments accounted for using equity method decreased by ¥166 million because the share of loss of investments accounted for using equity method increased by ¥341 million and exchange differences on translating foreign operations increased by ¥175 million compared to the provisional amounts for this period.

As for the analyses and comparisons with the three- and nine-month periods ended September 30, 2022, we have used the amounts revised upon finalization of the provisional accounting treatment.

As for the global economy during the three months ended September 30, 2023, the outlook remained uncertain primarily due to soaring energy prices and inflation mainly caused by the prolonged Ukraine war, as well as global monetary tightening and concerns over the outlook of the Chinese economy. In Japan, the economy was seen to be on a gradual recovery trend as the legal status of COVID-19 was downgraded to Class 5 infectious disease in May 2023, social and economic activities took another step toward normalization, and employment and income environments improved.

Under these circumstances, Nexon Group has operated its PC online and mobile businesses, endeavoring to provide users with an enjoyable game experience by developing high-quality games, acquiring more contents, servicing new titles, and updating existing titles. Specifically, we have established the following as Nexon's Focus Strategy: (i) focusing on massive multiplayer online games, (ii) enabling our service to be played across multiple platforms including PC, console and mobile, (iii) leveraging Nexon's IPs, and (iv) investing in new IPs that we think are really special. We have also worked on initiatives for the growth of our global business.

For the three months ended September 30, 2023, Nexon achieved record-breaking third quarter revenue driven by the growth of *MapleStory*, *EA SPORTS FC™ MOBILE* and *Blue Archive*, as well as contributions from *Wars of Prasia*, *DAVE THE DIVER*, and *MapleStory: The Legends of Maple* in China. In addition, in terms of revenue based on customer location, revenues in all regions grew double-digit year-over-year due in part to favorable foreign exchange rates.

In Korea, PC online revenue increased year-over-year driven by *MapleStory*'s record-breaking quarterly revenue and a contribution from *Wars of Prasia*, which launched in March across mobile and PC platforms. For *MapleStory*, active users, paying users and ARPPU all increased year-over-year driven by the successful major update in July and the well-received event held in September. *EA SPORTS FC™ ONLINE*, which was newly rebranded in September, maintained its strength from last year, and its active users and paying users both increased year-over-year. Mobile revenue decreased year-over-year as growth of *EA SPORTS FC™ MOBILE*, newly rebranded in September, *Blue Archive* and *MapleStory M*, as well as a contribution from *Wars of Prasia*, were more than offset by year-over-year revenue decreases in *Dungeon&Fighter Mobile* and *HIT2*. The increase in PC online revenue in Korea was greater than the decrease in mobile revenue. As a result, overall revenue in Korea increased year-over-year and achieved record-breaking quarterly revenue.

In China, revenue increased year-over-year driven by contributions from *MapleStory: The Legends of Maple* and *Blue Archive*, both of which launched in August. For our major PC online title, *Dungeon&Fighter*, both the Summer update in July and the National Day update in September were well-received by players. While packaged item sales increased year-over-year, individual item sales decreased year-over-year as we distributed many attractive rewards at an event held to maintain a high level of users. As a result of this event, active users and paying users increased year-over-year while revenue slightly decreased.

In Japan, revenue increased year-over-year driven by the significant growth of *Blue Archive*.

In North America and Europe, revenue increased year-over-year driven by the growth of *MapleStory* and multiple mobile titles, as well as a contribution from *DAVE THE DIVER*.

In other regions (“Rest of World”), revenue increased year-over-year driven by the significant growth of *Blue Archive* and contributions from *HIT2* and *DAVE THE DIVER*. This was partially offset by revenue decreases in *MapleStory* and older mobile titles.

In terms of expenses, cost of sales increased year-over-year due to increased HR costs due to headcount increase, annual salary hike and an increase in bonuses. Selling, general and administrative expenses increased year-over-year due to increased marketing expenses for *MapleStory*, which introduced a major update in July.

Finance income significantly decreased year-over-year as the foreign exchange gain primarily on foreign currency-denominated cash deposits was significantly smaller than that recorded in Q3 2022. As a result, income before income taxes and net income attributable to owners of the parent company decreased year-over-year.

As a result, for the three months ended September 30, 2023, Nexon Group recorded revenue of ¥120,256 million (up 23.4% year-over-year), operating income of ¥46,310 million (up 46.9% year-over-year), income before income taxes of ¥52,859 million (down 5.4% year-over-year) and net income attributable to owners of the parent company of ¥35,167 million (down 14.6% year-over-year).

For the nine months ended September 30, 2023, Nexon Group recorded revenue of ¥338,779 million (up 24.3% year-over-year), operating income of ¥130,199 million (up 40.4% year-over-year), income before income taxes of ¥167,589 million (up 7.1% year-over-year) and net income attributable to owners of the parent company of ¥112,496 million (up 4.2% year-over-year).

Business results by reportable segments for the nine months ended September 30, 2023 are as follows:

(a) Japan

Revenue for the nine months ended September 30, 2023 amounted to ¥3,621 million (up 3.7% year-over-year), and segment loss amounted to ¥3,511 million (segment loss of ¥8,237 million for the nine months ended September 30, 2022).

(b) Korea

Revenue for the nine months ended September 30, 2023 amounted to ¥321,560 million (up 25.6% year-over-year), and segment profit amounted to ¥144,910 million (up 30.8% year-over-year). Revenue in Korea includes royalty income of NEOPLE INC. (a subsidiary of NEXON Korea Corporation, our consolidated subsidiary) attributable to license agreements in China.

(c) China

Revenue for the nine months ended September 30, 2023 amounted to ¥2,417 million (down 1.5% year-over-year), and segment profit amounted to ¥1,040 million (down 10.2% year-over-year).

(d) North America

Revenue for the nine months ended September 30, 2023 amounted to ¥10,231 million (up 6.2% year-over-year), and segment loss amounted to ¥6,062 million (segment loss of ¥3,691 million for the nine months ended September 30, 2022).

(e) Other

Revenue for the nine months ended September 30, 2023 amounted to ¥950 million (down 11.6% year-over-year), and segment loss amounted to ¥5,608 million (segment loss of ¥3,750 million for the nine months ended September 30, 2022).

(2) Explanation on Financial Position

(a) Assets, liabilities and equity

(Assets)

Total assets as of September 30, 2023 amounted to ¥1,193,598 million, an increase of ¥150,749 million from December 31, 2022. Major components include an increase of ¥206,156 million in other deposits, an increase of ¥51,997 million in other financial assets, an increase of ¥19,791 million in investments accounted for using equity method, an increase of ¥17,872 million in trade and other receivables, and a decrease of ¥159,193 million in cash

and cash equivalents.

(Liabilities)

Total liabilities as of September 30, 2023 amounted to ¥197,625 million, an increase of ¥22,322 million from December 31, 2022. Major components include an increase of ¥8,113 million in lease liabilities, an increase of ¥4,575 million in deferred tax liabilities, and an increase of ¥6,239 million in other current liabilities.

(Equity)

Equity as of September 30, 2023 totaled ¥995,973 million, an increase of ¥128,427 million from December 31, 2022. Major components of changes in equity include an increase of ¥112,496 million in retained earnings due to the recording of net income attributable to owners of the parent company, an increase of ¥60,585 million in other equity interest primarily due to the recording of exchange differences on translating foreign operations and a decrease of ¥50,079 million due to purchases of treasury stock.

As a result, ratio of equity attributable to owners of the parent company was 82.5% (82.3% as of December 31, 2022).

(b) Cash flows

Cash and cash equivalents (collectively, “cash”) as of September 30, 2023 was ¥250,175 million, a decrease of ¥159,193 million from December 31, 2022. The decrease includes ¥16,080 million in effects of an increase due to exchange rate changes on cash.

Cash flows from each activity for the nine months ended September 30, 2023 and their significant components are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities was ¥98,764 million, compared to ¥103,165 million for the nine months ended September 30, 2022. Major components of the increase include income before income taxes of ¥167,589 million. Major components of the decrease include income taxes paid of ¥47,733 million, a foreign exchange gain of ¥15,915 million, and an increase in trade and other receivables of ¥15,206 million.

Net cash provided by operating activities decreased year-over-year due to an increase in income taxes paid while income before income taxes increased.

(Cash flows from investing activities)

Net cash used in investing activities was ¥222,445 million, compared to ¥38,889 million provided in the nine months ended September 30, 2022. Major cash outflows include a net increase in time deposit of ¥185,915 million and purchases of investments accounted for using equity method of ¥24,030 million.

Net cash used in investing activities increased year-over-year due to an increase in time deposit.

(Cash flows from financing activities)

Net cash used in financing activities was ¥51,592 million, compared to ¥91,291 million for the nine months ended September 30, 2022. Major cash outflows include purchases of treasury stock of ¥50,114 million.

Net cash used in financing activities decreased year-over-year due to a decrease in purchases of treasury stock.

(3) Explanation on Future Forecast Information including Consolidated Financial Results Forecast

The outlook on the business environment surrounding Nexon Group remains unclear primarily due to the impact of rising inflation, which is mainly attributable to the prolonged Ukraine war, and sharp moves in foreign exchange rates, as well as the effects of global monetary tightening and the struggling real estate market in China. However, we do not expect these factors to cause any event that could have material impact on Nexon Group’s businesses.

In our consolidated business outlook, we disclose our expectations for the following quarter as a range to provide more accurate information to our shareholders and investors, since it is difficult to derive full-year consolidated forecasts due to uncertainties in projecting the speed of growth of PC online game and mobile game markets in which Nexon Group’s main businesses operate, and because our revenue is largely dependent on such uncertain factors as users’ preferences and whether or not we have any hit titles. “Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2023” is the sum of our actual consolidated financial results for the nine months ended September 30, 2023 and our consolidated business outlook for the three months ending

December 31, 2023. Please refer to the table below for our consolidated financial results forecast for the three months ending December 31, 2023.

For the fiscal year ending December 31, 2023, Nexon Group expects consolidated revenue in the range of ¥426,700 ~ 434,938 million (up 20.6% ~ 23.0% year-over-year), operating income in the range of ¥141,563 ~ 148,018 million (up 36.5% ~ 42.7% year-over-year), income before income taxes in the range of ¥183,149 ~ 189,609 million (up 30.3% ~ 34.9% year-over-year), net income in the range of ¥121,708 ~ 126,834 million (up 21.7% ~ 26.8% year-over-year), net income attributable to owners of the parent company in the range of ¥121,353 ~ 126,374 million (up 20.9% ~ 25.9% year-over-year), and basic earnings per share in the range of ¥142.37 ~ 148.26. Nexon Group operates its businesses around the world, in Japan, South Korea, China, the United States and other countries. Major exchange rates for Q4 2023 are assumed to be 1 U.S. Dollar = ¥149.60, 100 South Korean Won = ¥11.09 and 1 Chinese Yuan = ¥20.69. In general, the exchange rates of the South Korean Won and the Chinese Yuan to Japanese Yen are assumed to be linked to the exchange rate of U.S. Dollar to Japanese Yen. Based on this assumption, we expect that every one Japanese Yen move against the U.S. Dollar will have an impact of approximately ¥610 million on consolidated revenue and approximately ¥105 million on operating income for the three months ending December 31, 2023.

As for revenue based on customer location for the three months ending December 31, 2023, our expectations are as follows.

For PC online in Korea, we expect *MapleStory* to significantly grow year-over-year as it maintains its strong momentum from Q3 when it achieved record-breaking quarterly revenue. As for *EA SPORTS FC™ ONLINE*, we expect its revenue to decrease year-over-year due to the tough comparison with an exceptionally strong performance in Q4 2022 driven by the World Cup. We expect overall PC online revenue in Korea to increase year-over-year as we anticipate growth from *MapleStory* and a continued contribution from *Wars of Prasia*, partially offset by a decrease from *EA SPORTS FC™ ONLINE*.

For mobile in Korea, we expect Q4 revenue to decrease year-over-year. While we anticipate growth in *EA SPORTS FC™ MOBILE* as well as a contribution from *Wars of Prasia*, we expect these to be more than offset by year-over-year revenue decreases in *HIT2* and *Dungeon&Fighter Mobile*, which launched in 2022.

In China, we expect revenue to be roughly flat year-over-year. While we expect a contribution from *MapleStory: The Legends of Maple*, which launched in August, we anticipate a year-over-year revenue decrease from our major PC online title, *Dungeon&Fighter*, which delivered a strong performance in Q4 2022. For *Dungeon&Fighter*, we are introducing various updates and events designed to enhance user engagement ahead of the Lunar New Year update set for Q1 2024. *MapleStory: The Legends of Maple* is expected to maintain its strong momentum and contribute to Q4.

In Japan, we expect revenue to be roughly flat year-over-year. We anticipate growth in *MapleStory*, as well as contributions from *DAVE THE DIVER*, which launched on Nintendo Switch (Note) on October 26, and *Dynasty Warriors M*, which is scheduled to launch in Q4, to be more than offset by decreases from terminated mobile titles.

In North America and Europe, we expect revenue to increase year-over-year driven by the growth in *MapleStory M* and other mobile titles, as well as a contribution from *THE FINALS*, which is scheduled to launch in Q4.

In the Rest of World, we expect revenue to increase year-over-year driven by contributions from *HIT2*, which launched in Q2, as well as *THE FINALS* and *Dynasty Warriors M*, both of which are scheduled to launch in Q4. We expect these to be partially offset by revenue decreases in *MapleStory* and older mobile titles.

On the cost side, we expect a year-over-year increase in costs for the three months ending December 31, 2023. We expect increased HR costs mostly related to additional headcount for the development and launch of multiple new titles. In addition, we expect higher marketing expenses primarily for new titles such as *THE FINALS* and for *MapleStory* as it sustains its positive momentum.

Our business outlook is based on information currently available to us, which includes various uncertainties. Therefore, actual performance may vary from our outlook due to changes in the business condition.

(Note) Nintendo Switch is a trademark of Nintendo Co., Ltd.

(Reference)

Consolidated financial results forecast for the three months ending December 31, 2023 (from October 1, 2023 to December 31, 2023)

(% changes from the previous fiscal year)

(Millions of yen)

	Revenue		Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent company		Basic earnings per share
											Yen
4th Quarter	87,921	8.4%	11,364	3.6%	15,560	—	8,502	—	8,857	—	10.44
	~	~	~	~	~	~	~	~	~	~	~
	96,158	18.6%	17,819	62.5%	22,019	—	13,629	—	13,878	—	16.36

(Note) The year-over-year percentage changes for the fourth quarter (October 1, 2023 to December 31, 2023) are calculated based on the retroactively adjusted numbers reflecting the finalization of the provisional accounting treatment in Q4 2022 for an equity method affiliate, Brothers International, LLC.

2. Matters Related to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period

Not applicable.

(2) Changes in Accounting Policies and Changes in Accounting Estimates

(Changes in accounting policies required by IFRS)

The accounting policies used to prepare these condensed consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2022 unless otherwise noted, except for the new standards applied as listed below. Nexon Group calculated income taxes for the nine months ended September 30, 2023, based on the estimated average annual effective tax rate.

Nexon Group has applied the following standards since Q1 2023 (from January 1, 2023 to March 31, 2023), but the application of these standards did not have material impacts on the nine months ended September 30, 2023.

Standards	Title	Overview of New or Revised Standard
IAS 1	Presentation of financial statements	Revised to require disclosure of material accounting policies rather than significant accounting policies
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	Clarified the distinction between accounting policies and accounting estimates
IAS 12	Income Taxes	Clarified the accounting for deferred tax on leases and decommissioning obligations

Nexon Group has also applied the following standards since Q2 2023 (from April 1, 2023 to June 30, 2023). The application of these standards did not have material impacts on Nexon Group's condensed quarterly consolidated financial statements.

Standards	Title	Overview of New or Revised Standard
IAS 12	Income Taxes	A temporary exception to the recognition and information disclosure of deferred tax assets and liabilities related to the "International Tax Reform – Pillar Two Model Rules"

This amendment clarified that IAS 12 is applicable to the income tax arising from the tax legislation enacted or substantively enacted for the introduction of the GloBE (Global Anti-Base Erosion) Rules as the second pillar of BEPS (Base Erosion and Profit Shifting) by OECD (Organization for Economic Co-operation and Development). However, a temporary exception is provided which requires companies to not recognize and disclose information about deferred tax assets and liabilities related to income taxes that arise from the GloBE Rules.

Nexon Group has retroactively applied the exception provided by IAS 12. Therefore, we have not recognized and disclosed information about deferred tax assets and liabilities related to income taxes that arise from the GloBE Rules.

3. Condensed Consolidated Financial Statements and Major Notes

(1) Condensed Consolidated Statement of Financial Position

(Millions of yen)

	As of December 31, 2022	As of September 30, 2023
Assets		
Current assets		
Cash and cash equivalents	409,368	250,175
Trade and other receivables	30,444	48,316
Other deposits	162,490	368,646
Other financial assets	23,078	33,872
Other current assets	16,649	16,452
Total current assets	642,029	717,461
Non-current assets		
Property, plant and equipment	26,885	28,412
Goodwill	40,136	42,942
Intangible assets	9,655	14,968
Right-of-use assets	19,079	25,590
Investments accounted for using equity method	83,595	103,386
Other financial assets	162,514	203,717
Other non-current assets	1,811	841
Deferred tax assets	57,145	56,281
Total non-current assets	400,820	476,137
Total assets	1,042,849	1,193,598

	(Millions of yen)	
	As of December 31, 2022	As of September 30, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	14,705	15,118
Deferred income	18,942	21,444
Income taxes payable	23,697	23,993
Lease liabilities	4,045	5,618
Provisions	10,164	8,811
Other current liabilities	11,581	17,820
Total current liabilities	83,134	92,804
Non-current liabilities		
Deferred income	15,897	16,193
Lease liabilities	19,279	25,819
Other financial liabilities	1,447	1,503
Provisions	355	403
Other non-current liabilities	4,820	5,957
Deferred tax liabilities	50,371	54,946
Total non-current liabilities	92,169	104,821
Total liabilities	175,303	197,625
Equity		
Capital stock	38,972	45,471
Capital surplus	18,331	24,818
Treasury stock	(16,464)	(16,209)
Other equity interest	114,012	174,597
Retained earnings	703,342	756,631
Total equity attributable to owners of the parent company	858,193	985,308
Non-controlling interests	9,353	10,665
Total equity	867,546	995,973
Total liabilities and equity	1,042,849	1,193,598

(2) Condensed Consolidated Income Statement

For the nine months ended September 30, 2022 and 2023

(Millions of yen)

	Nine months ended September 30	
	2022 (From January 1, 2022 to September 30, 2022)	2023 (From January 1, 2023 to September 30, 2023)
Revenue	272,619	338,779
Cost of sales	(75,021)	(102,945)
Gross profit	197,598	235,834
Selling, general and administrative expenses	(101,325)	(104,886)
Other income	418	1,220
Other expenses	(3,963)	(1,969)
Operating income	92,728	130,199
Finance income	84,750	43,047
Finance costs	(7,798)	(6,043)
Gain (loss) on revaluation	(4,508)	2,360
Share of loss of investments accounted for using equity method	(8,648)	(1,974)
Income before income taxes	156,524	167,589
Income taxes expense	(49,105)	(54,383)
Net income	107,419	113,206
Attributable to:		
Owners of the parent company	107,930	112,496
Non-controlling interests	(511)	710
Net income	107,419	113,206
Earnings per share (attributable to owners of the parent company)	(Yen)	(Yen)
Basic earnings per share	122.95	131.77
Diluted earnings per share	121.89	130.83

For the three months ended September 30, 2022 and 2023

(Millions of yen)

	Three months ended September 30	
	2022	2023
	(From July 1, 2022 to September 30, 2022)	(From July 1, 2023 to September 30, 2023)
Revenue	97,463	120,256
Cost of sales	(28,131)	(35,908)
Gross profit	69,332	84,348
Selling, general and administrative expenses	(36,528)	(37,720)
Other income	122	293
Other expenses	(1,402)	(611)
Operating income	31,524	46,310
Finance income	30,312	13,204
Finance costs	(641)	(6,294)
Gain (loss) on revaluation	487	(822)
Share of profit (loss) of investments accounted for using equity method	(5,822)	461
Income before income taxes	55,860	52,859
Income taxes expense	(14,743)	(17,374)
Net income	41,117	35,485
Attributable to:		
Owners of the parent company	41,197	35,167
Non-controlling interests	(80)	318
Net income	41,117	35,485
Earnings per share		
(attributable to owners of the parent company)	(Yen)	(Yen)
Basic earnings per share	47.63	41.28
Diluted earnings per share	47.26	41.05

(3) Condensed Consolidated Statement of Comprehensive Income
For the nine months ended September 30, 2022 and 2023

	(Millions of yen)	
	Nine months ended September 30	
	2022	2023
	(From January 1, 2022 to September 30, 2022)	(From January 1, 2023 to September 30, 2023)
Net income	107,419	113,206
Other comprehensive income		
Items that will not be reclassified to net income		
Financial assets measured at fair value through other comprehensive income	(25,163)	13,381
Re-measurement of defined benefit pension plans	(3)	(4)
Other comprehensive income under equity method	(24)	(269)
Income taxes	6,838	(3,503)
Total items that will not be reclassified to net income	(18,352)	9,605
Items that may be reclassified subsequently to net income		
Exchange differences on translating foreign operations	37,453	51,488
Other comprehensive income under equity method	4	—
Total items that may be reclassified subsequently to net income	37,457	51,488
Total other comprehensive income	19,105	61,093
Total comprehensive income	126,524	174,299
Attributable to:		
Owners of the parent company	126,539	173,056
Non-controlling interests	(15)	1,243
Total comprehensive income	126,524	174,299

For the three months ended September 30, 2022 and 2023

(Millions of yen)

	Three months ended September 30	
	2022	2023
	(From July 1, 2022 to September 30, 2022)	(From July 1, 2023 to September 30, 2023)
Net income	41,117	35,485
Other comprehensive income		
Items that will not be reclassified to net income		
Financial assets measured at fair value through other comprehensive income	(8,533)	(7,300)
Re-measurement of defined benefit pension plans	3	(1)
Other comprehensive income under equity method	(17)	12
Income taxes	2,333	1,933
Total items that will not be reclassified to net income	(6,214)	(5,356)
Items that may be reclassified subsequently to net income		
Exchange differences on translating foreign operations	(22,101)	10,020
Other comprehensive income under equity method	0	—
Total items that may be reclassified subsequently to net income	(22,101)	10,020
Total other comprehensive income	(28,315)	4,664
Total comprehensive income	12,802	40,149
Attributable to:		
Owners of the parent company	13,231	39,725
Non-controlling interests	(429)	424
Total comprehensive income	12,802	40,149

(4) Condensed Consolidated Statement of Changes in Equity

For the nine months ended September 30, 2022 (From January 1, 2022 to September 30, 2022)

(Millions of yen)

	Equity attributable to owners of the parent company						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Treasury stock	Other equity interest	Retained earnings	Total		
Balance at January 1, 2022	34,255	14,961	(17,863)	92,747	712,568	836,668	9,225	845,893
Net income for the period	—	—	—	—	107,930	107,930	(511)	107,419
Other comprehensive income	—	—	—	18,609	—	18,609	496	19,105
Total comprehensive income	—	—	—	18,609	107,930	126,539	(15)	126,524
Issue of shares	4,024	4,024	—	—	—	8,048	—	8,048
Stock issue cost	—	(26)	—	—	—	(26)	—	(26)
Payment of dividends	—	—	—	—	(8,785)	(8,785)	—	(8,785)
Share-based compensation	—	—	—	5,264	—	5,264	—	5,264
Forfeiture of share acquisition right	—	—	—	(27)	27	—	—	—
Changes in interests in subsidiaries	—	(1,256)	—	—	—	(1,256)	(394)	(1,650)
Purchase of treasury stock	—	(49)	(83,968)	—	—	(84,017)	—	(84,017)
Retirement of treasury stock	—	—	100,000	—	(100,000)	—	—	—
Total transactions with the owners, etc.	4,024	2,693	16,032	5,237	(108,758)	(80,772)	(394)	(81,166)
Balance at September 30, 2022	38,279	17,654	(1,831)	116,593	711,740	882,435	8,816	891,251

For the nine months ended September 30, 2023 (From January 1, 2023 to September 30, 2023)

(Millions of yen)

	Equity attributable to owners of the parent company						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Treasury stock	Other equity interest	Retained earnings	Total		
Balance at January 1, 2023	38,972	18,331	(16,464)	114,012	703,342	858,193	9,353	867,546
Net income for the period	—	—	—	—	112,496	112,496	710	113,206
Other comprehensive income	—	—	—	60,560	—	60,560	533	61,093
Total comprehensive income	—	—	—	60,560	112,496	173,056	1,243	174,299
Issue of shares	6,499	6,499	—	—	—	12,998	—	12,998
Stock issue cost	—	(44)	—	—	—	(44)	—	(44)
Payment of dividends	—	—	—	—	(8,579)	(8,579)	—	(8,579)
Share-based compensation	—	—	—	(269)	—	(269)	—	(269)
Forfeiture of share acquisition right	—	—	—	(1)	1	(0)	0	—
Changes in interests in subsidiaries	—	68	—	—	—	68	69	137
Purchase of treasury stock	—	(35)	(50,079)	—	—	(50,114)	—	(50,114)
Disposal of treasury stock	—	—	333	(333)	—	—	—	—
Retirement of treasury stock	—	—	50,001	—	(50,001)	—	—	—
Reclassification from other equity interest to retained earnings	—	—	—	628	(628)	—	—	—
Other	—	(1)	—	—	—	(1)	—	(1)
Total transactions with the owners, etc.	6,499	6,487	255	25	(59,207)	(45,941)	69	(45,872)
Balance at September 30, 2023	45,471	24,818	(16,209)	174,597	756,631	985,308	10,665	995,973

(5) Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Nine months ended September 30	
	2022 (From January 1, 2022 to September 30, 2022)	2023 (From January 1, 2023 to September 30, 2023)
Cash flows from operating activities		
Income before income taxes	156,524	167,589
Depreciation and amortization	5,152	6,270
Share-based compensation expenses	7,848	3,532
Interest and dividend income	(8,208)	(17,894)
Interest expense	353	994
Impairment loss	3,848	1,666
Loss (gain) on revaluation	4,508	(2,360)
Share of loss of investments accounted for using equity method	8,648	1,974
Gain on sale of investments accounted for using equity method	(9,531)	(126)
Loss (gain) on valuation of securities	3,927	(3,273)
Loss (gain) on sale and redemption of securities	3,134	(1,693)
Foreign exchange gain	(47,035)	(15,915)
Increase in trade and other receivables	(13,214)	(15,206)
Decrease in other current assets	1,961	1,051
Increase (decrease) in trade and other payables	2,509	(342)
Increase in deferred income	6,674	842
Increase (decrease) in provisions	164	(1,577)
Increase in other current liabilities	3,597	2,296
Increase (decrease) in loss allowances	(11)	4,809
Other	(338)	291
Subtotal	130,510	132,928
Interest and dividends received	8,315	14,560
Interest paid	(352)	(991)
Income taxes paid	(35,308)	(47,733)
Net cash provided by operating activities	103,165	98,764
Cash flows from investing activities		
Net decrease (increase) in restricted deposit	108	(2,394)
Net decrease (increase) in time deposit	66,589	(185,915)
Purchases of property, plant and equipment	(2,085)	(2,130)
Proceeds from sales of property, plant and equipment	82	28
Purchases of intangible assets	(2,885)	(2,048)
Payments associated with increase in long-term prepaid expenses	(2,217)	(296)
Purchases of securities by investment funds under consolidated subsidiaries	(13,292)	(14,827)
Proceeds from sale of securities by investment funds under consolidated subsidiaries	14,156	17,736
Purchases of investment securities	(886)	(5,965)
Proceeds from sale and redemption of investment securities	326	2,186
Purchases of investments accounted for using equity method	(26,406)	(24,030)
Proceeds from sale of investments accounted for using equity method	9,610	126
Payments for acquisition of subsidiaries	(1,258)	—
Payments for short-term loans receivable	(163)	—
Collection of short-term loans receivable	173	10
Payments for long-term loans receivable	(2,850)	(4,587)
Collection of long-term loans receivable	21	13

	(Millions of yen)	
	Nine months ended September 30	
	2022	2023
	(From January 1, 2022 to September 30, 2022)	(From January 1, 2023 to September 30, 2023)
Other	(134)	(352)
Net cash provided by (used in) investing activities	38,889	(222,445)
Cash flows from financing activities		
Proceeds from exercise of stock options	5,002	9,589
Purchases of treasury stock	(84,017)	(50,114)
Purchases of treasury stock of subsidiaries	(1,244)	—
Cash dividends paid	(8,784)	(8,579)
Repayment of lease liability	(2,248)	(2,487)
Other	—	(1)
Net cash used in financing activities	(91,291)	(51,592)
Net increase (decrease) in cash and cash equivalents	50,763	(175,273)
Cash and cash equivalents at beginning of period	365,239	409,368
Effects of exchange rate changes on cash and cash equivalents	44,434	16,080
Cash and cash equivalents at end of period	460,436	250,175

(6) Notes on Going Concern Assumption

Not applicable.

(7) Notes on Significant Changes in the Amount of Equity Attributable to Owners of the Parent Company

(a) For the nine months ended September 30, 2022 (From January 1, 2022 through September 30, 2022)

(i) Amount of dividends paid

	Class of stock	Total dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Resolution of the Board of Directors on February 17, 2022 (Note 1)	Common stock	4,459	5.0	December 31, 2021	March 28, 2022
Resolution of the Board of Directors on August 9, 2022 (Note 2)	Common stock	4,327	5.0	June 30, 2022	September 26, 2022

(Notes) 1. Total dividends include dividends of ¥4 million for Nexon's stock owned by our consolidated subsidiary, Stiftelsen Embark Incentive.

2. Total dividends include dividends of ¥4 million for Nexon's stock owned by our consolidated subsidiary, Stiftelsen Embark Incentive.

(ii) Purchases of treasury stock

Nexon's treasury stock increased by ¥23,968 million as a result of the purchase of 9,340,200 shares of treasury stock at market on the Tokyo Stock Exchange during the six months ended June 30, 2022 based on a resolution of the Board of Directors on November 19, 2021.

In addition, Nexon's treasury stock increased by ¥60,000 million as a result of the purchase of 20,188,400 shares of treasury stock through off-auction own share repurchase trading (ToSTNeT-3) on the Tokyo Stock Exchange on June 15, 2022 based on a resolution of the Board of Directors on June 14, 2022.

(iii) Retirement of treasury stock

During the three months ended September 30, 2022, Nexon retired 36,571,300 shares of its treasury stock based on a resolution of the Board of Directors held on August 9, 2022. As a result, treasury stock and retained earnings each decreased by ¥100,000 million.

(b) For the nine months ended September 30, 2023 (From January 1, 2023 through September 30, 2023)

(i) Amount of dividends paid

	Class of stock	Total dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Resolution of the Board of Directors on February 16, 2023 (Note 1)	Common stock	4,308	5.0	December 31, 2022	March 27, 2023
Resolution of the Board of Directors on August 9, 2023 (Note 2)	Common stock	4,271	5.0	June 30, 2023	September 25, 2023

(Notes) 1. Total dividends include dividends of ¥4 million for Nexon's shares owned by our consolidated subsidiary, Stiftelsen Embark Incentive.

2. Total dividends include dividends of ¥4 million and ¥2 million for Nexon's shares owned by our consolidated subsidiaries, Stiftelsen Embark Incentive and NEXON Employee Benefit Trust, respectively.

(ii) Purchases of treasury stock

Nexon's treasury stock increased by ¥35,201 million as a result of the purchase of 11,583,900 shares of treasury stock in the six months ended June 30, 2023 based on a resolution of the Board of Directors held on November 9, 2022.

Nexon's treasury stock further increased by ¥13,345 million as a result of the purchase of 4,707,600 shares of treasury stock in the nine months ended September 30, 2023 based on a resolution of the Board of Directors held on August 9, 2023.

Additionally, in the six months ended June 30, 2023, Nexon's treasury stock increased by ¥1,533 million as a result of the purchase of 489,398 shares of Nexon's stock by our consolidated subsidiary, NEXON Employee Benefit Trust.

(iii) Retirement of treasury stock

During the three months ended June 30, 2023, Nexon retired 16,752,326 shares of its treasury stock based on a resolution of the Board of Directors held on May 11, 2023. As a result, treasury stock and retained earnings each decreased by ¥50,001 million.

(8) Segment Information

(a) Outline of reportable segments

Reportable segments of Nexon Group are components of Nexon Group, for which separate financial statements are available, that are evaluated regularly by the board of directors in deciding how to allocate management resources and in assessing performance.

Nexon Group is engaged in production, development and distribution of PC online games and mobile games, and the Company (in Japan) and its local consolidated subsidiaries (overseas) develop overall strategies and operate business activities for their respective products and services in each region as independent units. Accordingly, Nexon Group is comprised of geographical business segments based on production, development, and distribution of PC online games and mobile games. Nexon Group has formed its reportable segments by consolidating business segments based on the geographic location since subsidiaries in the same region, due to their business characteristics, receive similar impact of the foreign exchange fluctuation risk on their operating results and the ratio of the impact to operating results is high. There are five reportable segments: “Japan”, “Korea”, “China”, “North America” and “Other” which includes Europe and Asian countries.

Furthermore, IFRS 15 *Revenue from Contracts with Customers* is applied by Nexon Group. We have therefore presented the revenue arising from our contracts with customers by breaking it down into PC online, mobile and other revenues based on such contracts with customers.

(b) Revenue, profit or loss by reportable segment

Information on the segments of Nexon Group is as follows:

(For the nine months ended September 30)

For the nine months ended September 30, 2022 (From January 1, 2022 to September 30, 2022)

(Millions of yen)

	Reportable Segments					Total	Adjustments (Note 3)	Consolidated
	Japan	Korea	China	North America	Other			
Revenue								
Revenue from external customers								
PC online	2,574	178,047	2,454	4,439	1,077	188,591	—	188,591
Mobile	910	76,756	—	5,193	—	82,859	—	82,859
Other	8	1,158	—	3	—	1,169	—	1,169
Total revenue from external customers	3,492	255,961	2,454	9,635	1,077	272,619	—	272,619
Intersegment revenue	959	2,158	—	658	557	4,332	(4,332)	—
Total	4,451	258,119	2,454	10,293	1,634	276,951	(4,332)	272,619
Segment profit or loss (Note 1)	(8,237)	110,787	1,158	(3,691)	(3,750)	96,267	6	96,273
Other income (expense), net								(3,545)
Operating income								92,728
Finance income (costs), net (Note 5)								76,952
Loss on revaluation (Note 6)								(4,508)
Share of loss of investments accounted for using equity method (Note 7)								(8,648)
Income before income taxes (Note 7)								156,524

(Notes) 1. Segment profit or loss is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.

2. Price for intersegment transactions is based on the general market price.

3. Adjustments in segment profit or loss of ¥6 million represent elimination of intersegment transactions.

4. For PC online and mobile, performance obligations are fulfilled and revenues are recognized over a certain period of time mainly because control over services is transferred over a certain period of time.

5. Major components of finance income are foreign exchange gain of ¥66,725 million and gain on sale of investments accounted for using equity method of ¥9,531 million in connection with the transfer of shares of Six Waves Inc.

The gain on the sale occurred due to the transfer of all shares of Six Waves Inc. owned by Nexon to Stillfront Group AB (publ) during the three months ended March 31, 2022. Consequently, Six Waves Inc. was excluded from the scope of the application of equity method for the three months ended March 31, 2022.

6. Loss on revaluation recognized in profit or loss due to the revaluation of an intangible asset (investment in crypto-assets made through an exchange).

7. In the three months ended December 31, 2022, a provisional accounting treatment for an equity method affiliate, Brothers International, LLC was finalized. Each of the numbers for the nine months ended September 30, 2022 reflects the result of the finalization of the provisional accounting treatment. Due to this, the share of loss of investments accounted for using equity method increased by ¥341 million and income before income taxes decreased by ¥341 million compared to the provisional amounts for the nine months ended September 30, 2022.

For the nine months ended September 30, 2023 (From January 1, 2023 to September 30, 2023)

(Millions of yen)

	Reportable Segments					Total	Adjustments (Note 3)	Consolidated
	Japan	Korea	China	North America	Other			
Revenue								
Revenue from external customers								
PC online	2,810	230,833	2,417	6,067	941	243,068	—	243,068
Mobile	795	89,449	—	4,161	—	94,405	—	94,405
Other	16	1,278	—	3	9	1,306	—	1,306
Total revenue from external customers	3,621	321,560	2,417	10,231	950	338,779	—	338,779
Intersegment revenue	631	4,769	—	888	985	7,273	(7,273)	—
Total	4,252	326,329	2,417	11,119	1,935	346,052	(7,273)	338,779
Segment profit or loss (Note 1)	(3,511)	144,910	1,040	(6,062)	(5,608)	130,769	179	130,948
Other income (expense), net								(749)
Operating income								130,199
Finance income (costs), net (Note 5)								37,004
Reversal of loss on revaluation (Note 6)								2,360
Share of loss of investments accounted for using equity method								(1,974)
Income before income taxes								167,589

(Notes) 1. Segment profit or loss is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.

2. Price for intersegment transactions is based on the general market price.

3. Adjustments in segment profit or loss of ¥179 million represent elimination of intersegment transactions.

4. For PC online and mobile, performance obligations are fulfilled and revenues are recognized over a certain period of time mainly because control over services is transferred over a certain period of time.

5. A major component of finance income is foreign exchange gain of ¥19,779 million.

6. Reversal of loss on revaluation recognized in profit or loss due to the revaluation of an intangible asset (investment in crypto-assets made through an exchange).

(For the three months ended September 30)

For the three months ended September 30, 2022 (From July 1, 2022 to September 30, 2022)

(Millions of yen)

	Reportable Segments					Total	Adjustments (Note 3)	Consolidated
	Japan	Korea	China	North America	Other			
Revenue								
Revenue from external customers								
PC online	963	62,035	836	1,797	386	66,017	—	66,017
Mobile	250	29,024	—	1,737	—	31,011	—	31,011
Other	(8)	442	—	1	—	435	—	435
Total revenue from external customers	1,205	91,501	836	3,535	386	97,463	—	97,463
Intersegment revenue	352	850	—	182	214	1,598	(1,598)	—
Total	1,557	92,351	836	3,717	600	99,061	(1,598)	97,463
Segment profit or loss (Note 1)	(2,405)	37,473	364	(1,515)	(1,125)	32,792	12	32,804
Other income (expense), net								(1,280)
Operating income								31,524
Finance income (costs), net (Note 5)								29,671
Reversal of loss on revaluation (Note 6)								487
Share of loss of investments accounted for using equity method (Note 7)								(5,822)
Income before income taxes (Note 7)								55,860

(Notes) 1. Segment profit or loss is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.

2. Price for intersegment transactions is based on the general market price.

3. Adjustments in segment profit or loss of ¥12 million represent elimination of intersegment transactions.

4. For PC online and mobile, performance obligations are fulfilled and revenues are recognized over a certain period of time mainly because control over services is transferred over a certain period of time.

5. A major component of finance income is foreign exchange gain of ¥26,401 million.

6. Reversal of loss on revaluation recognized in profit or loss due to the revaluation of an intangible asset (investment in crypto-assets made through an exchange).

7. In the three months ended December 31, 2022, a provisional accounting treatment for an equity method affiliate, Brothers International, LLC was finalized. Each of the numbers for the three months ended September 30, 2022 reflects the result of the finalization of the provisional accounting treatment. Due to this, the share of loss of investments accounted for using equity method increased by ¥2,106 million and income before income taxes decreased by ¥2,106 million compared to the provisional amounts for the three months ended September 30, 2022.

For the three months ended September 30, 2023 (From July 1, 2023 to September 30, 2023)

(Millions of yen)

	Reportable Segments					Total	Adjustments (Note 3)	Consolidated
	Japan	Korea	China	North America	Other			
Revenue								
Revenue from external customers								
PC online	1,017	81,065	689	2,448	331	85,550	—	85,550
Mobile	265	32,625	—	1,402	—	34,292	—	34,292
Other	9	403	—	1	1	414	—	414
Total revenue from external customers	1,291	114,093	689	3,851	332	120,256	—	120,256
Intersegment revenue	216	1,715	—	420	354	2,705	(2,705)	—
Total	1,507	115,808	689	4,271	686	122,961	(2,705)	120,256
Segment profit or loss (Note 1)	(1,359)	51,644	217	(1,795)	(2,149)	46,558	70	46,628
Other income (expense), net								(318)
Operating income								46,310
Finance income (costs), net (Note 5)								6,910
Loss on revaluation (Note 6)								(822)
Share of profit of investments accounted for using equity method								461
Income before income taxes								52,859

(Notes) 1. Segment profit or loss is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.

2. Price for intersegment transactions is based on the general market price.

3. Adjustments in segment profit or loss of ¥70 million represent elimination of intersegment transactions.

4. For PC online and mobile, performance obligations are fulfilled and revenues are recognized over a certain period of time mainly because control over services is transferred over a certain period of time.

5. A major component of finance income is foreign exchange gain of ¥6,038 million.

6. Loss on revaluation recognized in profit or loss due to the revaluation of an intangible asset (investment in crypto-assets made through an exchange).

(c) Information on each region

Revenue from external customers are as follows:

(For the nine months ended September 30)

For the nine months ended September 30, 2022 (From January 1, 2022 to September 30, 2022)

	Revenue by major business			(Millions of yen)
	PC online	Mobile	Other	Total
Main regional market				
Japan	2,681	5,046	8	7,735
Korea	102,802	58,038	1,109	161,949
China	68,220	468	11	68,699
North America and Europe	4,695	10,770	(2)	15,463
Rest of World	10,193	8,537	43	18,773
Total	188,591	82,859	1,169	272,619

(Notes) 1. Revenue is classified into country or region category based on the customers' location.

2. The category of country or region is based on geographic proximity.

3. Main countries or regions in each category:

(1) North America and Europe: USA, Canada and Europe

(2) Rest of World: Central and South America and Asian countries

For the nine months ended September 30, 2023 (From January 1, 2023 to September 30, 2023)

	Revenue by major business			(Millions of yen)
	PC online	Mobile	Other	Total
Main regional market				
Japan	2,924	6,089	41	9,054
Korea	140,506	61,177	1,185	202,868
China	81,951	3,404	—	85,355
North America and Europe	7,117	12,389	36	19,542
Rest of World	10,570	11,346	44	21,960
Total	243,068	94,405	1,306	338,779

(Notes) 1. Revenue is classified into country or region category based on the customers' location.

2. The category of country or region is based on geographic proximity.

3. Main countries or regions in each category:

(1) North America and Europe: USA, Canada and Europe

(2) Rest of World: Central and South America and Asian countries

(For the three months ended September 30)

For the three months ended September 30, 2022 (From July 1, 2022 to September 30, 2022)

	Revenue by major business			(Millions of yen)
	PC online	Mobile	Other	Total
Main regional market				
Japan	1,031	1,759	2	2,792
Korea	39,709	22,694	418	62,821
China	19,526	173	1	19,700
North America and Europe	1,878	3,146	2	5,026
Rest of World	3,873	3,239	12	7,124
Total	66,017	31,011	435	97,463

(Notes) 1. Revenue is classified into country or region category based on the customers' location.

2. The category of country or region is based on geographic proximity.

3. Main countries or regions in each category:

(1) North America and Europe: USA, Canada and Europe

(2) Rest of World: Central and South America and Asian countries

For the three months ended September 30, 2023 (From July 1, 2023 to September 30, 2023)

	Revenue by major business			(Millions of yen)
	PC online	Mobile	Other	Total
Main regional market				
Japan	1,083	2,037	12	3,132
Korea	55,808	19,653	394	75,855
China	20,943	3,101	—	24,044
North America and Europe	3,484	5,440	1	8,925
Rest of World	4,232	4,061	7	8,300
Total	85,550	34,292	414	120,256

(Notes) 1. Revenue is classified into country or region category based on the customers' location.

2. The category of country or region is based on geographic proximity.

3. Main countries or regions in each category:

(1) North America and Europe: USA, Canada and Europe

(2) Rest of World: Central and South America and Asian countries

(9) Subsequent Events

(Share buyback)

Nexon's Board of Directors has approved, on November 9, 2023, the matters pertaining to the share buyback pursuant to the provisions of Article 156 as replaced and applied mutatis mutandis pursuant to the provisions of Article 165(3) of the Companies Act.

(a) Reason for the share buyback

To improve capital efficiency and ensure flexibility of capital policy

(b) Details of the buyback

- | | |
|---|---|
| (i) Class of stock: | Common shares of Nexon |
| (ii) Total number of shares to be acquired: | 15,000,000 shares (maximum)
(1.8% of the total number of shares outstanding excluding treasury stock as of October 31, 2023) |
| (iii) Total acquisition amount of shares: | JPY 30,000 million (maximum) |
| (iv) Acquisition period: | November 10, 2023 to February 16, 2024 |
| (v) Acquisition method: | Purchase at market on the Tokyo Stock Exchange |

4. Other

(Change of Directors)

For details, please refer to “Announcement regarding Succession of Representative Director and CEO” disclosed on November 9, 2023.