[These documents are based on Annual Securities Report (Japanese only) of NEXON Co., Ltd. (“Nexon”) which has been prepared in compliance with the Financial Instruments and Exchange Act for the purpose of providing accurate financial information and other information in a manner that is easy to understand. In the event of any discrepancy between this translated document and the Japanese originals, the originals shall prevail. Nexon assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translations.]

Annual Securities Report

(The 24th Fiscal Year)

From January 1, 2025 to December 31, 2025

NEXON Co., Ltd.

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【Company name】	Kabushiki Kaisha NEXON
【Company name in English】	NEXON Co., Ltd.
【Name and title of representative】	Junghun Lee, Representative Director, President and Chief Executive Officer
【Address of registered head office】	1-4-5 Roppongi, Minato-ku, Tokyo
【Telephone number】	03-6629-5318 (main)
【Name of contact person】	Shiro Uemura, Representative Director and Chief Financial Officer
【Nearest place of contact】	1-4-5 Roppongi, Minato-ku, Tokyo
【Telephone number】	03-6629-5318 (main)
【Name of contact person】	Shiro Uemura, Representative Director and Chief Financial Officer
【Place for public inspection】	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

Part I 【Company Information】

I. 【Overview of Company】

1 【Key Financial Data】

(1) Key financial data of group

(Millions of yen, unless otherwise stated)

Term	International Accounting Standard				
	20th FY	21st FY	22nd FY	23rd FY	24th FY
Fiscal year-end	December 2021	December 2022	December 2023	December 2024	December 2025
Revenue	274,462	353,714	423,356	446,211	475,102
Profit before tax	135,472	140,525	125,929	195,987	140,451
Profit attributable to owners of parent	114,888	100,339	70,609	134,848	92,052
Comprehensive income	131,280	114,732	110,249	181,401	143,943
Equity attributable to owners of parent	836,668	858,193	896,267	1,019,013	1,057,544
Total assets	986,632	1,042,849	1,098,103	1,256,771	1,410,188
Owners' equity per share (yen)	939.19	996.95	1,064.90	1,238.18	1,336.28
Basic earnings per share (yen)	128.91	114.74	82.89	161.79	114.48
Diluted earnings per share (yen)	126.55	113.81	82.33	161.09	114.11
Ratio of owners' equity to gross assets (%)	84.8	82.3	81.6	81.1	75.0
Rate of return on equity (%)	14.9	11.8	8.0	14.1	8.9
Price-earnings ratio (times)	17.3	25.8	31.0	14.7	33.4
Cash flows from operating activities	105,914	130,144	128,712	100,968	171,872
Cash flows from investing activities	18,084	(10,918)	(188,367)	7,445	102,247
Cash flows from financing activities	(21,053)	(105,859)	(78,554)	(64,777)	(118,688)
Cash and cash equivalents at end of year	365,239	409,368	280,515	331,931	498,868
Number of employees [average number of temporary employees] (persons)	6,683 [138]	7,467 [357]	8,231 [543]	9,329 [185]	9,834 [243]

(Notes) 1. During the 20th fiscal year, the total number of issued shares increased to 898,746,469 shares due to increases in ordinary shares for the following reasons:
- Increase by 4,396,000 shares due to exercise of share options
- 7,388,930 shares were issued by third-party allotment as the consideration for making Embark Studios AB a wholly-owned subsidiary and in-kind contribution (176,469,789 shares of ordinary shares of Embark Studios AB's stock; ¥15,628 million) was received from the shareholders of Embark Studios AB who are the allottees.

2. During the 21st fiscal year, the total number of issued shares became 866,773,728 shares due to changes in ordinary shares for the following reasons:
- Decrease by 36,571,300 shares due to cancellation of treasury shares on August 31, 2022
- Increase by 4,145,042 shares due to exercise of share options

・453,517 shares were issued by third-party allotment to the employees of Embark Studios AB's stock and in-kind contribution (14,580,684 shares of ordinary shares of Embark Studios AB; ¥1,370 million) was received from the employees who are the allottees.

3. During the 22nd fiscal year, the total number of issued shares became 857,453,260 shares due to changes in ordinary shares for the following reasons:
   ・Decrease by 16,752,326 shares due to cancellation of treasury shares on May 31, 2023
   ・Increase by 7,431,858 shares due to exercise of share options
4. From the 20th fiscal year, the Company made Stiftelsen Embark Incentive ("Foundation") its consolidated subsidiary and has recorded the Company's shares owned by the Foundation as treasury shares on the consolidated financial statements. As a result, the Company's shares owned by the Foundation are included in treasury shares deducted to calculate the total number of issued shares as of December 31 for the purpose of calculating owners' equity per share since the fiscal year ended December 31, 2021. They are also included in treasury shares deducted to calculate the average number of shares during the period for the purpose of calculating basic and diluted earnings per share since the fiscal year ended December 31, 2021.
5. From the 22nd fiscal year, the Company made NEXON Employee Benefit Trust ("Trust") its consolidated subsidiary and has recorded the Company's shares owned by the Trust as treasury shares on the consolidated financial statements. As a result, the Company's shares owned by the Trust are included in treasury shares deducted to calculate the total number of issued shares as of December 31 for the purpose of calculating owners' equity per share since the fiscal year ended December 31, 2023. They are also included in treasury shares deducted to calculate the average number of shares during the period for the purpose of calculating basic and diluted earnings per share since the fiscal year ended December 31, 2023.
6. During the 23rd fiscal year, the total number of issued shares became 842,443,413 shares due to changes in ordinary shares for the following reasons:
   ・Decrease by 17,539,739 shares due to cancellation of treasury shares on February 29, 2024
   ・Increase by 2,529,892 shares due to exercise of share options
7. During the 24th fiscal year, the total number of issued shares became 827,160,972 shares due to changes in ordinary shares for the following reasons:
   ・Decrease by 19,911,683 shares due to cancellation of treasury shares on February 28, 2025
   ・Increase by 4,629,242 shares due to exercise of share options

(2) Key financial data of reporting company

(Millions of yen, unless otherwise stated)

Term	20th FY	21st FY	22nd FY	23rd FY	24th FY
Fiscal year-end	December 2021	December 2022	December 2023	December 2024	December 2025
Net sales	5,898	5,872	5,920	7,303	6,427
Ordinary profit	84,163	72,787	97,565	105,892	187,833
Profit	78,667	73,481	90,587	81,500	177,184
Share capital	34,167	38,881	47,412	50,633	57,759
Total number of issued shares (thousands of shares)	898,746	866,773	857,453	842,443	827,160
Net assets	184,833	165,910	186,385	208,297	276,281
Total assets	189,677	171,073	190,295	212,313	281,352
Net assets per share (yen)	195.23	174.00	201.93	234.47	334.70
Dividend paid per share (yen) [of which, interim dividend paid per share]	7.5 [2.5]	10.0 [5.0]	10.0 [5.0]	22.5 [7.5]	45.0 [15.0]
Basic earnings per share (yen)	88.23	83.94	106.25	97.72	220.25
Diluted earnings per share (yen)	87.16	83.35	105.63	97.34	219.56
Equity-to-asset ratio (%)	91.8	87.6	89.4	90.9	94.2
Rate of return on equity (%)	59.0	45.4	56.6	44.9	77.4
Price-earnings ratio (times)	25.2	35.3	24.2	24.3	17.4
Payout ratio (%)	8.5	11.9	9.4	23.0	20.4
Number of employees [average number of temporary employees] (persons)	270 [2]	266 [3]	266 [2]	238 [2]	233 [23]
Total shareholder return [benchmark: TOPIX including dividends] (%)	70.2 [112.7]	93.7 [110.0]	81.7 [141.1]	76.3 [169.9]	123.3 [213.2]
Highest share price (yen)	3,740	3,295	3,278	3,455	3,877
Lowest share price (yen)	1,666	1,949	2,443.5	1,995.5	1,826.5

(Notes) 1. The highest and lowest share prices were recorded on the First Section of the Tokyo Stock Exchange until April 3, 2022 and on the Prime Market of the Tokyo Stock Exchange from April 4, 2022.

2. During the 20th fiscal year, the total number of issued shares increased to 898,746,469 shares due to increases in ordinary shares for the following reasons:
   - Increase by 4,396,000 shares due to exercise of share options
   - 7,388,930 shares were issued by third-party allotment as the consideration for making Embark Studios AB a wholly-owned subsidiary and in-kind contribution (176,469,789 shares of ordinary shares of Embark Studios AB's stock; ¥15,628 million) was received from the shareholders of Embark Studios AB who are the allottees.

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   - Decrease by 36,571,300 shares due to cancellation of treasury shares on August 31, 2022
   - Increase by 4,145,042 shares due to exercise of share options

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5. During the 23rd fiscal year, the total number of issued shares became 842,443,413 shares due to changes in ordinary shares for the following reasons:
   ・Decrease by 17,539,739 shares due to cancellation of treasury shares on February 29, 2024
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6. During the 24th fiscal year, the total number of issued shares became 827,160,972 shares due to changes in ordinary shares for the following reasons:
   ・Decrease by 19,911,683 shares due to cancellation of treasury shares on February 28, 2025
   ・Increase by 4,629,242 shares due to exercise of share options
7. From the 22nd fiscal year, the Company records the Company's shares owned by the Trust which was established to introduce a restricted share unit plan as treasury shares on the financial statements. As a result, the Company's shares owned by the Trust are included in treasury shares deducted to calculate the total number of issued shares as of December 31 for the purpose of calculating net assets per share since the fiscal year ended December 31, 2023. They are also included in treasury shares deducted to calculate the average number of shares during the period for the purpose of calculating basic and diluted earnings per share since the fiscal year ended December 31, 2023.

2 【History】

In December 1994, Jungju Kim founded the former NEXON Corporation (current NXC Corporation) in Seoul, Korea, and started the online game business, which is the origin of Nexon Group.

The former NEXON Corporation (current NXC Corporation) entered Japan in September 2000 by acquiring 50% of issued shares of Solid Networks, Inc. (former NEXON Japan Co., Ltd.).

In December 2002, the Company (then, new NEXON Japan Co., Ltd.) was established with the aim of a full-scale entry into online game business in Japan. The Company's history subsequent to its establishment is summarized below.

(Note) Solid Networks, Inc. changed its name to the former NEXON Japan Co., Ltd. in October 2000 and then to Solid Networks, Inc. in October 2002.

Subsequent to the establishment:

Date	Summary
December 2002	The former NEXON Corporation (current NXC Corporation) established the Company (new NEXON Japan Co., Ltd.) in Chuo-ku, Tokyo. The former NEXON Corporation (current NXC Corporation) sold its shareholding in Solid Networks, Inc. (former NEXON Japan Co., Ltd.).
January 2003	Following the dissolution of capital alliance between the former NEXON Corporation (current NXC Corporation) and Solid Networks, Inc. (former NEXON Japan Co., Ltd.), the Company took over the online game business from Solid Networks, Inc. (former NEXON Japan Co., Ltd.) and started full-scale operation of the online game business in Japan.
November 2003	The Company relocated its headquarters to 2-3-1 Shinkawa, Chuo-ku, Tokyo.
January 2004	The former NEXON Corporation (current NXC Corporation) established Lexian Software Development (Shanghai) Co., Ltd. in Shanghai, PRC.
September 2005	The Company established NX Games Inc. (current Nexon America Inc.) in the U.S.A.
October 2005	The former NEXON Corporation (current NXC Corporation) established new NEXON Corporation (current NEXON Korea Corporation) through a company split. The former NEXON Corporation (current NXC Corporation) changed its name to Nexon Holdings Corporation. The Company acquired new NEXON Corporation (current NEXON Korea Corporation) from Nexon Holdings Corporation (current NXC Corporation) and made it its subsidiary. (Note)
December 2005	The new NEXON Corporation (current NEXON Korea Corporation) acquired *MapleStory* from Wizet Corporation (current NX Properties Corporation).
March 2006	The new NEXON Corporation (current NEXON Korea Corporation) acquired Nexon SD Corporation (current Nexon Networks Corporation) and made it its subsidiary.
April 2006	The Company acquired Lexian Software Development (Shanghai) Co., Ltd. from Nexon Holdings Corporation (current NXC Corporation) and made it its subsidiary. NX Games Inc. changed its name to Nexon America Inc.
August 2006	The new NEXON Corporation (current NEXON Korea Corporation) acquired *KartRider* and *BnB* from MPlay Games Corporation.
July 2008	The new NEXON Corporation (current NEXON Korea Corporation) acquired Xeogen, Inc. and made it its subsidiary (it became an associate as a result of partial sale of shares in April 2009).
August 2008	The new NEXON Corporation (current NEXON Korea Corporation) acquired NEOPLE INC. and made it its subsidiary.
March 2009	Nexon Holdings Corporation changed its name to NXC Corporation.
April 2009	The Company changed its name to NEXON Co., Ltd. from NEXON Japan Co., Ltd.
April 2010	Nexon SD Corporation changed its name to Nexon Networks Corporation.
February 2011	The new NEXON Corporation changed its name to NEXON Korea Corporation.
October 2011	NEXON Korea Corporation established NEXON COMMUNICATIONS Co., Ltd. in Korea.
December 2011	The Company was listed on the First Section of the Tokyo Stock Exchange.

Date	Summary
July 2013	NEXON Korea Corporation established Nexon Space Co., Ltd. in Korea.
December 2015	NEXON Korea Corporation established NEXON TAIWAN LIMITED in Taiwan.
February 2016	NEXON Korea Corporation established Nexon US Holding Inc. in the U.S.A.
July 2016	NEXON Korea Corporation acquired N Media Platform Co., LTD. and made it its subsidiary.
October 2016	NEXON Korea Corporation acquired i Digital Connect Co., Ltd. (changed its name to Nexon Thailand Co., Ltd. in September 2017) and made it its subsidiary.
September 2017	NEXON GT Co., Ltd. (merged into NAT GAMES Co., Ltd. (current NEXON Games Co., Ltd.) in March 2022) acquired JoongAng Pangyo Development Co., Ltd. and made it its subsidiary.
February 2018	NEXON Korea Corporation acquired Ngine Studios and made it its subsidiary.
March 2018	The Company relocated its headquarters to 1-4-5 Roppongi, Minato-ku, Tokyo.
June 2018	NEXON Korea Corporation acquired additional shares of NAT GAMES Co., Ltd. (current NEXON Games Co., Ltd.) and made it its subsidiary.
May 2019	Nexon Networks Corporation established NEXON NETWORKS VINA in Vietnam.
July 2019	The Company acquired additional shares of Embark Studios AB and made it its subsidiary.
October 2021	The Company established Nexon Studios, Inc. (current Nexon Filmed Entertainment Inc.) in the U.S.A. Nexon Studios, Inc. (current Nexon Filmed Entertainment Inc.) established Nexon Animation Development LLC in the U.S.A.
March 2022	NAT GAMES Co., Ltd. changed its name to NEXON Games Co., Ltd.
April 2022	The Company transitioned from the First Section to the Prime Market of the Tokyo Stock Exchange due to the restructuring of the market segments. Nexon Networks Corporation established NEXON DEV VINA LIMITED COMPANY in Vietnam.
May 2022	NEXON Korea Corporation acquired methinks technologies, Inc. and made it its subsidiary. Nexon Studios, Inc. changed its name to Nexon Filmed Entertainment Inc.
October 2022	NEXON Korea Corporation established Toben Studio Inc. in the U.S.A.
December 2022	NEXON Korea Corporation established Nexon Block Corporation (current Nexon Universe Corporation) in Korea.
January 2023	Nexon Block Corporation (current Nexon Universe Corporation) established NEXON BLOCK SINGAPORE PTE. LTD. in Singapore.
July 2023	Nexon Block Corporation changed its name to Nexon Universe Corporation.
August 2023	Nexon Universe Corporation established NEXON UNIVERSE GLOBAL LIMITED in the U.A.E. NEXON UNIVERSE GLOBAL LIMITED established NEXPACE LIMITED in the U.A.E.
February 2024	NEXON Korea Corporation established Buttons Co., Ltd. in Korea.
October 2024	NEXON Korea Corporation established Mintrocket in Korea.
September 2025	NEXON DEV VINA established NEXON CREATIVE STUDIO VINA in Vietnam.
November 2025	NEXON Korea Corporation established dilloquest in Korea. NEXON Co., Ltd. established Nexon HQ Co., Ltd. in Korea.

(Note) The former NEXON Corporation (current NXC Corporation) transferred its PC online business to the new NEXON Corporation (current NEXON Korea Corporation) in Korea through a company split on October 11, 2005 and assigned all of its shares to the Company on October 28, 2005. Since then, the former NEXON Corporation (current NXC Corporation) had been engaged in investment business other than the game business as the Company's parent company, and the Company, as an operating holding company, has been engaged in the online game business in Japan and also manages overseas group companies. However, the former NEXON Corporation (current NXC Corporation) sold part of its shareholding of the Company on January 30, 2018, and therefore is no longer the "parent company" and became an "other associate" of the Company.

3 【Description of Business】

As of December 31, 2025, Nexon Group consists of NEXON Co., Ltd. ("Company"), Nexon's 36 consolidated subsidiaries and 13 equity-method associates and equity-method joint ventures, and is engaged in the production, development and publishing of PC online and mobile games. In Japan, the Company is responsible for developing the overall strategies for our products and services and operating the business, while overseas, our local consolidated subsidiaries do so in their respective regions as independently managed entities.

Accordingly, Nexon Group consists of geographical segments based on production, development and publishing of PC online and mobile games. The reportable segments include "Japan," "Korea," "China," "North America," and "Other." European and Asian countries are included in "Other."

See "Business description and positioning of the Company and its consolidated subsidiaries" in "(5) Nexon Group" below for the business description of each company.

・Major consolidated subsidiaries (as of December 31, 2025)

Korea:	NEXON Korea Corporation; NEOPLE INC.; NEXON Games Co., Ltd.; VIP Global Super Growth Hedge Fund
China:	Lexian Software Development (Shanghai) Co., Ltd.
North America:	Nexon America Inc.; Nexon US Holding Inc.; Toben Studio Inc.
Other:	Embark Studios AB

Nexon Group classifies its lines of business into (a) PC online business and (b) Mobile business.

(1) Lines of business

(a) PC online business

The PC online business mostly involves the production, development, and publishing of PC online games. Additional services include consulting related to PC online game service, in-game advertising, and merchandising incidental to the PC online business.

Major titles serviced by Nexon Group include *MapleStory*, *Dungeon&Fighter* and *EA SPORTS FC™ ONLINE* ("*FC ONLINE*"). When preparing to launch a new title, we flexibly adapt to changing market conditions by conducting consumer tests, taking into account the characteristics and preferences of users in the respective areas of the world.

PC online games developed within Nexon Group, by NEXON Korea Corporation, NEOPLE INC., NEXON Games Co., Ltd. or other group companies, are directly serviced by these entities or, in regions that have large markets, through other members of Nexon Group such as the Company, Nexon America Inc., or NEXON TAIWAN LIMITED. We have endeavored to maximize business synergies by establishing a closely coordinated structure within Nexon Group for the production, development and publishing of PC online games. For PC online games developed by non-Nexon Group developers and for which we have acquired publishing rights, we maximize revenue by publishing those games through Nexon Group so that they reach a large audience and we also build rapport with such developers as we service their games. In regions where Nexon Group does not directly service games, we go through local publishers to service in-house developed PC online games. Through such business initiatives as above, we are making the utmost effort to service fun and creative games to users all over the world.

As for the consulting business, Lexian Software Development (Shanghai) Co., Ltd. provides Chinese publishers with consulting services for setting up and maintaining billing systems (please see the Note below) and membership systems, business strategy development, game operation and marketing.

In Korea, Nexon Networks Corporation provides services related to customer support when offering PC online and mobile games and net-café operation. N Media Platform Co., LTD. provides net-cafés with advertisement platform and operation management services.

The in-game advertisement business capitalizes on the strengths of ad placements within PC online games, i.e. ongoing updates of game contents and advertisement information, and leverages such features as that enabling direct exposure to players through in-game usage of functional items equipped with an advertisement function, or that enabling simultaneous exposure of different advertisements to their respective target users through dedicated servers that comprehensively manage all advertisements.

The merchandising business engages in the production and sales of goods that feature popular characters from games owned by Nexon Group.

(Note) Billing system: An electronic billing confirmation service related to the usage of internet or email services provided by enterprises.

List of major game titles:

Title	Description	Genre	Major serviced area	Launched in
MapleStory	*MapleStory* is a side-scrolling 2D action MMORPG (Note 1) featuring cute characters and simple operation that can be played on low-spec PCs. Before the launch of *MapleStory*, MMORPGs were stereotyped as hard-core games, which was successfully overturned by the success of this title. Since its launch in Korea in 2003, *MapleStory* has actively introduced highly fashionable items, which played a role in establishing the microtransaction business model and became a major driving force in establishing the microtransaction revenue model in the online game industry. *MapleStory*'s IP (Note 2) is owned by NEXON Korea Corporation.	MMORPG	Japan Korea China North America Europe	Dec 2003 May 2003 Dec 2004 Oct 2005 May 2007
Dungeon&Fighter	*Dungeon&Fighter* is a side-scrolling action RPG featuring dynamic and speedy gameplay with a wide variety of skills and weapons, which are activated through simple operation, and various sound effects. It employs the stage-clear method where players can play the game casually because a play session ends every time a dungeon (Note 3) is cleared. This also creates a synergy with its thrilling arcade game-type combat method and the game has become a hit in all areas where it is serviced. *Dungeon&Fighter*'s IP is owned by NEOPLE INC.	MORPG (Note 4)	Japan Korea China	Mar 2009 Nov 2005 June 2008
FC ONLINE	*FC ONLINE* is a soccer game designed for PC players throughout Asia. This game allows anyone to play easily and train their own team built from a selection of actual star players from the past to the present. It provides players with immersive and vibrant game experience with an unparalleled number of partnerships and licenses as well as culturally customized live services.	Sports	Korea	May 2018

(Notes) 1. MMORPG: Massively multiplayer online role-playing game
2. IP: Intellectual property rights which collectively refer to patent, trademark, copyright, etc.
3. Dungeon: A setting for the adventure in the game, including regions where various mysteries are hidden, labyrinths and other places where players can earn experience points.
4. MORPG: Multiplayer online role-playing game. It is different from MMORPG in the number of players who actually play in the game world.

(b) Mobile business

The mobile business involves the development and publishing of mobile games playable on smartphones and tablet devices. Nexon Group develops and services mobile games in Japan and overseas. In Japan, the Company is engaged in mobile game service. In Korea, mobile game development and service are conducted primarily through NEXON Korea Corporation, NEOPLE INC. and NEXON Games Co., Ltd.

(2) Business models for PC online and mobile games

The Company's PC online and mobile game business models can be categorized into the following three types:

(a) Self-publishing model

Self-publishing model is a model where a game developed by a Nexon Group entity such as NEXON Korea Corporation and NEOPLE INC. is directly serviced (including the setup of a network environment, marketing and user support) by themselves or by the Company or another Nexon Group entity including Nexon America Inc. and NEXON TAIWAN LIMITED.

Once a game is launched, service fees are collected from users according to the pre-determined monetization method. In many cases, we pay fees to payment gateway providers to have them collect service fees from users on our behalf.

(b) Licensing model

Licensing model is a model where Nexon Group, as a copyright holder of commercialized games, enters into licensing agreements with outside publishers and grants them the right to publish our games.

A publisher who enters into a licensing agreement with us and acquires the publishing rights for a game will be responsible for setting up the network environment, marketing and user support necessary to service the game. The respective Nexon Group entity holding the copyright will provide support for such activities to enable the publisher to generate greater revenue.

Nexon Group entities engaged in the development of PC online games, including NEXON Korea Corporation and NEOPLE INC., have licensed publishing rights to non-Nexon Group publishers in China, for instance.

Under the licensing agreements where publishing rights are granted by Nexon Group, license is granted to a single publisher per country per game title. In other words, Nexon Group grants local exclusive publishing rights to a publisher. The respective Nexon Group entity holding the game copyright will provide game content updates and technical support on an ongoing basis to the publisher and in return receive contract money at the time of entering into the agreement, and once the game is launched, receive a predetermined rate as royalty in accordance with the service fees that the publisher collects from users.

The conditions for royalty and other payments are determined individually for each agreement, taking into account the real local situation of the country in which the publisher is located.

(c) Licensed publishing model

Licensed publishing model is a model where Nexon Group enters into a licensing agreement with a non-Nexon Group developer of PC online or mobile games to acquire exclusive publishing rights to a game within a specified region. Nexon Group will set up the network environment for such service, conduct marketing and user support, as well as service the licensed game.

In this case, we will collect service fees from users and pay a certain amount out of it as royalty to the outside PC online game or mobile game developer.

Nexon Group's deal with Valve Corporation related to Counter-Strike Online and the deals with Electronic Arts Inc. related to *FC ONLINE, EA SPORTS FC™ ONLINE M* and *EA SPORTS FC™ MOBILE* ("*FC MOBILE*") fall into this category.

(3) Monetization models for PC online games

Currently, there are three types of monetization methods for PC online games as follows. Nexon Group mainly uses the method under (a) for monetization.

(a) Microtransaction model of paying to purchase in-game items

Microtransaction is a model where a game is basically offered for free, but users pay to purchase the items (e.g. costumes, weapons) they need or to use specific services.

The basic game is free to play, which lowers the mental hurdle for a user to start playing a new PC online game. This allows new users to casually start playing a game, but on the other hand, it means that revenues generated by a game could be impacted by how appealing the in-game items offered for purchase are. In recent years, with heightening market awareness of free-to-play games, there are more and more PC online games in the market as a whole which have adopted this model to acquire new users.

Nexon Group was early to adopt the microtransaction model to PC online games because we wish for more users to enjoy the services of games we offer.

(b) Charges for sell-out and downloadable content (DLC)

This refers to the methods in which players are charged a one-time fee when purchasing the main game or when purchasing additional content.

The sell-out method is favored by users who value the game experience as a complete product, as it does not require additional charges after the purchase of the game. On the other hand, the DLC method aims to further expand the opportunities for users to enjoy the game by providing additional content such as new stories, items and characters in addition to the main game.

Nexon Group employs this method for specific titles and regions to provide a variety of game experiences that meet user expectations.

(c) Advertisement revenue model

Advertisement revenue model is a model where a game is free to play and revenue is generated through advertisements which are displayed on screen before, after or during the game. Since advertisements under this model are primarily sponsored by businesses, it is typically used in combination with method (a) or (b) above, and the popularity of the game itself (i.e. user traffic) will have a direct impact on revenue.

(4) Monetization models for mobile games

Currently, there are two types of monetization methods for mobile games as follows. Nexon Group mainly uses the method under (a) for monetization.

(a) Microtransaction model of paying to purchase in-game items

Microtransaction is a model where a game is basically offered for free, but users pay to purchase the items (e.g. costumes, weapons) they need or to use specific services.

The basic game is free to play, which lowers the mental hurdle for a user to start playing a new mobile game. This allows new users to casually start playing a game, but on the other hand, it means that revenues generated by a game could be impacted by how appealing the in-game items offered for purchase are. Microtransaction model is the mainstream in the mobile game market.

(b) Advertisement revenue model

Advertisement revenue model is a model where a game is free to play and revenue is generated through advertisements which are displayed on screen before, after or during the game. Since advertisements under this model are primarily sponsored by businesses, it is typically used in combination with method (a) above, and the popularity of the game itself (i.e. user traffic) will have a direct impact on revenue.

(5) Nexon Group

The Company, an operating holding company, is engaged in game-related business, mainly publishing of PC online and mobile games, in Japan and also management of Group companies.

Nexon Group has consolidated subsidiaries that publish PC online games in major overseas markets (NEXON Korea Corporation in Korea, Nexon America Inc. in the U.S.A. and Nexon Thailand Co., Ltd. in Southeast Asia), and Nexon Group owns 100% of their shares.

NEXON Korea Corporation in Korea and its associated developers are engaged in the production and development of PC online games as well as own intellectual property rights such as game copyrights of the developed games. For each game, they enter into an exclusive publishing agreement with (grants a license to) a Nexon Group or third-party online game publisher in each region and receive royalty fees.

In China, the laws prohibit foreign invested companies to directly service PC online games, and therefore Lexian Software Development (Shanghai) Co., Ltd., a Chinese consolidated subsidiary, provides Chinese publishers with necessary infrastructures and consultation (on business strategy, game operation, and marketing) for servicing games. Korean consolidated subsidiaries, including NEXON Korea Corporation, which own IPs of PC online games directly grant licenses to publishers who have necessary infrastructure and know-how to operate PC online games. NEOPLE INC. services *Dungeon&Fighter* through Tencent Technology Shenzhen Company Limited and Shenzhen Tencent Computer Systems Co., Ltd.

While Nexon Group develops world-class PC online game titles through its in-house development team, it also acquires intellectual property rights of PC online games through joint development with other companies, investments in developers, or acquisition of other companies. NEOPLE INC. which we acquired in August 2008 has the IP of *Dungeon&Fighter*, one of our main titles, and receives royalty from publishers based on the exclusive publishing agreements.

In the mobile game business, primarily, NEXON Korea Corporation and NEXON Games Co., Ltd. are engaged in game development and publishing.

The business description and positioning of the Company and its major consolidated subsidiaries are as follows:

Business description and positioning of the Company and its consolidated subsidiaries:

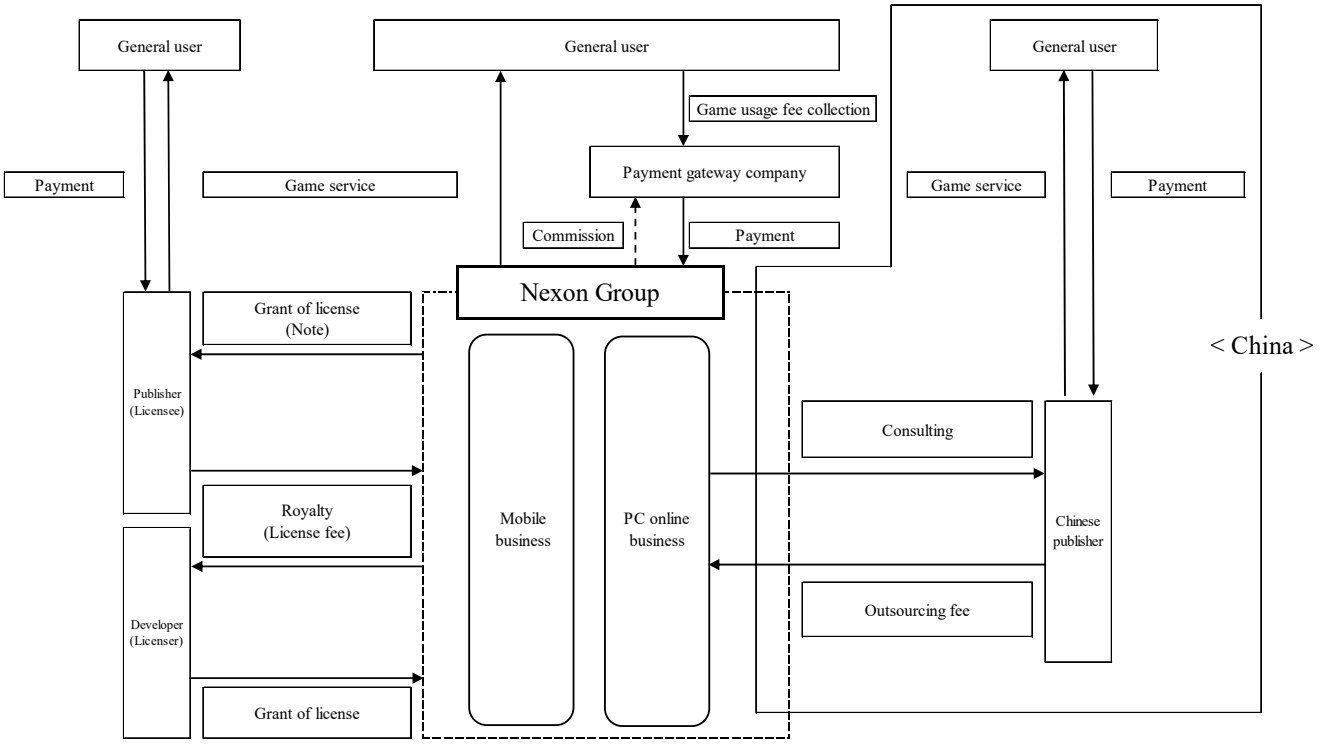
Company name	Business description	Capital relationship within Nexon Group	Main business		
			Publishing	Production/ Development	Other
NEXON Co., Ltd. (The Company) (Japan)	The Company is the core of game-related business, playing a leading role for overseas expansion of such game-related business as PC online and mobile games. It is also engaged in the PC and mobile game-related businesses in Japan and the management of its subsidiaries. It is also responsible for forming business partnerships with industry peers and other companies in Japan, as well as facilitating partnerships to globally service game titles developed by non-Nexon Group companies in Japan through Nexon Group.	The Company	○		
NEXON Korea Corporation (Korea)	Engaged in the development and management of PC online and mobile game-related business in Korea as well as in-house development of PC online and mobile game titles. It is also responsible for forming business partnerships to globally service game titles developed by non-Nexon Group companies in Korea through Nexon Group, as well as investing in and managing game developers in Korea. When a PC online game publisher services a PC online game whose IP is owned by NEXON Korea Corporation, NEXON Korea Corporation enters into an exclusive publishing agreement with (grants a license to) the publisher in the respective region and receives royalty. Major game titles developed include *MapleStory.*	Subsidiary of the Company	○	○	
Lexian Software Development (Shanghai) Co., Ltd. (PRC)	Provides publishers with necessary infrastructure and consultation (on business strategy, game operation and marketing) for publishing games in China.	Subsidiary of the Company			○
Nexon America Inc. (North America, U.S.A.)	Engaged in the publishing of PC online games mainly in North America.	Subsidiary of the Company	○		
Toben Studio Inc. (North America, U.S.A.)	Engaged in the publishing of PC online games and mobile games mainly in North America.	Subsidiary of NEXON Korea Corporation	○		
Embark Studios AB (Other, Sweden)	Engaged in the development and publishing of games mainly in Europe.	Subsidiary of NEXON Korea Corporation	○	○	
NEXON Games Co., Ltd. (Korea)	Engaged in the development of PC online games and mobile games in Korea.	Subsidiary of NEXON Korea Corporation	○	○	
NEOPLE INC. (Korea)	Engaged in the development of PC online and mobile games in Korea. It is the developer of the Company's key title *Dungeon&Fighter* and owns its IP.	Subsidiary of NEXON Korea Corporation	○	○	
Nexon US Holding Inc. (North America, U.S.A.)	A holding company in North America.	Subsidiary of NEOPLE INC.			○

Company name	Business description	Capital relationship within Nexon Group	Main business		
			Publishing	Production/ Development	Other
VIP Global Super Growth Hedge Fund (Korea)	Engaged in equity investment trust business in Korea.	Subsidiary of NEXON Korea Corporation			○

［Business System Chart］

Chart 1 shows the matters described above.

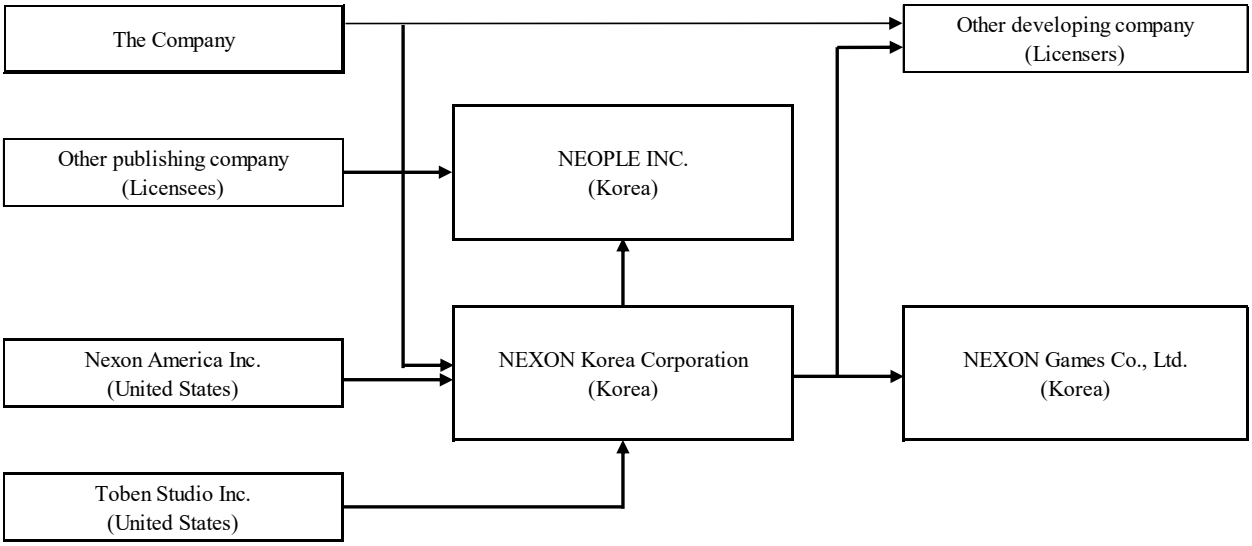
Chart 1



(Note) A local exclusive publishing right is granted to a single company per game per country.

The royalty income flow within Nexon Group is shown in Chart 2, covering the Company and its major subsidiaries.

Chart 2



4 【Subsidiaries and Other Affiliated Entities】

As of December 31, 2025

Company name	Location	Share capital / investment	Principal business	Ownership ratio of voting rights (%)	Relationship
(Consolidated subsidiaries) NEXON Korea Corporation (Notes) 3, 4	Seongnam, Gyeonggi-do, South Korea	KRW 32,500 million	PC online and mobile game development/ publishing	100.0	Provides license of PC online games to the Company; Concurrent service of directors
Lexian Software Development (Shanghai) Co., Ltd.	Shanghai, PRC	USD 4,100 thousand	Consulting	100.0	Concurrent service of directors
Nexon America Inc. (Note) 8	California, U.S.A.	USD 210	PC online game publishing	100.0	Financial assistance; Joint and several guarantee is provided for a building lease agreement; Concurrent service of directors
NEOPLE INC. (Notes) 1, 3, 7	Jeju Self-Governing Province, South Korea	KRW 181 million	PC online and mobile game development/ publishing	100.0 (100.0)	Provides license of PC online games to the Company
NEXON Games Co., Ltd. (Notes) 1, 5	Seoul, South Korea	KRW 32,930 million	PC online and mobile game development	62.9 (62.9)	Not applicable
Embark Studios AB (Notes) 1, 6	Stockholm, Sweden	SEK 67 thousand	Game development/ publishing	100.0 (100.0)	Financial assistance; Concurrent service of directors
Nexon US Holding Inc. (Notes) 1, 3	California, U.S.A.	USD 0.1	Holding company	100.0 (100.0)	Not applicable
VIP Global Super Growth Hedge Fund (Notes) 1, 3, 9	Seoul, South Korea	KRW 141,462 million	Equity investment trust	100.0 (100.0)	Not applicable
Toben Studio Inc. (Note) 1	Delaware, U.S.A.	USD 1	Game publishing	100.0 (100.0)	Not applicable
Other 27 companies					
(Equity-method associates) Brothers International, LLC (Notes) 1, 9	California, U.S.A.	USD 303,248 thousand	Film, TV and digital content production/ development	41.6 (41.6)	Not applicable
Alignment Growth Fund I, LP (Notes) 1, 9	New York, U.S.A.	USD 337,977 thousand	Investment	55.7 (55.7)	Not applicable (Note) 10
IGIS Private Real Estate Investment Trust No.35 (Notes) 1, 9	Seoul, South Korea	KRW 132,500 million	Asset management	50.0 (50.0)	Not applicable (Note) 11
Other 9 companies					

Company name	Location	Share capital / investment	Principal business	Ownership ratio of voting rights (%)	Relationship
(Equity-method joint ventures)					
DevCAT Co., Ltd. (Notes) 1, 12	Seoul, South Korea	KRW 100 million	Game developments	55.5 (55.5)	Financial assistance (Note) 6
(Other associate)					
NXC Corporation (Notes) 1, 2	Jeju Self-Governing Province, South Korea	KRW 1,454 million	Investment	Held 46.3 (14.9) [0.6]	Not applicable

(Notes) 1. Figures in parentheses in "Ownership ratio of voting rights" indicate indirect ownership ratio included in the total.

2. Figures in brackets in "Ownership ratio of voting rights" indicate the ratio of voting rights held by closely related persons or those who have agreed and not included in the total.

3. These companies fall under a category of specified subsidiary.

4. Revenue of NEXON Korea Corporation (excluding internal revenue between consolidated companies) accounts for more than 10% of revenue in the consolidated financial statements. Major profit or loss information of NEXON Korea Corporation for the fiscal year ended December 31, 2025 is as follows:

Major profit or loss information	(1) Revenue	¥318,342 million
	(2) Profit before tax	¥158,441 million
	(3) Profit	¥140,586 million
	(4) Total equity	¥749,177 million
	(5) Total assets	¥920,928 million

5. Listed on KOSDAQ in Korea.

6. Financial assistance represents loans from Nexon Group.

7. Revenue of NEOPLE INC. (excluding internal revenue between consolidated companies) accounts for more than 10% of revenue in the consolidated financial statements. Major profit or loss information of NEOPLE INC. for the fiscal year ended December 31, 2025 is as follows:

Major profit or loss information	(1) Revenue	¥112,903 million
	(2) Profit before tax	¥80,749 million
	(3) Profit	¥60,063 million
	(4) Total equity	¥336,653 million
	(5) Total assets	¥391,335 million

8. The company is insolvent with liabilities exceeding assets by ¥36,570 million as of December 31, 2025.

9. "Ownership ratio of voting rights" represents investment ratio.

10. While Nexon Group's investment in Alignment Growth Fund I, LP ("Fund") accounts for a majority of the total investment, there is an agreement that Nexon Group shall follow the policy of NXC Corporation, the Company's other associate and another investor of the Fund, and may not exercise its rights to the Fund at its own discretion; and therefore, Nexon Group does not control the Fund. On the other hand, because Nexon Group has significant influence over the Fund due to a majority ownership, the Fund is determined to be its associate and accounted for using the equity method.

11. With respect to "IGIS Private Real Estate Investment Trust No.35," a real estate investment trust in which Nexon Group holds 50% of the trust beneficiary certificates for real estate, Nexon Group does not control the REIT because while it has the right to dismiss an asset manager with unanimous consent of all beneficiaries including Nexon Group, it considers the right as a defensive right and it cannot give instructions on the REIT's relevant activities. On the other hand, Nexon Group considers that the REIT falls under its associate as it holds 50% stake in the REIT and has significant influence, and therefore accounts for the REIT using the equity method.

12. The company is insolvent with liabilities exceeding assets by ¥3,797 million as of December 31, 2025.

5【Employees】

(1) Information about group

As of December 31, 2025

Name of reportable segment	Number of employees
Japan	233 (23)
Korea	8,342 (208)
China	184 (2)
North America	187 (4)
Other	888 (6)
Total	9,834 (243)

(Notes) 1. The number of employees represent full-time employees, excluding those seconded from Nexon Group to outside Nexon Group and including those seconded from outside Nexon Group to Nexon Group.

2. The average number of temporary employees (e.g. contract employees) during the year is shown in parentheses.

(2) Information about reporting company

As of December 31, 2025

Number of employees	Average age	Average length of service	Average annual salary
233 (23)	40.1 years old	8.1 years	9,104 thousand yen

(Note) The number of employees represent full-time employees, and the average number of temporary employees (e.g. contract employees) during the year is shown in parentheses.

(3) Labor union

No labor union is organized within the Company, but our group company NEXON Korea Corporation and some of its subsidiaries have formed the Nexon branch of the Korean Chemical & Textile & Food Workers' Union, which is associated with the Korean Confederation of Trade Unions. While the management and employees maintain good relationships, there is a possibility of a strike due to internal or external causes.

During the fiscal year ended December 31, 2025, a long-term strike occurred at NEOPLE INC., our sub-subsidiary, which was eventually resolved through an agreement based on the company's proposal. The Company continues to be engaged in sincere discussions to prevent labor condition negotiations from escalating into labor disputes.

As Nexon Group is engaged in the online game service business, even if a strike occurs, its impact will be limited to the schedules of certain new titles under development, and the provision of services will not be suspended.

(4) Ratio of female managers, paternity leave acquisition rate and gender wage gap

The disclosure is omitted as the Company and its consolidated subsidiaries are not subject to the disclosure requirements provided in the provisions of the "Act on Promotion of Women's Participation and Advancement in the Workplace" (Act No. 64 of 2015) and the "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991).

II. 【Overview of Business】

1 【Management Policy, Business Environment, Issues to Address】

Any forward-looking statements in the following discussion are based on the judgment of Nexon Group's management as of December 31, 2025.

(1) Basic management policy

Nexon Group is aiming to become the world's top game company. Our fundamental policy for new game titles is to provide exciting, creative and unique games with high quality, and that for existing game titles is to provide users with games that continue to be fun for a long period of time, through engaging content updates and satisfying game operation.

(2) Target management indicators

Nexon Group focuses on revenue and operating profit as the key management indicators. We will increase our corporate value through the continuous growth of our revenue and operating profit.

(3) Business environment

Nexon Group is a global leader in the multiplayer online games. We have produced popular game titles having devoted fan bases and developed them over the years through our best-in-class live operation. Our portfolio consisting of diversified titles constitutes our solid and stable revenue base.

Currently, the focus of the global entertainment industry is shifting from entertainment based on the real world to virtual entertainment and from passive to participative experience. In addition to such structural change, a breakthrough in mobile technology has enabled multiplayer online games, our area of specialty, to be played not only on high-end PCs and consoles but also on mobile devices. As a result, our total addressable market has expanded from hundreds of millions of game players having high-end PCs to billions of players having mobile devices around the world. Against such a backdrop, there is increasing demand for the multiplayer online games, our greatest strength, and we believe such movement will further accelerate in the future. Also, because there are few companies in the world that can create exciting games and have operational capability to sustainably grow them in this field, we take this situation as a tremendous opportunity for us.

(4) Mid- to long-term management strategy and issues to be addressed

Under such business environment, we set a future growth strategy, which centers on our IPs, for continuous growth of revenue and operating profit. The strategy consists of two axes: vertical growth driven by further growth of our major franchises and horizontal growth driven by creation and development of new blockbuster IPs. By promoting both simultaneously, we aim to become a company which owns multiple major IPs.

Based on the above, we recognize the following items as issues to be addressed.

(a) Vertical and horizontal growth to expand our IPs

Nexon Group has hundreds of millions of fans around the world and owns intellectual property associated with multiple game titles ("game IPs") that are as big as, or even bigger than, international blockbuster movies and game series. These game titles have grown and generated stable revenues over a long period of time through attractive and consistent content updates aiming to entertain users and our best-in-class live game operations. Particularly, by growing our three major franchises, *Dungeon&Fighter*, *MapleStory*, and *EA SPORTS FC™*, we will further solidify our stable revenue base, and by investing the revenue and cash flows generated by the three major franchises into the creation of next-generation blockbuster IPs, we will increase the number of blockbuster IPs that will become our pillars. Specific measures for vertical growth to further develop our major IPs and horizontal growth to nurture the next-generation blockbuster IPs are as follows.

(i) Vertical growth by leveraging major IPs

We define vertical growth as the larger, longer-term growth of our three major franchises, *MapleStory*, *Dungeon&Fighter* and *EA SPORTS FC™*, which are the pillars of our business. Besides focusing on the live

services of these three major franchises, we will also pursue the following four specific measures to snowball these IPs' growth.

i. Development of new game titles based on our existing IPs
ii. Expansion of platforms
iii. Expansion into new markets
iv. Hyperlocalization strategy

(ii) Horizontal growth by nurturing the next-generation blockbuster IPs

We intend to realize horizontal growth by investing the revenue and cash flow generated from the three major franchises into creation of the next-generation blockbuster IPs and nurturing Nexon Group's other existing game franchises such as *Mabinogi*, *Blue Archive* and, *ARC Raiders*, as well as other new IPs currently in development to become the fourth and fifth pillars which follow the three major IPs.

(b) Coding error in *MapleStory: Idle RPG*, player reimbursement, and formulation of measures to prevent recurrence

In the fiscal year ended December 31, 2025, with regards to *MapleStory: Idle RPG* (the "Title") operated by our subsidiary, we discovered discrepancies between the probability values for specific paid items displayed to players and those actually applied in the program. It was also confirmed that sufficient explanation had not been provided to players in connection with the correction of such errors. This matter came to light in the course of our investigation following comments from players.

Taking this matter very seriously, the Company promptly offered to reimburse players and proceeded with the formulation of measures to prevent recurrence.

(i) Player reimbursement

In light of the impact of this matter, with respect to all payments made from November 6, 2025, when the Title launched, through January 28, 2026, when the reimbursement to players regarding this matter was announced, we implemented measures allowing players to choose either (1) in-game compensation or (2) a full refund.

(ii) Measures to prevent recurrence

In response to this matter, Nexon Group has implemented the following initiatives:

- Strengthening the framework for confirming consistency among design specifications, program implementation, and displayed content for paid items and functions involving probability-based elements
- Clarifying verification procedures for important specification changes and function modifications, and ensuring thorough checks by multiple personnel
- Organizing internal procedures regarding notices and explanations to players

(iii) Clarification of management responsibility

In response to the occurrence of this matter, we imposed disciplinary actions on the relevant personnel and reduced the performance-based compensation of the Representative Director, President and Chief Executive Officer. For details, please refer to "IV. Information about Reporting Company, 4 Corporate Governance (4) Compensation for directors (and other officers)."

The Company will continue working to improve service quality and strive to maintain and enhance its relationship of trust with players.

(c) Sustainability initiatives

The Company is aiming to become the world's top game company, and our basic policy for new game titles is to provide exciting, creative and unique games, and that for existing game titles is to provide users with games that continue to be fun for a long period of time, through engaging content updates and satisfying game operation. Under such basic policy, in order to achieve sustainable growth and enhance mid- and long-term corporate value,

we recognize that implementing appropriate initiatives to address various issues regarding sustainability is one of the top management priorities.

To enhance corporate value from the viewpoint of sustainability, the Company has strengthened the organizational system for the promotion of sustainability and established the Sustainability Committee as an advisory body to the Board of Directors. The Sustainability Committee monitors and manages key risks and opportunities on various sustainability-related themes at Nexon Group, formulates strategies, and determines initiatives. Strategies and initiatives decided by the Sustainability Committee are regularly reported to the Board of Directors and receive its supervision.

The Sustainability Committee has assessed key risks and opportunities that should be prioritized based on their financial impact on Nexon Group, the impact of our activities on the environment and society, and the likelihood of their occurrence, from a medium- to long-term perspective. As a result, the Committee has recognized climate change, human capital and intellectual property (IP) as the three main sustainability issues of Nexon Group and has established corresponding strategies and initiatives.

Refer to “II. Overview of Business, 2 Disclosure of Sustainability-related Financial Information” for details of Nexon Group’s sustainability initiatives.

2 【Disclosure of Sustainability-related Financial Information】

Nexon Group's disclosure of sustainability-related financial information are as follows.

Any forward-looking statements included herein are based on the judgment of Nexon Group as of December 31, 2025.

Nexon Group is aiming to become the world's top game company, and our basic policy for new game titles is to provide exciting, creative and unique games, and that for existing game titles is to provide users with games that continue to be fun for a long period of time, through engaging content updates and satisfying game operation. Under such basic policy, in order to achieve sustainable growth and enhance mid- and long-term corporate value, we recognize that implementing appropriate initiatives to address various issues regarding sustainability is one of the top management priorities.

(1) Governance

In order to enhance Nexon Group's corporate value from the perspective of sustainability, we have strengthened the organizational system for the promotion of sustainability. Since FY2024, the Company has established the Sustainability Committee as an advisory body to the Board of Directors and has held meetings at least twice a year. The Sustainability Committee is chaired by Hongwoo Lee, Legal Division Manager, who was appointed by the Board of Directors, and consists of six members, including Satoshi Honda and Shiro Kuniya, who are outside directors (Audit and Supervisory Committee members). The Sustainability Committee is responsible for monitoring and managing major risks and opportunities on important sustainability-related themes at Nexon Group, formulates strategies, and determines initiatives. Strategies and initiatives decided by the Sustainability Committee are reported to the Board of Directors and are subject to its oversight. In addition, the Sustainability Secretariat has been established as a subordinate organization under the Sustainability Committee to promote various initiatives in line with Nexon Group's sustainability policies and strategies in cooperation with relevant departments, including legal, accounting and finance, and HR departments.

(2) Risk Management

Risks and opportunities related to sustainability are identified, assessed and managed by the Sustainability Committee. Furthermore, the risks and opportunities that should be prioritized are narrowed down upon closer examination by the Sustainability Committee based on their financial impact on Nexon Group, the impact of Nexon Group's activities on the environment and society, and the likelihood of their occurrence, from a medium- to long-term perspective.

The Sustainability Committee identifies risks and opportunities that Nexon Group should address with reference to standards such as the SASB Standards (Sustainability Accounting Standards Board), which provide companies with guidelines for sustainability-related disclosures, recognizes the following items as key sustainability issues in light of their importance, and establishes strategies and initiatives. Strategies and initiatives decided by the Sustainability Committee are regularly reported to the Board of Directors and receive its supervision. In addition, the status of responses to risks and opportunities related to sustainability is monitored by the Sustainability Committee, and the details are reported to the Board of Directors.

Key items	Risks	Opportunities
Climate change	・Increases in costs and investments due to strengthening of regulations on greenhouse gas emission, etc. (transition risk) ・Loss of asset value and depletion of resources due to natural disasters (physical risk)	・Improvement of the company image through environmentally conscious activities ・Reduction of costs due to energy conservation measures
Human capital	・Lack of diversity in human resources leads to issues and lowers operational efficiency ・Increases in investments related to human resource development	・Realizing a work environment that induces creative ideas by embracing diversity-oriented human capital ・Raising motivation of employees by increasing investments in human resource development

Key items	Risks	Opportunities
IPs (intellectual property rights)	・Intensifying competition to create IPs ・Increases in investments to create, acquire and manage IPs	・Expansion of business opportunities through the continual use of IPs ・Enhancement of brand value through the creation of new IPs

(3) Climate change

Nexon Group considers it necessary to accurately identify the impact of climate change on the entire value chain and the opportunities it poses from a medium- to long-term perspective, and to respond appropriately. As part of this effort, we will contribute to the realization of a sustainable society by setting targets for the reduction of greenhouse gases, analyzing the risks and opportunities that climate change poses to management, and taking optimal measures.

(a) Strategy

Based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), Nexon Group has identified (1) risks associated with the transition to a low-carbon economy and (2) physical risks such as property loss caused by natural disasters due to climate change and has formulated and promoted strategies to address such risks. Going forward, we will continue to regularly assess the impact of climate change, appropriately reflect it in the strategies, metrics and targets of the entire Nexon Group, as necessary, and proactively disclose related information.

(i) Reduction of energy consumption at major facilities

The occurrence of natural disasters due to climate change exposes Nexon Group's major facilities, including the office buildings of Nexon Korea Corporation, to risks such as substantial losses, restoration costs, and interference with business operations due to service interruptions. To address such risks, Nexon Group is considering measures to reduce greenhouse gas emissions from its major facilities and cut down on energy consumption. Specifically, we identify activities for which calculation based on the GHG Protocol is required and are working to inventory and manage greenhouse gases emitted from major facilities.

(ii) Use of renewable energy

For the realization of a decarbonized society, we are working to reduce greenhouse gas emissions to lower our environmental impact by transitioning to renewable energy. As part of this effort, we are considering measures to increase the proportion of renewable energy used, such as installing solar panels and switching to electric vehicles.

(iii) Reduction of costs through the reuse of energy

As one of the opportunities brought about by climate change, Nexon Group is working on the reuse of water resources and waste material in order to reduce costs through energy conservation. We will also strive for further improvement by keeping track of and managing fluctuations in the amounts of water resource intake and reuse, as well as the amounts of waste disposal and reuse.

(iv) Implementation of environmental education and initiatives to reduce environmental impact

As part of its efforts to address climate change, Nexon Group recognizes that promoting corporate activities in harmony with the environment is an opportunity to enhance our ability to adapt to a decarbonized society in the future and to improve our corporate image. To this end, we are promoting initiatives to reduce our environmental impact, such as conducting environmental education for employees, reducing the use of disposable cups, turning off office equipment when leaving work, and deleting unnecessary e-mails.

(v) Reduction of energy consumption in data centers

Nexon Group’s main business is the production, development and publishing of PC online and mobile games, and energy consumption is not considered to be that large compared to the general manufacturing industry. On the other hand, due to the high proportion of energy consumption in data centers, Nexon Group is striving to reduce energy consumption in data centers by measuring greenhouse gas emissions based on the GHG Protocol.

(b) Metrics and targets

Nexon Group's metrics for climate change and actual data are as follows. Targets are not included because the setting of specific targets to monitor the strategy regarding climate change is under consideration.

・Amount of greenhouse gas emissions

Metrics	FY2024 actual data	FY2025 actual data
Scope 1 (tCO_2e)	147	149
Scope 2 (tCO_2e)	6,018	6,148

(Notes) 1. Scope 1 emissions are calculated by applying the emission factors presented by the guidelines of the Intergovernmental Panel on Climate Change (IPCC).
2. Scope 2 emissions are calculated in accordance with the guidelines established by the authorities in each country.
3. The amounts of greenhouse gas emissions above are calculated for major facilities (office buildings, etc.) owned by Nexon Group.

(4) Human capital

Nexon Group provides services related to online games around the world and is promoting the utilization of diverse talents in all locations regardless of age, gender, nationality, or disability. We are also promoting cross-border assignment and utilization of talented human resources with an aim to improve the development level on a global basis by sharing technology and know-how across Nexon Group. Our policy regarding human resource development including securing diversity in human resources and our policy regarding improvement of the work environment are as follows.

(a) Strategy

(i) Diversity of human resources

Nexon Group considers human resources to be an important capital for creating high-quality game content and providing enjoyable experiences. Therefore, we respect the individuality and talents of our employees and hire various personnel in a wide range of fields. In addition to external recruitment, we are also focusing on discovering and developing human resources who can thrive in the game industry. In Korea, we support university students who are interested in the game industry through online and offline job fairs, support for game development clubs, and industry-academia collaboration programs. Through these initiatives, we recruit people with diverse backgrounds and experiences, and as a result, we create and maintain an environment where people with different set of values, opinions, expertise, and experience can thrive by demonstrating their individuality and abilities, irrespective of gender, age, nationality, religion, LGBTQ status, or disability.

(ii) Human resource development

Nexon Group fully supports the growth of its employees and focuses on the development of "creative talents." In addition to educational support aimed at improving knowledge and skills, we also offer cultural and artistic programs that stimulate creativity and development programs that promote the growth of the entire organization. Our internal e-learning system in Korea offers a variety of courses including job competence, leadership, business administration, and new employee training through an online education platform dedicated to employees. In addition, we conduct a cultural and artistic experience program at a dedicated internal forum with the purpose of fostering a creative cultural climate and enhancing creativity. Through these diverse internal human resource development programs, we are promoting the individual growth of our employees, and as a result, building a foundation to provide our users with contents of higher quality and creativity.

(iii) Comfortable working environment

Nexon Group is committed to creating a workplace environment where diverse personnel can work in a healthy manner. In particular, the system implemented for employees in Korea allows them to choose flexible working hours according to their individual work patterns. Furthermore, in order to support work-life balance,

we operate our own in-house daycare center in Korea and proactively support employees in balancing family and work.

(b) Metrics and targets

Nexon Group's metrics for its policy regarding human resource development including securing diversity in human resources and its policy regarding improvement of the work environment and actual data are as follows. Targets are not included because the setting of specific targets to monitor the strategy regarding the policy is under consideration.

(i) Gender ratio and ratio of female managers (securing diversity in human resources)

Metrics	FY2024 actual data	FY2025 actual data
Gender ratio	Male: 66% · Female: 34%	Male: 66% · Female: 34%
Ratio of female managers (Note)	23%	22%

(Note) In the case of the Company, a "manager" refers to a line manager at the level of leader or higher, and in the case of consolidated subsidiaries other than the Company (all overseas entities), the term is determined in consideration of the organization and job status at each company.

(ii) Percentage of employees taking childcare leave (improvement of the work environment)

Metrics	FY2024 actual data	FY2025 actual data
Percentage of male employees taking childcare leave	5%	7%

(Note) The percentage of male employees taking childcare leave applies to the Company and its subsidiaries in Korea, which serve as a key base for Nexon Group. The actual data are close to those on a consolidated basis since the percentages of employees of the Company and such subsidiaries against the total number of Nexon Group employees in FY2024 and FY2025 are 88% and 87%, respectively.

(5) Intellectual property rights (IPs)

As a company engaged in production, development and publishing of online games, Nexon Group is deeply aware of the intensifying competition in the current game industry. With the evolution of technology, new competitors are constantly appearing in the market, and the expectations of users are increasing day by day. We continue to strive to create new business opportunities by leveraging our diverse lineup of IPs accumulated over the years and improve our brand value through the development of new IPs. In this environment, we recognize that appropriate IP investment and protection are indispensable for sustainable business growth and medium- to long-term enhancement of corporate value, and we have positioned this as an important issue in our management strategy.

(a) Strategy

(i) Enhancement and expansion of existing IPs

Nexon Group has fostered its own IPs with a focus on two key titles, *Dungeon&Fighter* and *MapleStory*. As we continue to operate these existing games, we are also working to provide users with a fresh gaming experience by developing new games based on those IPs. As part of this effort, we have announced *The First Berserker: Khazan*, and are developing *Project OVERKILL* and *Dungeon&Fighter: Arad* which are new titles based on the *Dungeon&Fighter* IP. In addition, we are actively utilizing our IPs in fields other than games to expand business opportunities. In particular, we are expanding the scope of IP utilization by producing web comics, web novels, and animations based on the stories of games such as *Blue Archive, Dungeon&Fighter*, and *MapleStory*, which attract users with their engaging storylines and characters.

(ii) Creation of new IPs

Nexon Group is simultaneously advancing large-scale projects and experimental small-scale projects, and has announced new games in a variety of genres. For large-scale projects, we have released *The First Descendant* (loot shooter) and *ARC Raiders* (PvPvE extraction adventure), while developing multiple titles including *NAKWON: LAST PARADISE* (multiplayer PvPvE zombie survival game), *Project DX* (new large-

scale survival MMO), and *Vindictus: Defying Fate* (action RPG). In addition, challenging and creative games are being created in a freer development environment. Notably, MINTROCKET released the hybrid marine adventure game *DAVE THE DIVER*, which has sold over seven million units in total since its global launch on Steam. New contents are planned for release going forward.

(iii) Investments in R&D

To lead the way in the next generation of technologies, Nexon Group has established a new organization dedicated to research and development and is strengthening investment in technological innovation. As part of this initiative, we established a data science research organization in 2017 called the "Intelligence Lab" to accommodate the technological diversity and changes in game development and to meet our unique R&D needs. Currently, the Intelligence Lab has more than 700 members, the largest in the industry, and has begun to develop advanced systems using machine learning and deep learning, in addition to sophisticating in-game functions. As a result, we have created an environment to provide users with a more enjoyable gaming experience, and we are aggressively promoting research and development activities.

(iv) Protection of IPs

Nexon Group is actively pursuing patent and trademark applications to protect its IPs. In addition, we have strengthened measures against infringement and, in the event that we find that any of our various IPs, including game content, has been infringed by a third party, steps are in place to promptly respond to and eliminate the cause of such infringement.

(b) Metrics and targets

Nexon Group has the developmental and technological capabilities to consistently create and maintain world-class IPs. Based on this foundation, we have expanded business opportunities and steadily enhanced our brand value. We recognize the importance of ongoing investment in IP creation as we aim for sustainable growth going forward. Therefore, while we manage various metrics and results, we do not establish specific numerical targets. This is because such targets are subject to change frequently depending on the status of development or release.

(i) R&D expenses

Metrics	FY2024 actual data	FY2025 actual data
Amount of R&D expenses (¥ million)	24,944	26,429
R&D expense ratio (%) (R&D expenses / revenue)	5.6	5.6

(ii) Number of patent registrations

Metrics	FY2024 actual data	FY2025 actual data
Number of new registrations	65	67
Number of registrations at year-end	385	444

3 【Business Risks】

The following section provides an overview of the matters related to our business and financial information stated in this report that may have a significant impact on investors' judgments. Matters that are not necessarily considered as such risk factors but are deemed important for investors in making investment decisions are also disclosed from the viewpoint of active information disclosure to investors.

Fully recognizing the possibility of these risks occurring, the Company's policy is to prevent their occurrence and to prepare countermeasures in case of occurrence; however, it is our view that investment decisions concerning the Company's shares should be made after carefully considering the matters specifically noted below as well as other information contained in this report.

Any forward-looking statements in the following discussion are based on the judgments of Nexon Group's management as of the filing date of this report and do not contain all risks that may arise in future.

(1) Risk concerning business environment

(a) Growth potential of PC online, mobile and console game markets

In line with the growing number of Internet users in Asia and the increasing broadband penetration rate in China, Europe and North America, the Internet market is expected to keep expanding. The penetration rates of smartphones and tablets are also expected to increase globally. And above all, the Company expects to see further expansion of the global market of PC online, mobile and console games in which Nexon Group operates.

However, if the PC online, mobile and console game markets do not grow in the manner the Company expects, if game license fees soar or if a prolonged game development period causes delay or suspension in service, Nexon Group's financial results or future business development could be adversely affected.

(b) Market environment of PC online, mobile and console games

The Company's core business is PC online, mobile and console games. The expansion of our PC online business is based on the premise that the Internet market continues growing with the spread of broadband environment. For the mobile game business, the mobile game market is also expected to continue growing along with the global spread of smartphones. Similarly, for the console game business, we expect the console game market to expand as the global penetration of game consoles expands.

However, if the development of the Internet-related market is impeded by unexpected factors including introduction of new legal regulations, delay in technological innovation and trends of telecommunication providers such as revision of fees for Internet or mobile phone service, Nexon Group's business development and financial results could be adversely affected.

(c) New entrants and competitors

There are a substantial number of competitors in the PC online, mobile and console game markets which are the major markets for Nexon Group's business.

We are in competition with not only PC online, mobile and console games but also other games in various genres including PC packaged games and social-network games. We also compete for users' time with other online services than gaming such as social network and streaming services for videos and music. If users spend more time on these competing games and online services, Nexon Group's business development and financial results could be adversely affected.

With an aim to attain market supremacy, Nexon Group strives to differentiate itself from its competitors by offering unique services and game titles through the use of our experiences, know-how and brand in the PC online business accumulated over the years, and to acquire new users steadily by constantly developing and servicing attractive and competitive new PC online, mobile and console game titles.

However, if an intensified competition or reputational damage results in a decrease in the number of users of our PC online, mobile and console games or if service of game contents is delayed, Nexon Group's business development and financial results could be adversely affected.

(d) Technological innovation

The PC online, mobile and console game markets in which Nexon Group operates are closely linked to the Internet environment and network technology and subject to extremely fast-paced technological innovation and rapid advancement of programs, etc.

In an effort to keep up with such technological innovation, Nexon Group continues to develop software and contents that correspond to changes in service models and new functions. However, if we cannot respond to unexpected new technology or new services developed by our competitors in a timely manner, the

competitiveness of our services could decline relatively and it could adversely affect Nexon Group's business development and financial results.

(2) Risks concerning Nexon Group's services

(a) Business expansion into overseas markets

Nexon Group publishes or grants licenses of PC online, mobile and console games globally including in Japan, Korea, China and the United States, and its operating results and financial position may be affected by changes in political, economic and geopolitical situations in these countries and regions, especially in Korea and China.

In promoting business expansion in overseas markets, Nexon Group considers business alliance with other companies, establishment of joint ventures, or M&A as necessary, but if such process is delayed due to various uncertainties, Nexon Group's business development and financial results could be adversely affected.

(b) Concentration of sales on major franchises

Nexon Group's revenue depends heavily on certain major franchises, and *Dungeon&Fighter*, *MapleStory* and *EA SPORTS FC*^{TM} accounted for a large percentage of consolidated revenue for the fiscal year ended December 31, 2025. Although Nexon Group is striving to diversify its portfolio through developing competitive new game titles and obtaining licenses of or acquiring titles developed by other companies, changes in users' preference, unexpected failure in servers or other systems, or disputes concerning intellectual property right could have an adverse effect on Nexon Group's business development and financial results.

(c) Seasonal fluctuations in financial results and business characteristics

In the PC online game market in which Nexon Group operates, revenue tends to increase during holiday seasons such as the New Year holidays, summer vacation, long holiday season and Lunar New Year around the world including Japan, Korea, China, Europe and the United States. Although we recognize such seasonal fluctuations as one of the variable factors affecting the number of game users, a significant fluctuation could have an adverse effect on Nexon Group's financial results.

(d) Expansion of PC online, mobile and console game portfolios

With an aim to increase the number of users, Nexon Group seeks to expand its portfolios by continuously developing new PC online, mobile and console game titles, but it is possible that development does not go as planned. We also work on the portfolio expansion by obtaining licenses of or acquiring PC online, mobile and console game titles developed by other companies, but if we fail to develop or acquire PC online, mobile and console game titles as planned, it could have an adverse effect on Nexon Group's business development and financial results.

(e) Updates of the existing titles of PC online, mobile and console games

Nexon Group offers updates for new stories and holds highly entertaining in-game events regularly for the existing PC online, mobile and console game titles in order to increase continued users and extend their life cycle.

However, if we fail to update or enhance the existing PC online, mobile and console game titles as planned, it could have an adverse effect on Nexon Group's financial results.

(f) Risks associated with service

Nexon Group mostly develops its PC online, mobile and console game titles within the group, which enables us to accumulate its unique development know-how and have a flexible development system capable of promptly responding to changes in users' preferences that vary from country to country.

However, we cannot deny the possibility that we may not be able to understand customer demands in a timely and accurate manner for any reason, which may hinder enhancement of appropriate service for the existing game titles or development of new game titles meeting the users' preferences. In such an event, our appeal to users will deteriorate and Nexon Group's business development and financial results could be adversely affected.

(g) Microtransaction model

Nexon Group primarily offers PC online, mobile and console game services using free-to-play model whereby users can play games for free but pay to purchase items to enjoy the game including costumes, accessories, and weapons. While Nexon Group strives to develop an optimized revenue model by analyzing the item sales trend, there is a possibility that a different revenue model developed by our competitors may be accepted by users. If we fail to accommodate such new model, our appeal to users may deteriorate and Nexon Group's business development and financial results could be adversely affected.

(h) Reputational damage and fraudulent act

Users' unfounded rumors about PC online, mobile and console games serviced by Nexon Group may damage our reputation and have an adverse effect on our financial results.

In addition, a fraudulent act called "Real Money Trading" (Note) by certain malicious users was identified whereby in-game contents such as items, characters and non-cashable currency used within the games serviced by Nexon Group were obtained through illegal means and then used and transferred. In the past, there was an incident in one of our U.S. subsidiaries where its server was hacked from outside resulting in an anomalous increase in the in-game currency of certain users, and the subsidiary needed to terminate their access. Nexon Group works on preventing any illegal use or transactions of contents by introducing a system that enables in-game trading of contents among users. However, there are more ways of fraudulent acts than we can imagine, and we cannot assure that these countermeasures are sufficient.

In the event that a fraudulent act using our service is identified, the credibility of Nexon Group and the Company's services may be undermined, which could have an adverse effect on Nexon Group's business development and financial results.

(Note) Real Money Trading: Act to sell characters, items, in-game currency, etc. used in online games for real money.

(i) Damage to Nexon brand

Nexon Group enjoys high brand recognition in Korea, China and Japan, and we believe it is important to maintain and enhance such recognition in order to expand customer base and acquire new business partners.

If Nexon Group fails to make sufficient investment to maintain and enhance brand recognition, if our competitors establish a more competitive brand, or if the public image of the PC online, mobile and console game industry declines, it may damage Nexon Group's brand and could have an adverse effect on Nexon Group's business development and financial results.

(3) Risks concerning legal regulations

Nexon Group publishes or grants licenses of PC online and mobile games around the world including in Japan, Korea, China, the United States and Europe, and our business operation is subject to legal regulations in these countries and regions. Nexon Group operates its business faithfully in full compliance with laws and regulations. However, if Nexon Group receives administrative punishment for violating these regulations or judicial precedents, or if Nexon Group's business becomes subjected to restrictions due to reasons such that relevant laws and regulations are tightened or new laws and regulations or judicial precedents are established in the future, Nexon Group's business development and financial results could be adversely affected.

Legal restrictions considered especially important are as follows:

(a) Legal regulations concerning juveniles

On May 25, 2019, the WHO ratified the text of ICD-11, which newly designated "gaming disorder" as an addictive behavior disorder. ICD-11 came into effect in January 2022 and is utilized internationally by medical experts in diagnoses and examinations. Also, each country has regulations to prevent juveniles from becoming game addict and protect them from intense stimulus such as violence. In Korea, for example, game operators are required to report to parents of game users under 16 years of age information on the game products including the characteristics, rating, fee-charging policy and usage details such as payment history to prevent excessive immersion in games by youths. Also, limits on the game usage and time spent in using game products may be set at the request of users or their parents. In China, "Online Games Ethics Committee (OGEC)," an organization to evaluate the appropriateness of game contents to be serviced in China, was established and measures for juveniles have been put in place to limit their play time of online games, as well as the amount of spending for in-game contents, according to their respective ages. In addition, on August 30, 2021, General Administration of Press and Publication of China put forth measures limiting play time of online games to address gaming addiction considered to have effects on physical and psychological health of minors and released a notice. As a result of this notice, gaming companies are required to limit their service of online games offered to children under 18 years of age to one hour between 8 pm and 9 pm on Fridays, Saturdays, Sundays and public holidays, and the rule has become effective on September 1, 2021.

Nexon Group is striving to minimize potential impacts from these regulations by voluntarily introducing a game fatigue system and actively participating in social activities to prevent game addiction. However, if the interpretation of these regulations or judicial precedents is revised or new laws and regulations are established in

the future, Nexon Group's business may be subjected to restrictions, or we may be required to take additional measures and spend more costs to comply with such regulations.

In addition, with the spread of smartphones, the number of juvenile users using smartphone of their family members is increasing. The payment options for purchasing in-game items of our smartphone games include payments through telecommunications carrier and payments through distribution platform linked to the smartphone, which could result in billing-related troubles such that juvenile users using their family members' smartphone mistakenly purchase in-game items with the payment method using the smartphone resulting in a large amount of bills.

Nexon Group is striving to form a sound market environment through measures such as information exchange with the supervisory authorities, but if billing-related troubles increase or an unexpectedly large-scale trouble occurs, or if new laws and regulations or self-regulations to deal with such troubles are established in the future, Nexon Group's financial results, financial position and future business development could be adversely affected.

(b) Assessment of game contents

Prior to releasing games, Nexon Group undergoes an assessment by supervisory authorities or a third-party organization designated by the country in which games will be released or a platform on which games will be serviced. If issues related to violence, gambling property or sensational contents are identified in the assessment, we may be required to limit access by certain age group or revise game contents. In addition, if serious violation of the assessment items is identified after the launch, we may receive administrative punishment or other punishment including suspension of game service on the relevant platform. In such an event, the credibility and brand of Nexon Group's and the Company's services are undermined, which could have an adverse effect on Nexon Group's business development and financial results.

(c) Legal regulations concerning randomized items

Many countries, states, and regions are moving toward tightening regulations, such as requiring probability disclosure, on the service generally called loot boxes or gacha games focusing on its speculative and gambling nature as the service provides in-game items by deciding the type of items based on pure chance. Particularly, in Belgium and Slovakia, it was made clear that loot boxes offered for purchase would fall under gambling and be subject to gambling regulations. In 2022, a higher court of the Netherlands overturned the lower court's decision that loot boxes fall under gambling, but the law-making body is trying to pass a bill that would make loot boxes illegal. Also, in Korea, a partial amendment to the "Game Industry Promotion Act" that requires the disclosure of information on the probability of obtaining chance-based items became effective on March 22, 2024. If countries, states or regions in which Nexon Group services online games establish stricter regulations or declare harsher judicial decisions, Nexon Group's business may be subjected to restrictions, or we may be required to take additional measures and spend more costs to comply with such regulations.

(d) Legal regulations in China

The Chinese government has been promoting to foster its domestic online game industry and regulates the operation of games developed by foreign companies in China. On May 1, 2017, the Ministry of Culture enacted a law strengthening regulations and administrative supervisory functions with respect to standard online game operation, and "Online Games Ethics Committee (OGEC)," an organization to evaluate the appropriateness of game contents to be serviced in China, was established in December 2018.

Nexon Group strives to minimize potential impacts of the above legal regulations mainly by forming partnership with local game publishers in China. However, if Nexon Group receives administrative punishment for violating these regulations due to unexpected circumstances, if the game approval procedures by the Chinese authorities is delayed or frozen, or if relevant laws and regulations are tightened or new laws and regulations are established in the future and Nexon Group's business is subjected to the restrictions, Nexon Group's business and financial results could be adversely affected.

In addition, laws and administrative regulations directly governing online games in China have recently come into effect, and new regulations may be introduced or existing regulations may be tightened in the future. In particular, under the regulations on protection of minors that came into effect on January 1, 2024, online game operators are subject to more detailed obligations with respect to prevention of excessive game use, management of play time, and restriction of unreasonable or excessive in-game spending. If the interpretation or enforcement of these regulations is tightened, it could materially constrain the design, operation and monetization structure of Nexon Group's games, and may require additional development responses, operational adjustments or incur increased compliance costs.

Furthermore, China's game license (publishing approval) regime and review standards applicable to game content and operating models may change depending on regulatory policies and administrative practices. Draft regulations published in the latter half of 2023 indicated restrictions on certain reward mechanisms, monetization practices and user engagement features, and subsequent developments suggested possible revisions reflecting stakeholder feedback. Nevertheless, similar measures may be reintroduced or partially adopted in the future. If such changes occur, they could adversely affect game development plans, launch timing, content updates, marketing strategies and monetization in Nexon Group's China business, and even with respect to games already developed or published, Nexon Group may be required by regulatory authorities to make modifications, suspend service or take other restrictive measures.

(e) Legal regulations in Japan

In Japan, it was clarified that "kompu gacha (complete gacha)" falls under the category of "card matching" that is prohibited by the Act against Unjustifiable Premiums and Misleading Representations, and the industry group took the lead in establishing and releasing self-regulating guidelines. In-game currencies may also be subject to the Payment Services Act as "prepaid payment instruments." Nexon Group has always operated its business by placing the most importance on continuous use and support by users while ensuring compliance with the laws and regulations. However, Nexon Group may be required to put into place a new system or framework in order to comply with laws or judicial precedents that may be enacted or amended/revised as well as the industry group's guidelines that may be established in future. If we fail to establish such system or framework in a timely manner, or if we incur more costs than expected to take necessary measures, it could have an adverse effect on the Company's financial results.

(f) Legal regulations in Korea

In Korea, legal restrictions regarding the game industry and the electronic commerce transactions are continuously being reinforced to protect consumers. "The Game Industry Promotion Act" has required game operators to clearly disclose the types of chance-based items and the supply probability information for each type from March 22, 2024 and, from August 1, 2025, to bear the responsibility of proving that there was no intent or negligence if they violate the disclosure obligations. In cases where a game operator intentionally violates such disclosure obligations, it would be liable for punitive damages of up to three times the actual amount of damages.

In addition, the revised Act on Consumer Protection in Electronic Commerce, etc., which came into effect on February 14, 2025, prohibits "dark patterns," user interfaces designed to deceive consumers or induce unfavorable decisions, and requires businesses to obtain prior consent when increasing subscription fees or converting free services into paid ones.

(g) Legal regulations in the United States

In the United States, various state privacy laws have either already been enacted or are in the process of being enacted, and some of these laws have already given rise to legal disputes involving social media operators, game operators and others. In addition, various states are considering regulations aimed at curbing so-called "addictive design features" in games and social media. At present, major litigation is ongoing concerning mechanisms on Instagram and YouTube that encourage continued user engagement, and in some cases, certain businesses originally included in such litigation have avoided trial through settlement.

In addition, with respect to games such as Roblox, multiple lawsuits have been filed concerning the protection of minors and young users, including allegations relating to inappropriate contact by adults (so-called grooming), exploitation, bullying and threats. Furthermore, legal action by the Florida state legal authorities against Roblox has also been announced, although the ultimate outcome of such matters, whether civil or criminal, is not necessarily clear at this time.

Nexon Group regards user protection as one of its highest priorities and is continuously working on measures to protect users from criminal and other harmful acts. Cases involving other companies and trends in related litigation provide important insights for further enhancing user protection measures, and in the future, new legislation or regulatory measures targeting Roblox-like services or similar social media/game services may be introduced at the federal or state level. If such laws, regulations or enforcement policies change, they may affect the design, operation, monitoring framework and compliance costs of Nexon Group's business in the United States.

(h) Legal regulations in the EU

In the European Union ("EU"), regulatory demands are increasing at both the EU and member state levels, particularly in the areas of consumer protection and protection of minors. The European Commission is

considering legislation for the proposed Digital Fairness Act ("DFA"), including measures addressing so-called dark patterns, addictive design and unfair personalization, and a review of the regulatory framework is expected.

In addition, with respect to online platform regulation, implementation of Article 28 (protection of minors) of the Digital Services Act ("DSA") is progressing, and the practical level of compliance is continuing to become more sophisticated in light of, among other things, guidelines published by the European Commission.

Furthermore, the Consumer Protection Cooperation ("CPC") Network, which consists of national authorities of the member states, has published key principles for the online gaming industry regarding in-game virtual currencies, and expectations are becoming clearer with respect to price display, information disclosure, the exercise of consumer rights and consideration for minors.

As a result of these regulatory and enforcement trends, compliance measures in Nexon Group's global operations require continuous review, and depending on future regulatory amendments or changes in regulatory expectations, additional measures may become necessary in product design, operational frameworks, monitoring and organizational structures. In addition, for violations of consumer laws, the EU's coordinated enforcement framework contemplates fines linked to annual turnover (based on at least 4%), and member state laws may set higher upper limits. Moreover, for violations under the DSA, certain businesses may be subject to fines of up to 6% of their total worldwide annual turnover. Further, collective redress claims may be brought through representative actions.

(4) Risks concerning business structure

(a) Human resources

Nexon Group's PC online and mobile game business has been growing rapidly in recent years, and for further business expansion and diversification, we need to increase talented people with various skills including creativity, technical skills, ability to act and management skills. In addition, as our overseas subsidiaries play an important role in our business development, we consider it is important to have in place and enhance an internal control system as well as governance system including securing qualified personnel for the management departments in overseas subsidiaries.

However, if, for example, a delay in recruiting talented people from outside or fostering within the group in line with the level of expansion and diversification of our business or resignation of key personnel causes problems in the operation or management systems, Nexon Group's business development and financial results could be adversely affected.

(b) Internal control framework

Nexon Group recognizes that effective corporate governance and internal control system is essential for continuous increase in corporate value.

Nexon Group is committed to ensuring proper operations and reliability of financial reporting as well as compliance with laws and regulations based on sound ethics. However, if we fail to maintain sufficient level of internal controls due to rapid growth of business, making it difficult to properly operate business, it could have an adverse effect on Nexon Group's business and financial results.

(c) Protection of personal information

In publishing or promoting PC online and mobile games and providing other services, Nexon Group may acquire personal information of existing and potential users, including their addresses, names, telephone numbers and e-mail addresses. With regard to such action, Nexon Group is subject to the "Act on the Protection of Personal Information" as a business operator handling personal information in Japan, and many foreign countries are also establishing laws regarding protection of personal information; and therefore, Nexon Group may be subject to administrative punishment, financial penalties or criminal charges in case of violating the laws and regulations on acquisition and safekeeping of personal information. Considering that an enormous amount of personal information is stored and managed in its server and that the cyber-attacks are increasing worldwide in recent years, Nexon Group has reinforced its security measures including by establishing "Global Security Center" responsible for sophisticated information security measures and acquiring certification of Information Security Management System ("ISMS"). Our privacy policy and Nexon Group's information security initiatives are disclosed on our website.

In addition, EU's "General Data Protection Regulation" ("GDPR"), which strictly regulates processing of personal data and its transfer outside EU, became effective on May 25, 2018. It has also been pointed out that, with a view to ensuring competitiveness and simplifying regulation, the GDPR may be reviewed within the next

year, particularly with respect to regulations applicable to AI models trained using personal data. Furthermore, in Europe, the "Digital Services Act" ("DSA"), which strengthens the transparency, safety and accountability of online services, became effective on February 17, 2024, and requires the establishment of a dedicated DSA webpage for receiving reports of illegal content and the like, prompt responses that are not based solely on automated means, and the publication of annual transparency reports using the standard template prescribed by the European Commission. Any violation of these laws or regulations may result in imposition of fines of up to 6% of total worldwide annual revenue. Nexon Group is advancing measures relating to the DSA webpage and annual transparency reports.

In the United Kingdom, the "Online Safety Act", which is intended to protect children from harmful and inappropriate content online, was enacted in October 2023. It applies to services that allow users to post content or interact with others and imposes obligations such as providing easily accessible means for reporting problems. Ofcom, the regulatory authority, published guidance on illegal content risk assessments in December 2024, requiring assessments relating to illegal content and child safety risks to be conducted by March 16, 2025 and July 24, 2025, respectively. Non-compliance may result in fines of up to the greater of £18 million or 10% of total worldwide annual revenue, as well as potential criminal liability for senior management.

In the U.S., the "California Consumer Privacy Act" became effective on January 1, 2020, the "California Privacy Rights Act," which amends the "California Consumer Privacy Act", became effective on January 1, 2023, and the regulations for the "California Privacy Rights Act" became effective on March 29, 2023. Following California, approximately 26 states have enacted their own privacy-related laws, many of which include specific provisions strengthening the protection of children's privacy. Moreover, as privacy-related laws vary from state to state, there is a movement to seek the enactment of a unified federal law, but it has yet to be realized. Any violation of these laws or regulations may result in imposition of substantial amount of fines. As these laws and regulations may also apply to foreign business operators, Nexon Group continues to improve and enhance systems to comply with them and prevent violations.

In China, under the "Personal Information Protection Law" ("PIPL"), which came into effect in 2021, and related regulations thereafter, business operators, including game companies, are required to establish a clear privacy protection policy when collecting personal information. Such policy must specify the purpose, method and scope of collection of personal information, as well as the methods by which users may exercise their rights with respect to their personal information, including copying, accessing, correcting, deleting and canceling their accounts, and explicit consent must be obtained from users. In addition, where collected personal information is shared with a third party, additional consent is required, and where such information is transferred outside China, additional legal procedures prescribed by the authorities must be fulfilled. Furthermore, under the Data Security Law and related regulations, which also came into effect in 2021, business operators are required to classify and grade data, including personal information, according to its importance and level of security risk, and to implement measures such as encryption, access controls and security audits. In particular, business operators handling more than 10 million items of personal information are required to appoint a person responsible for data protection, conduct annual data security risk assessments, and submit assessment reports to the authorities. In recent years, the authorities have conducted regular inspections regarding the unlawful collection and use of personal information, and where violations are identified, measures such as public announcement, removal from app stores, fines, confiscation of illegal gains, suspension of business operations, and even revocation of business licenses may be imposed.

Nexon Group pays careful attention to prevent leakage of personal data by reinforcing security measures on an ongoing basis and ensuring thorough employee training. In the past, however, there was a leakage of personal information such as names due to our employees' negligence and an outflow of a large amount of personal information including users' names and encrypted identification numbers due to a hacking attempt against Nexon Group's server from outside. If personal information is leaked as a result of hacking attacks from outside or employees' willful intention or negligence, Nexon Group may face claim for damage from users, administrative punishment, or criminal charges, and the resulting damage to the credibility, which could have an adverse effect on Nexon Group's financial results.

(d) Dependence on specific persons

In determining and executing Nexon Group's management policy and business strategy, certain officers with abundant experience and knowledge about PC online and mobile game services as well as certain key employees

including developers of major titles play very important roles, and the future success of Nexon Group's business depends on these specific officers and employees.

Although Nexon Group works on building a management structure that does not heavily depend on specific persons, if such officers or employees resign for any reason or if it becomes difficult for them to continue their duties and their competent replacements cannot be found in a timely manner, Nexon Group's business development and financial results could be adversely affected.

In addition, although there are certain restrictions, if any of our officers or key employees joins a competitor or forms a competing company, our business know-how may be compromised, which could have an adverse effect on Nexon Group's business development and financial results.

(5) Risks concerning intellectual property rights

Intellectual property rights, including patent, copyright and trademark, related to game titles owned by Nexon Group are essential to our business development, and we are making a special effort to protect and manage them. Certain PC online and mobile games published by Nexon Group may use third parties' intellectual property, and therefore we pay a special attention not to infringe on such intellectual property rights and conduct various investigation in advance. In the license agreements with licensors, we incorporate a warranty of non-infringement and limitation of liability clause to ensure smooth execution of our business.

If Nexon Group's intellectual property rights are infringed by a third party, we will take adequate measures against such party, but there is a possibility that we may not be able to eliminate it. Or if an insufficient investigation results in an infringement by Nexon Group of an intellectual property right of a third party, Nexon Group may face a lawsuit claiming for damages or seeking an injunction prohibiting the use of the intellectual property and also may be subjected to injunction, or payment of consideration or damages related to such intellectual property. In such an event, Nexon Group's financial results could be adversely affected.

(6) Risks concerning systems, etc.

(a) System failure

As PC online and mobile games offered by Nexon Group use a network system, any system failure due to natural disaster, computer virus, power outage, overload of server, fraudulent activities including hacking by third parties or other unexpected circumstances may cause suspension of Nexon Group's operations.

Nexon Group is prepared for the quick recovery by having in place a 24-hour management system and a system to promptly notify monitoring staff. However, if we cannot restore our systems for any reasons and provide our services, or if data is lost or leaked, it may lead to claims for damages or undermine our credibility, which could have an adverse effect on Nexon Group's financial results.

(b) Coding error

PC online and mobile games offered by Nexon Group are complex programs and may contain coding errors as we launch new game titles or introduce updates of the existing titles. Although Nexon Group endeavors to improve game quality and prevent coding errors by conducting pre-release tests, it is not possible to completely eliminate the possibility of coding errors due to various factors including human errors.

As the impact of coding errors on games has been growing in recent years, if Nexon Group fails to prevent coding errors in advance or fails to respond to coding errors adequately, game elements and credibility of our PC online and mobile games are undermined, which could have an adverse effect on Nexon Group's business and financial results.

(7) Risks concerning misappropriation of games

PC online games may be used illegally by certain users through illegal servers or illegal copies. As our efforts to prevent misappropriation of our PC online games, Nexon Group has established a security system to protect the source codes of the programs for our PC online games. However, because of factors including human errors in the security system, there is a possibility that illegal acquisition and use of our programs by third parties cannot be completely eliminated. Illegal servers and copies prevent us from collecting payments for purchased items from users who play pirated versions of our games and also impedes normal play by users due to its inferior game quality, which could have an adverse effect on Nexon Group's financial results and financial position.

(8) Risks concerning legal proceedings

Although Nexon Group has in place a compliance system primarily focusing on compliance with laws and regulations, there are possibilities that we may become subject to lawsuits filed by third parties or investigations by the supervisory authorities, in relation to default of contract, infringement of intellectual property rights, leak of personal information, violation of the Act on Preventing Delay in Payment to Small and Medium-Sized Entrusted Business Operators in Relation to Manufacturing Consignment or the Act against Unjustifiable Premiums and Misleading Representations or labor issues during the course of our business operations. In addition to huge burden of responding to lawsuits or investigations, if unfavorable judgments, decisions or rulings are made, the resulting economic loss as well as damage to our brand image may adversely affect Nexon Group's financial results and financial position.

(9) Risks concerning M&A and business/capital alliance

(a) Business expansion through M&A

Nexon Group has effectively utilized M&A targeting developers and operating companies of PC online and mobile games as an effective means to establish an effective business structure and accelerate business expansion and intends to continue M&A and investment activities to secure and enhance competitive business portfolios, IPs and development personnel. In doing so, we collect information on, scrutinize and consider business plans, financial condition and legal matters of target companies in advance to the extent considered necessary and sufficient in order to avoid risks as much as possible.

However, if certain items including contingent liabilities or unrecognized liabilities which we fail to identify in the pre-acquisition investigation or consideration are identified during the process of post-merger integration, if a business integration does not go as planned due to changes in market environment or competitive situation or delay in or unsuccessful post-merger integration, or if the investment value in the target companies is impaired, Nexon Group's financial results and financial position could be adversely affected.

(b) Business/capital alliance with other companies

Nexon Group services online games by granting licenses to local companies in countries in which we operate, including the exclusive license agreement of *Dungeon&Fighter* in China. While Nexon Group will continue to work on business expansion through these business alliances, if the effects originally expected are not realized, if such alliance is terminated or if a license agreement is not renewed, Nexon Group's business and financial results could be adversely affected.

(10) Risks concerning fluctuations of foreign exchange rates

Overseas business expansion involves the risk of exchange-rate fluctuations and is affected mainly by fluctuation of foreign exchanges rates of the Korean won, U.S. dollar and Chinese yuan. Nexon Group's consolidated financial statements are presented in Japanese yen, and fluctuations in exchange rates may have an adverse effect on Nexon Group's financial results as translation and transaction risk.

(11) Risks concerning fluctuations of share price of publicly traded shares held

Nexon Group invests in publicly traded shares in Japan and overseas which have risks of stock-price fluctuations in the stock market. Accordingly, declines in share prices could decrease fair values of publicly traded shares held by Nexon Group and have an adverse effect on our financial results and financial position.

(12) Risks concerning investment in crypto-assets

Nexon Group makes investments in crypto-assets through crypto-asset exchanges, and prices of crypto-assets may fluctuate significantly in a short period of time. Crypto-assets are generally subject to risks associated with security violation, cyber attacks and other malicious activities, and losses resulting from such activities may not be reimbursed by the custodian of the crypto-assets. As a result, Nexon Group's financial results and financial position could be adversely affected.

(13) Changes in laws and regulations and accounting standard

Unexpected enactment or amendment of laws and regulations or introduction or amendment of accounting standards or taxation system may adversely affect Nexon Group's financial results and financial position. Also, differences in opinion with the tax authorities regarding tax returns may result in additional tax payments.

(14) Risks concerning natural disasters and outbreaks of diseases

While Nexon Group strives to prepare for a rapid restoration by setting up a 24-hour management system and using the cloud services, if Nexon Group's major facilities are damaged or employees are affected by natural disasters such as earthquakes and typhoons, it may affect our operation and service of online games offered by Nexon Group. In addition, costs to repair damaged facilities and compensate affected employees could have an adverse effect on Nexon Group's financial results and financial position. Also, an outbreak of diseases such as influenza or COVID-19 may interfere with the execution of duties by employees, which could have an adverse effect on the provision of services and the Company's financial results.

(15) Risks concerning dilution due to share acquisition rights

Nexon Group has issued share acquisition rights to provide incentives to our officers and employees. As a result of exercise of rights in the future, the Company's shares may be newly issued, resulting in dilution of existing shareholders' share value and the ownership ratio of voting rights. As of December 31, 2025, the number of underlying shares subject to issued share acquisition rights (excluding treasury shares acquisition rights) accounted for 1.4% of the total number of issued shares.

(16) Relationship with NXC Corporation

NXC Corporation owns 248,462,800 shares, or voting right ratio of 31.3%, of the Company as of December 31, 2025, and accordingly, the company, even with its indirect shareholding, is not the parent company of the Company under the Companies Act and the Financial Instruments and Exchange Act.

As of the filing date of this report, NXC Corporation is the largest and major shareholder of the Company and engages in investment and other businesses that are not related to online game business which is Nexon Group's primary business. With regard to the company name trademark "NEXON" in Japan owned by NXC Corporation, the Company has entered into a trademark licensing agreement and agreed to pay license fee to NXC Corporation, which is set as the amount calculated as a certain percentage of the Company's revenue. NXC Corporation has agreed that the Company has a right to extend the trademark licensing agreement regarding the company name trademark "NEXON." Certain subsidiaries of the Company, including NEXON Korea Corporation and Nexon America, Inc., have also entered into a similar agreement with NXC Corporation.

Except for the licensing agreement described above, there are no other recurring transactions related to significant financial and business policy between Nexon Group and NXC Corporation.

4【Management Analysis of Financial Position, Operating Results and Cash Flows】

(1) Summary of operating results, etc.

Financial position, operating results, and cash flows ("Operating Results, etc.") of Nexon Group for the fiscal year ended December 31, 2025 are as follows.

(a) Operating results

During the fiscal year ended December 31, 2025, although the global economy continued to gradually recover, some regions appeared to be treading water and a sense of uncertainty persisted due to U.S. tariff hikes.

Looking ahead, we expect a moderate recovery to continue despite some regional variations. However, we need to pay attention to downside risks due to the impact of future U.S. policy trends including its trade policy, and the impact of fluctuations in financial and capital markets.

Under these circumstances, with its live game operations capability as a foundation, Nexon Group is centralizing its organizational structure around an IP Growth Initiative which can snowball growth within its established IP and develop new blockbusters. The new IP Growth Initiative is a strategy for creating vertical growth by revitalizing and extending established blockbusters such as *Dungeon&Fighter* and *MapleStory* with new content, on new platforms, and in new markets. The strategy includes hyperlocalization, a concept that recognizes the cultural differences between markets and customizes content to match the unique player preferences in each region. Additionally, the strategy's horizontal growth initiatives aim to develop new blockbusters from other Nexon Group games and franchises like *Mabinogi*, plus new games in development.

As a result, for the fiscal year ended December 31, 2025, Nexon Group recorded revenue of ¥475,102 million (up 6.5% year over year), operating profit of ¥124,012 million (down 0.1% year over year), profit before tax of ¥140,451 million (down 28.3% year over year) and profit attributable to owners of parent of ¥92,052 million (down 31.7% year over year).

Performance results by reportable segments are as follows:

(i) Japan

Revenue for the fiscal year ended December 31, 2025 amounted to ¥5,509 million (down 10.0% year over year) and segment loss amounted to ¥4,098 million (segment loss of ¥2,633 million for the fiscal year ended December 31, 2024).

(ii) Korea

Revenue for the fiscal year ended December 31, 2025 amounted to ¥400,657 million (down 3.0% year over year) and segment profit amounted to ¥132,945 million (down 13.9% year over year). Revenue in Korea includes the royalty income of NEOPLE INC. (a subsidiary of NEXON Korea Corporation, our consolidated subsidiary) attributable to license agreements in China.

(iii) China

Revenue for the fiscal year ended December 31, 2025 amounted to ¥1,774 million (down 32.3% year over year), and segment loss amounted to ¥152 million (segment profit of ¥560 million for the fiscal year ended December 31, 2024).

(iv) North America

Revenue for the fiscal year ended December 31, 2025 amounted to ¥28,125 million (up 59.7% year over year) and segment profit amounted to ¥712 million (segment loss of ¥4,059 million for the fiscal year ended December 31, 2024).

(v) Other

Revenue for the fiscal year ended December 31, 2025 amounted to ¥39,037 million (up 477.1% year over year) and segment loss amounted to ¥9,463 million (segment loss of ¥9,188 million for the fiscal year ended December 31, 2024).

(b) Financial position

(Assets)

Total assets as of December 31, 2025 amounted to ¥1,410,188 million, an increase of ¥153,417 million from December 31, 2024. Major components include an increase of ¥166,937 million in cash and cash equivalents, an increase of ¥73,305 million in other deposits, an increase of ¥11,737 million in right-of-use assets, and a decrease of ¥126,903 million in other financial assets.

(Liabilities)

Total liabilities as of December 31, 2025 amounted to ¥344,270 million, an increase of ¥118,024 million from December 31, 2024. Major components include an increase of ¥32,718 million in deferred income, an increase of ¥26,602 million in trade and other payables, an increase of ¥27,089 million in income taxes payable, and an increase of ¥25,629 million in other current liabilities.

(Equity)

Equity as of December 31, 2025 totaled ¥1,065,918 million, an increase of ¥35,393 million from December 31, 2024. Major components of changes in equity include an increase of ¥85,014 million in retained earnings primarily due to recording of profit attributable to owners of parent and a decrease of ¥44,662 million in purchases of treasury shares.

(c) Cash flows

Cash and cash equivalents (collectively, "cash") as of December 31, 2025 were ¥498,868 million, an increase of ¥166,937 million from December 31, 2024. The increase includes ¥11,506 million in effects of an increase due to exchange rate changes on cash.

Cash flows from each activity for the fiscal year ended December 31, 2025 and their significant components are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities was ¥171,872 million, compared to ¥100,968 million for the fiscal year ended December 31, 2024. Major components of the increase include profit before tax of ¥140,451 million and an increase of deferred income of ¥30,033 million. Major components of the decrease include income taxes paid of ¥46,994 million.

Net cash provided by operating activities increased year over year due to an increase in deferred income.

(Cash flows from investing activities)

Net cash provided by investing activities was ¥102,247 million, compared to ¥7,445 million for the fiscal year ended December 31, 2024. Major cash inflows include proceeds from sales and redemption of securities of ¥197,605 million. Major cash outflows include net increase in time deposits of ¥62,555 million.

Net cash provided by investing activities increased year over year due to an increase in proceeds from sales and redemption of securities.

(Cash flows from financing activities)

Net cash used in financing activities was ¥118,688 million, compared to ¥64,777 million for the fiscal year ended December 31, 2024. Major cash outflows include purchase of treasury shares of ¥96,885 million and dividends paid of ¥24,396 million.

Net cash used in financing activities increased year over year due to an increase in purchases of treasury shares.

(d) Production, Orders Received and Sales

This section presents information by reportable segment for the fiscal year ended December 31, 2025.

(i) Production

The disclosure is omitted as the amount of Nexon Group's production is immaterial.

(ii) Orders received

Not applicable as Nexon Group does not receive orders.

(iii) Sales

Sales by reportable segment for the fiscal year ended December 31, 2025 are as follows:

Name of reportable segment	Fiscal year ended December 31, 2025 (¥ million)	Year-over-year (%)
Japan	5,509	90.0
Korea	400,657	97.0
China	1,774	67.7
North America	28,125	159.7
Other	39,037	577.1
Total	475,102	106.5

(Notes) 1. Intersegment transactions are eliminated.

2. The amount of sales by major counterparties and their ratio to the total sales for the recent two years are as follows:

Counterparty	Fiscal year ended December 31, 2024		Fiscal year ended December 31, 2025	
	Amount (¥ million)	Ratio (%)	Amount (¥ million)	Ratio (%)
Tencent Holdings Limited and its subsidiaries	143,300	32.1	94,133	19.8

(2) Management's analysis and discussion of Operating Results, etc.

Management's recognition, analysis and discussion of Operating Results, etc. of Nexon Group is as follows. Any forward-looking statements in the following discussion are based on the judgment of Nexon Group's management as of December 31, 2025.

(a) Recognition, analysis and discussion of operating results

For the fiscal year ended December 31, 2025, Nexon Group recorded revenue of ¥475,102 million (up 6.5% year over year), operating profit of ¥124,012 million (down 0.1% year over year), profit before tax of ¥140,451 million (down 28.3% year over year) and profit attributable to owners of parent of ¥92,052 million (down 31.7% year over year).

(i) Analysis of revenue

Revenue for the fiscal year ended December 31, 2025 amounted to ¥475,102 million, up 6.5% year over year.

For the fiscal year ended December 31, 2025, revenue increased year over year, and we achieved record-breaking full-year revenue driven by revitalized momentum in key titles such as *Dungeon&Fighter (PC)* and *MapleStory*, contributions from *MABINOGI MOBILE, ARC Raiders* and *MapleStory: Idle RPG*, all of which launched in 2025, and the successful regional expansion of *MapleStory Worlds*. Revenues by key franchises are as follows:

Dungeon&Fighter franchise revenue decreased year over year due to the impact of a decline in *Dungeon&Fighter Mobile*, which was partially offset by growth from *Dungeon&Fighter (PC)*. In China, a series of successful content updates revitalized player engagement in *Dungeon&Fighter (PC)* and drove year-over-year revenue growth. Also, in Korea, it significantly grew year over year and achieved record-breaking full-year revenue.

MapleStory franchise revenue increased year over year driven by a recovery in the Korean market, as well as our hyperlocalization strategy, regional expansion, and new title releases. Korea *MapleStory*'s revenue increased year over year driven by successful large content updates. *MapleStory Worlds* expanded into Asia, excluding China and Japan, in April, and significantly increased its year-over-year revenue. *MapleStory: Idle RPG* launched in November, and its casual gameplay was well received by players. It succeeded in ranking among the top sellers in the mobile app store in multiple countries and significantly contributed to the increase in franchise revenue.

FC franchise revenue was roughly flat year over year despite the absence of major professional soccer events in 2025.

As for other key titles, *MABINOGI MOBILE*'s solid performance since its launch in Korea on March 27 significantly contributed to the results. We also significantly benefited from *ARC Raiders*, which globally launched on October 30, as it passed the 10-million-unit milestone in less than two months.

(ii) Analysis of cost of sales

Cost of sales amounted to ¥193,088 million, up 17.1% year over year, this was mainly due to the increased royalty expenses for *MABINOGI MOBILE* and *MapleStory: Idle RPG*, performance-based bonuses for new titles, and increased fees to creators for *MapleStory Worlds*.

(iii) Analysis of selling, general and administrative expenses

Selling, general and administrative expenses amounted to ¥161,928 million, up 13.9% year over year, primarily due to an increase in marketing expenses associated with new titles, and an increase in platform fees mainly due to launching *ARC Raiders* and *MapleStory: Idle RPG*.

(iv) Analysis of other income (expenses)

Other income amounted to ¥10,673 million, up 927.2% year over year, due to the recognition of a gain on liquidation of subsidiaries in the fiscal year ended December 31, 2025.

Other expenses amounted to ¥6,747 million, down 58.0% year over year, mainly because, in the fiscal year ended December 31, 2024, the Group made an equity-method investee with negative net assets into a consolidated subsidiary and recognized an impairment loss on goodwill.

(v) Analysis of finance income (costs)

Finance income amounted to ¥37,250 million, down 53.3% year over year, due mainly to the recognition of foreign exchange gains in the fiscal year ended December 31, 2024.

Finance costs amounted to ¥10,513 million, up 209.2% year over year, mainly due to the recognition of a settlement loss on derivative liabilities related to the sale of securities and foreign exchange losses in the current fiscal year.

(vi) Analysis of share of profit (loss) of investments accounted for using equity method

Share of loss of investments accounted for using equity method amounted to ¥1,697 million, down 67.2% year over year, due mainly to fluctuations in the operating results of equity-method investees.

(vii) Analysis of impairment loss on equity-method investments

Impairment losses on investments accounted for using the equity method amounted to ¥8,601 million. This was mainly due to impairment losses recognized in the fiscal year ended December 31, 2025 on investments accounted for using the equity method relating to Brothers International, LLC and SUPERCAT Inc.

(viii) Analysis of income tax expense

Income tax expense amounted to ¥50,752 million, down 15.1% year over year, primarily due to a decrease in profit before tax compared with the previous fiscal year.

(b) Factors that have material impacts on operating results

See "II. Overview of Business, 3 Business Risks" for factors that have material impacts on Nexon Group's operating results.

(c) Recognition, analysis and discussion of financial position

See "II. Overview of Business, 4 Management Analysis of Financial Position, Operating Results and Cash Flows, (1) Summary of Operating Results, etc., (b) Financial position" for recognition, analysis and discussion of Nexon Group's financial position as of December 31, 2025.

(d) Analysis and discussion of cash flows and information on sources of funding and funds liquidity

(i) Analysis and discussion of cash flows

See "II. Overview of Business, 4 Management Analysis of Financial Position, Operating Results and Cash Flows, (1) Summary of Operating Results, etc., (c) Cash flows" for analysis and discussion of Nexon Group's cash flows for the fiscal year ended December 31, 2025.

(ii) Information on sources of funding and funds liquidity

The demand for funds of Nexon Group for the purpose of mid- and long-term business expansion and corporate value improvement consists mainly of operating expenses including cost of sales (e.g. outsourcing expenses and personnel costs), selling, general and administrative expenses and research and development expense. The demand for funds for investment consists mostly of capital expenditures. Nexon Group allocates its own funds to these working capital and capital expenditures and maintains sufficient level of liquidity to meet funding requirements.

(e) Significant accounting estimates and assumptions used for the estimates

Nexon Group's consolidated financial statements are prepared in accordance with IFRS pursuant to provisions of Article 312 of the "Regulation for Terminology, Forms and Preparation of Consolidated Financial Statements." These consolidated financial statements are prepared using estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expense, and figures based on these estimates and assumptions could differ from actual results.

See "V. Financial Information, 1 Consolidated Financial Statements, etc., (1) Consolidated financial statements, Notes to consolidated financial statements, 4 Critical accounting estimates and judgment" for critical estimates and assumptions used to prepare the consolidated financial statements.

(f) Awareness of the issues by management and future policies

See "II. Overview of Business, 1 Management Policy, Business Environment, Issues to Address, (3) Business environment and (4) Mid- to long-term management strategy and issues to be addressed."

5 【Critical Contracts, etc.】

License agreement

As of December 31, 2025

Contracting company	Counterparty	Country	Contract date	Contract description	Contract period
NEXON Korea Corporation (consolidated subsidiary)	Shanghai Posts & Telecommunications Technology Co., Ltd.	China	November 18, 2005	Exclusive license agreement for PC online game "*Kart Rider*" (licensing-out)	From November 18, 2005 to November 17, 2026 (Note) 1
NEOPLE INC. (consolidated subsidiary)	Tencent Technology (Shenzhen) Co., Ltd. Shenzhen Tencent Computer Systems Co., Ltd.	China	November 16, 2007	Exclusive license agreement for PC online game "*Dungeon&Fighter*" (licensing-out)	From November 16, 2007 to June 16, 2026 (Note) 2
NEXON Korea Corporation (consolidated subsidiary)	Lansha Information Technology (Shanghai) Co., Ltd.	China	April 21, 2004	Exclusive license agreement for PC online game "*MapleStory*" (licensing-out)	From April 21, 2004 to December 31, 2025 (Note) 3
NEXON Korea Corporation (consolidated subsidiary)	NXC Corporation	Worldwide	April 30, 2017	License agreement for company name trademark (licensing-in)	From May 1, 2017 to December 31, 2018, with automatic renewals for three-year periods thereafter
NEXON Korea Corporation (consolidated subsidiary)	Electronic Arts, Inc.	Korea	July 10, 2017	Exclusive license agreement for online game "*FC ONLINE*" (licensing-in)	From July 10, 2017 to October 31, 2027 (Note) 4
NEXON Korea Corporation (consolidated subsidiary)	Electronic Arts, Inc.	Korea	January 31, 2020	Exclusive license agreement for the mobile game "*FC Mobile*" (licensing-in)	From January 31, 2020 to October 31, 2027 (Note) 5
NEOPLE INC. (consolidated subsidiary)	Shenzhen Tencent Computer Systems Co., Ltd. Tencent Technology (Shenzhen) Co., Ltd. Shenzhen Tencent Information Technology Co., Ltd.	China	October 8, 2018	Exclusive license agreement for online game "*Dungeon&Fighter*" (licensing-out)	From October 8, 2018 to the day on which ten years have elapsed from the initial commercialization date
NEOPLE INC. (consolidated subsidiary)	Shenzhen Tencent Computer Systems Co., Ltd. Hainan Tencent Network Information Technology Company Limited	China	December 6, 2024	Exclusive license agreement for game "*The First Berserker: Khazan*" (licensing-out)	From December 6, 2024 to the day on which five years have elapsed from the initial commercialization date with automatic renewals for one-year periods thereafter

Contracting company	Counterparty	Country	Contract date	Contract description	Contract period
Embark Studios AB (consolidated subsidiary) NEXON Korea Corporation (consolidated subsidiary)	Shenzhen Tencent Computer Systems Co., Ltd. Hainan Tencent Network Information Technology Company Limited	China	August 7, 2024	Localization and exclusive license agreement for online game "*THE FINALS*" (licensing-out)	From August 7, 2024 to the day on which three years have elapsed from the initial commercialization date with automatic renewals for two-year periods thereafter
Embark Studios AB (consolidated subsidiary) NEXON Korea Corporation (consolidated subsidiary)	Shenzhen Tencent Computer Systems Co., Ltd. Hainan Tencent Network Information Technology Company Limited	China	August 7, 2024	Localization and exclusive license agreement for online game "*ARC Raiders*" (licensing-out)	From August 7, 2024 to the day on which three years have elapsed from the initial commercialization date with automatic renewals for two-year periods thereafter
NEOPLE INC. (consolidated subsidiary)	Tencent Technology (Shenzhen) Co., Ltd. Shenzhen Tencent Computer Systems Co., Ltd.	China	April 1, 2015	Exclusive license agreement for mobile game "*Dungeon&Fighter*" (licensing-out)	From April 1, 2015 to the day on which three years have elapsed from the initial commercialization date with automatic renewals for one-year periods thereafter (Note) 6

(Notes) 1. The expiration date of the agreement was revised to November 17, 2026 by a renewal agreement dated November 16, 2023.
2. The expiration date of the agreement was revised to June 16, 2026 by a renewal agreement dated May 1, 2015.
3. The expiration date of the agreement was revised to December 31, 2025 by a renewal agreement dated June 29, 2022. We are currently under negotiation regarding the renewal of the contract and expect the expiration date to be revised to December 31, 2030 in the event of a renewal.
4. The expiration date of the agreement was revised to October 31, 2027 by a renewal agreement dated November 1, 2024.
5. The expiration date of the agreement was revised to October 31, 2027 by a renewal agreement dated November 1, 2024.
6. The expiration date of the agreement is May 20, 2027 as the commercialization started on May 21, 2024.

6 【Research and Development Activities】

Overview of Nexon Group's research and development activities is as follows:

(1) Research and development system

Nexon Group does not conduct any activity equivalent to research and development such as basic research and new technology development and does not have an independent research and development organization.

However, Nexon Group considers the process from planning through commercialization of online game contents developed within Nexon Group as "research and development," which is conducted by development personnel within the group as part of our regular development activities.

(2) Research and development policy

Nexon Group has no specific research and development policy as our research and development activities are conducted by development personnel within the group as part of our regular development activities.

(3) Research and development expense

Nexon Group records expenses incurred from the approval of a plan up to the date of commercialization of online game contents developed by Nexon Group (labor cost, outsourcing expenses and other expenses) as research and development expense, and ¥26,429 million was recorded as research and development expense for the fiscal year ended December 31, 2025.

Fiscal year ended December 31, 2025

Research and development expense by reportable segment for the fiscal year ended December 31, 2025 is as follows. There has been no significant change in the research and development activities during the fiscal year ended December 31, 2025.

Name of reportable segment	Research and development expense (¥ million)
Japan	—
Korea	24,176
China	—
North America	—
Other	2,333
Total reportable segments	26,509
Adjustments	(80)
Total (consolidated)	26,429

III. 【Information about Facilities】

1 【Overview of Capital Expenditures】

Total capital expenditures for the fiscal year ended December 31, 2025 amounted to ¥35,449 million, and capital expenditures by reportable segment are as follows.

There have been no disposals or sales of significant facilities during the fiscal year ended December 31, 2025.

Name of reportable segment	Capital expenditures (¥ million)
Japan	186
Korea	32,745
China	99
North America	1,263
Other	1,156
Total reportable segments	35,449
Adjustments	—
Total (consolidated)	35,449

(Note) Including investments in property, plant and equipment, intangible assets and right-of-use assets. However, investment in crypto-assets made through an exchange is excluded from the investment in intangible assets, if any.

2 【Major Facilities】

Major facilities of Nexon Group are as follows:

(1) Reporting company

As of December 31, 2025

Office name (Location)	Reportable segment	Description of facility	Carrying amount						Number of employees (persons)
			Building and structures (¥ million)	Tools, furniture and fixtures (¥ million)	Land (¥ million) (Floor area m^2)	Right-of-use assets (¥ million)	Other (¥ million)	Total (¥ million)	
Head office (Minato-ku, Tokyo)	Japan	Facility for PC online/ mobile games	—	—	—	—	—	—	233 (23)

(Notes) 1. The number of employees represents full-time employees, and the average number of temporary employees (e.g. contract employees) during the year is shown in parenthesis.

2. Impairment loss is recorded during the fiscal year ended December 31, 2025, and the carrying amounts are stated, net of impairment loss.

3. Right-of-use assets above include the following facility leased from a third party.

Office name (Location)	Description of facility	Leased facility	Floor area (m^2)	Annual rent (¥ million)
Head office (Minato-ku, Tokyo)	Business-use facility	Building	3,149.49	303

(2) Overseas subsidiaries

As of December 31, 2025

Company name	Location	Reportable segment	Description of facility	Carrying amount						Number of employees (persons)
				Building and structures (¥million)	Tools, furniture and fixtures (¥million)	Land (¥million) (Floor area m^2)	Right-of-use assets (¥million)	Other (¥million)	Total (¥million)	
NEXON Korea Corporation	Seongnam, Gyeonggi-do, South Korea	Korea	Facility for PC online/ mobile games	10,280	2,353	3,802 (10,818)	12,133	10,140	38,708	4,154 (105)
NEOPLE INC.	Jeju Self-Governing Province, South Korea	Korea	Facility for PC online/ mobile games	3,410	527	3,859 (52,904)	21,449	412	29,657	1,501 (27)
JoongAng Pangyo Development Co., Ltd.	Seongnam, Gyeonggi-do, South Korea	Korea	Property for lease	2,848	—	2,823 (3,189)	—	—	5,671	— (—)
NEXON Games Co., Ltd.	Seoul, South Korea	Korea	Facility for PC online/ mobile games	302	791	1 (143)	7,853	331	9,278	1,657 (51)
Embark Studios AB	Stockholm, Sweden	Other	Facility for PC online games	88	800	—	1,607	2,312	4,807	325 (1)

(Notes) 1. The number of employees represents full-time employees, and the average number of temporary employees (e.g. contract employees) during the year is shown in parentheses.

2. "Other" under carrying amount consists mainly of software, game copyrights and game publishing rights.

3. The amount of investment property is not included in the above table.

4. Impairment loss is recorded during the fiscal year ended December 31, 2025, and the carrying amounts are stated, net of impairment loss.

5. Right-of-use assets above include the following facilities leased from third parties.

Company name	Description of facility	Leased facility	Floor area (m^2)	Annual rent (¥ million)
NEXON Korea Corporation	Business-use facility	Building	106,775.60	4,026
NEOPLE INC.	Business-use facility	Building	9,719.98	139
NEXON Games Co., Ltd.	Business-use facility	Building	18,262.22	631
Embark Studios AB	Business-use facility	Building	4,340.00	614

3 【Planned Addition, Retirement, and Other Changes of Facilities】

The facility planning of Nexon Group is developed taking into consideration economic forecast, industry trend, investment efficiency, etc. The facility planning is developed separately by each group company in principle but adjusted mainly by the Company.

The plans for additions and disposals of major facilities as of December 31, 2025 are as follows:

(1) New major facilities

Company name	Location	Reportable segment	Description of facility	Planned investment		Funding method	Scheduled start and completion date	
				Total (¥ million)	Paid (¥ million)		Start	Completion
NEXON Korea Corporation	Seongnam, Gyeonggi-do, South Korea	Korea	Facility for PC online/mobile games, etc.	1,769	—	Own capital	January 2026	December 2026
			Software, etc.	8,061	—	Own capital	January 2026	December 2026
			Building & facility	883	—	Own capital	January 2026	December 2026
			Other	922	—	Own capital	January 2026	December 2026
NEOPLE INC.	Jeju Self-Governing Province, South Korea	Korea	Building & facility	5,180	—	Own capital	February 2026	December 2026
			Land	5,336	—	Own capital	August 2026	August 2026
			Other	687	—	Own capital	January 2026	December 2026
Total	—	—	—	22,838	—	—	—	—

(Note) The disclosure of potential increase in capacity after completion is omitted as it is difficult to measure.

(2) Disposals of major facilities, etc.

Not applicable.

IV. 【Information about Reporting Company】

1 【Company's Shares, etc.】

(1) 【Total number of shares】

(a) 【Authorized shares】

Class	Total number of authorized shares (shares)
Ordinary shares	1,400,000,000
Total	1,400,000,000

(b) 【Issued shares】

Class	Number of issued shares as of December 31, 2025 (shares)	Number of issued shares as of filing date (shares) (March 24, 2026)	Name of financial instruments exchange on which securities are listed or authorized financial instruments business association to which securities are registered	Description
Ordinary shares	827,160,972	792,606,357	Prime Market of the Tokyo Stock Exchange	Shares with full voting rights, which are standard shares of the Company with no restrictions on rights. The number of shares per trading unit is 100 shares.
Total	827,160,972	792,606,357	—	—

(Notes) 1. The number of issued shares decreased by 36,487,500 shares as a result of the cancellation of treasury shares effective February 27, 2026 pursuant to the resolution at the Board of Directors meeting on February 12, 2026.

2. "Number of issued shares as of filing date" does not include the number of shares issued due to exercise of share acquisition rights during the period from March 1, 2026, to the filing date of this annual securities report.

3. Of the issued shares, 14,242,343 shares are contribution in kind (shares of subsidiaries and associates: ¥23,966 million).

(2) 【Share acquisition rights】

(a) 【Share option plans】

The Company has a share option plan which issues share acquisition rights in accordance with the Companies Act.

The description of the plan is as follows.

(i) Resolution at the Annual General Meeting of Shareholders on March 26, 2013

Pursuant to the Companies Act, it was resolved at the Annual General Meeting of Shareholders on March 26, 2013 to issue share acquisition rights as equity-based share options to directors of the Company.

a. Resolution at the Board of Directors meeting on July 17, 2015

Date of resolution	March 26, 2013
Category and number of eligible persons (persons)	Director of the Company: 1
Number of share acquisition rights (units) *	50 (Note) 1
Class, description and number of underlying shares (shares) *	Ordinary shares: 100,000 (Note) 2
Amount to be paid upon exercise of share acquisition rights (yen) *	1
Exercise period of share acquisition rights *	From August 3, 2015 to August 2, 2045
Issue price and the amount of share capital to be increased by issuance of shares upon exercise of share acquisition rights (yen) *	Issue price: 1 Amount of share capital to be increased: 0.5
Conditions for exercise of share acquisition rights *	Holders of share acquisition rights may exercise their right within ten days from the following day of retirement from directorship during the exercise period.
Assignment of share acquisition rights *	Share acquisition rights cannot be assigned or pledged as collateral.
Issuance of share acquisition rights associated with the Company's restructuring *	When approval is granted for proposals i), ii), or iii) below at the Company's Annual General Meeting of Shareholders (or by resolution of the Company's Board of Directors if a resolution of the Annual General Meeting of Shareholders is not required), the Company shall grant share acquisition rights of the stock company specified below according to the ratio of the restructuring. i) Proposal for the approval of a merger agreement in which the Company will become the extinct company Surviving company (in case of absorption-type merger) or newly formed company (in case of consolidation-type merger) ii) Proposal for the approval of a split agreement or a split plan in which the Company will become a split company Stock company succeeding to all or part of the rights and obligations relating to its business held by the stock company effecting the absorption-type company split (in case of absorption-type company split) or stock company to be incorporated by the incorporation-type company split (in case of incorporation-type company split) iii) Proposal for the approval of a share exchange agreement or a share transfer plan in which the Company will become a wholly-owned subsidiary Stock company acquiring all issued shares of the stock company effecting the share exchange or stock company to be incorporated by the share transfer

* The information above is as of December 31, 2025 and remains the same as of February 28, 2026.

(Notes) 1. The number of underlying shares per unit of share acquisition right is 2,000 shares of the Company's ordinary shares.

2. In the event that the Company splits its ordinary shares (including gratis allocation) or consolidates its ordinary shares, the number of underlying shares ("Number of Granted Shares") shall be adjusted according to the formula outlined below. However, such adjustment shall be made only to the Number of Granted Shares unexercised at the time of such adjustment, and any fraction less than one share resulting from such adjustment shall be rounded down.

$$\text{Number of Granted Shares after adjustment} = \text{Number of Granted Shares before adjustment} \times \text{Ratio of split or consolidation}$$

In addition, in case of merger, company split, or other events that compel the exercise price to be adjusted after the allotment date, the number of shares shall be adjusted to the extent reasonable based on the resolution at the Board of Directors meeting.

(ii) Resolution at the Annual General Meeting of Shareholders on March 25, 2020

Pursuant to the Companies Act, it was resolved at the Annual General Meeting of Shareholders on March 25, 2020 to issue share acquisition rights to certain employees of the Company and directors and employees of its subsidiaries under particularly preferential terms.

a. Resolution at the Board of Directors meeting on May 13, 2020

Date of resolution	March 25, 2020
Category and number of eligible persons (persons)	Directors and employees of the Company's subsidiaries: 5
Number of share acquisition rights (units) *	189 (Note) 1
Class, description and number of underlying shares (shares) *	Ordinary shares: 378,000 (Note) 2
Amount to be paid upon exercise of share acquisition rights (yen) *	2,072 (Note) 3
Exercise period of share acquisition rights *	From May 14, 2020, to May 13, 2026
Issue price and the amount of share capital to be increased by issuance of shares upon exercise of share acquisition rights (yen) *	Issue price: 2,072 Amount of share capital to be increased: 1,036
Conditions for exercise of share acquisition rights *	・One third (1/3) of the units granted shall vest on the day on which one year has elapsed from the allotment date. Thereafter, one twelfth (1/12) of the units granted shall vest every three months until the day on which three years have elapsed from the allotment date. The vested share acquisition rights may be exercised during the exercise period only if terms and conditions for the issuance and other conditions for exercise set forth in the Share Acquisition Rights Allotment Agreement are satisfied. ・In principle, holders of share acquisition rights must continue to be director or employee of the Company or its subsidiary from the allotment date up to the date of exercise to be eligible to exercise the right. ・Partial exercise of share acquisition rights is not allowed.
Assignment of share acquisition rights *	Share acquisition rights cannot be assigned or pledged as collateral.
Issuance of share acquisition rights associated with the Company's restructuring *	Not applicable

* The information above is as of December 31, 2025 and remains the same as of February 28, 2026.

(Notes) 1. The number of underlying shares per unit of share acquisition right is 2,000 shares of the Company's ordinary shares.

2. In the event that the Company carries out a share split (including gratis allocation) or share consolidation, the number of underlying shares shall be adjusted according to the formula outlined below. However, such adjustment shall be made only to those subject to share acquisition rights unexercised at the time of such adjustment, and any fraction less than one share resulting from such adjustment shall be rounded down.

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \text{Ratio of split or consolidation}$$

In addition, in case of merger, company split, share exchange, share transfer or other events that compel the number of granted shares to be adjusted, those subject to acquisition rights unexercised at the time of such adjustment shall be adjusted to the extent reasonable taking into consideration the terms and conditions of such merger, company split, share exchange or share transfer.

3. In the event that the Company splits its ordinary shares (including gratis allocation) or consolidates its ordinary shares after the allotment date, the exercise price shall be adjusted according to the formula outlined below. Any fraction less than one yen shall be rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{1}{\text{Ratio of split or consolidation}}$$

In the event that the Company issues new shares or sells treasury shares of its ordinary shares at below market price (except for exercise of share acquisition rights), the exercise price shall be adjusted according to the following formula. Any fraction of less than one yen shall be rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{\text{Number of previously issued shares} + \dfrac{\text{Number of newly issued shares} \times \text{Pay-in amount per share}}{\text{Market price per share}}}{\text{Number of previously issued shares} + \text{Number of newly issued shares}}$$

For the purpose of the calculation above, "Number of previously issued shares" shall be the total number of shares of the Company's ordinary shares issued and outstanding less the total number of treasury shares, and in case of disposition of treasury shares, "Number of newly issued shares" shall be read as "Number of treasury shares to be disposed." In addition, in case of merger, company split, share exchange, share transfer or other events that compel the pay-in amount to be adjusted, such amount shall be adjusted to the extent reasonable taking into consideration the terms and conditions of such merger, company split, share exchange or share transfer.

b. Resolution at the Board of Directors meeting on October 30, 2020

Date of resolution	March 25, 2020
Category and number of eligible persons (persons)	Employees of the Company: 22 Directors and employees of the Company's subsidiaries: 185
Number of share acquisition rights (units) *	3,165 [2,393] (Note) 1
Class, description and number of underlying shares (shares) *	Ordinary shares: 6,330,000 [4,786,000] (Note) 2
Amount to be paid upon exercise of share acquisition rights (yen) *	3,055 (Note) 3
Exercise period of share acquisition rights *	(Qualified share option) From October 30, 2022 to November 8, 2026 (Non-qualified share option) From November 9, 2020 to November 8, 2026
Issue price and the amount of share capital to be increased by issuance of shares upon exercise of share acquisition rights (yen) *	Issue price: 3,055 Amount of share capital to be increased: 1,528
Conditions for exercise of share acquisition rights *	・One third (1/3) of the units granted shall vest on the day on which one year has elapsed from the allotment date. Thereafter, one twelfth (1/12) of the units granted shall vest every three months until the day on which three years have elapsed from the allotment date. The vested share acquisition rights may be exercised during the exercise period only if terms and conditions for the issuance and other conditions for exercise set forth in the Share Acquisition Rights Allotment Agreement are satisfied. ・In principle, holders of share acquisition rights must continue to be director or employee of the Company or its subsidiary from the allotment date up to the date of exercise to be eligible to exercise the right. ・Partial exercise of share acquisition rights is not allowed.
Assignment of share acquisition rights *	Share acquisition rights cannot be assigned or pledged as collateral.
Issuance of share acquisition rights associated with the Company's restructuring *	Not applicable

* The information above is as of December 31, 2025 and remains the same as of February 28, 2026, except for the items modified during the period between December 31, 2025 and February 28, 2026, for which the information as of February 28, 2026 is shown in brackets.

(Notes) 1. The number of underlying shares per unit of share acquisition right is 2,000 shares of the Company's ordinary shares.

2. In the event that the Company carries out a share split (including gratis allocation) or share consolidation, the number of underlying shares shall be adjusted according to the formula outlined below. However, such adjustment shall be made only to those subject to share acquisition rights unexercised at the time of such adjustment, and any fraction less than one share resulting from such adjustment shall be rounded down.

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \text{Ratio of split or consolidation}$$

In addition, in case of merger, company split, share exchange, share transfer or other events that compel the number of granted shares to be adjusted, those subject to share acquisition rights unexercised at the time of such adjustment shall be adjusted to the extent reasonable taking into consideration the terms and conditions of such merger, company split, share exchange or share transfer.

3. In the event that the Company splits its ordinary shares (including gratis allocation) or consolidates its ordinary shares after the allotment date, the exercise price shall be adjusted according to the formula outlined below. Any fraction less than one yen shall be rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{1}{\text{Ratio of split or consolidation}}$$

In the event that the Company issues new shares or sells treasury shares of its ordinary shares at below market price (except for exercise of share acquisition rights), the exercise price shall be adjusted according to the following formula. Any fraction of less than one yen shall be rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{\text{Number of previously issued shares} + \dfrac{\text{Number of newly issued shares x Pay-in amount per share}}{\text{Market price per share}}}{\text{Number of previously issued shares + Number of newly issued shares}}$$

For the purpose of the calculation above, “Number of previously issued shares” shall be the total number of shares of the Company’s ordinary shares issued and outstanding less the total number of treasury shares, and in case of disposition of treasury shares, “Number of newly issued shares” shall be read as “Number of treasury shares to be disposed.”

In addition, in case of merger, company split, share exchange, share transfer or other events that compel the pay-in amount to be adjusted, such amount shall be adjusted to the extent reasonable taking into consideration the terms and conditions of such merger, company split, share exchange or share transfer.

(iii) Resolution at the Annual General Meeting of Shareholders on March 25, 2021

Pursuant to the Companies Act, it was resolved at the Annual General Meeting of Shareholders on March 25, 2021 to issue share acquisition rights as equity-based share options to directors of the Company. This does not fall under issuance with preferential terms as share acquisition rights are issued as directors' compensation, etc.

a. Resolution at the Board of Directors meeting on March 26, 2025

Date of resolution	March 25, 2021
Category and number of eligible persons (persons)	Directors of the Company: 2
Number of share acquisition rights (units) *	10,732 (Note) 1
Class, description and number of underlying shares (shares) *	Ordinary shares: 10,732 (Notes) 2, 3
Amount to be paid upon exercise of share acquisition rights (yen) *	No cash payment or contribution of assets is required.
Exercise period of share acquisition rights*	From April 11, 2025 to March 15, 2027
Issue price and the amount of share capital to be increased by issuance of shares upon exercise of share acquisition rights (yen) *	Issue price: 2,065 Amount of share capital to be increased: 1,032
Conditions for exercise of share acquisition rights*	・All units granted shall vest upon conclusion of the Annual General Meeting of Shareholders to be held in 2026. ・Only directors (including former directors) may exercise share acquisition rights. Specifically, the person must be a director of the Company at the time of the exercise to be eligible, and those who are no longer a director may exercise the share acquisition rights only if they lose their position as a director due to retirement, resignation or dismissal (excluding punitive dismissal or any other event similar thereto), or death or disability, or when there is any other due reason specifically provided by the Board of Directors. ・Partial exercise of share acquisition rights is not allowed.
Assignment of share acquisition rights*	Acquisition of share acquisition rights by assignment shall require the approval of the Board of Directors.
Issuance of share acquisition rights associated with the Company's restructuring*	Not applicable

* The information above is as of December 31, 2025 and remains the same as of February 28, 2026.

(Notes) 1. The number of underlying shares per unit of share acquisition right is one share of the Company's ordinary shares.

2. In the event that the Company carries out a share split (including gratis allocation) or share consolidation, the number of underlying shares shall be adjusted according to the formula outlined below. However, such adjustment shall be made only to those subject to share acquisition rights unexercised at the time of such adjustment.

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \text{Ratio of split or consolidation}$$

In addition, in case of merger, company split, share exchange, share transfer, share issuance or other events that compel the number of shares to be adjusted, the number of shares shall be adjusted to the extent reasonable taking into consideration the terms and conditions of such merger, company split, share exchange, share transfer or share issuance.

3. Any fraction less than one share included in the number of shares to be issued to the holders of the share acquisition rights who have exercised the rights shall be rounded down.

b. Resolution at the Board of Directors meeting on March 25, 2026

The Company plans to submit a proposal on the issuance of share acquisition rights to Audit and Supervisory Committee members at the Board of Directors meeting to be held immediately after the Annual General Meeting of Shareholders scheduled for March 25, 2026, and if such proposal is approved and adopted, the following share acquisition rights will be issued.

Date of resolution	March 25, 2021
Category and number of eligible persons (persons)	Directors of the Company: 2
Number of share acquisition rights (units)	Up to 40,000 (Note) 1
Class, description and number of underlying shares (shares)	Ordinary shares: Up to 40,000 (Notes) 2, 3
Amount to be paid upon exercise of share acquisition rights (yen)	No cash payment or contribution of assets is required.
Exercise period of share acquisition rights	From April 10, 2026 to March 15, 2028
Issue price and the amount of share capital to be increased by issuance of shares upon exercise of share acquisition rights (yen)	Issue price: To be determined based on the closing price of the Company's ordinary shares in regular trading on the Tokyo Stock Exchange on the date of allotment of the share acquisition rights. Amount of share capital to be increased: To be determined based on the closing price of the Company's ordinary shares in regular trading on the Tokyo Stock Exchange on the date of allotment of the share acquisition rights.
Conditions for exercise of share acquisition rights	・All of the units granted shall vest after the Annual General Meeting of Shareholders to be held in 2027. ・Only directors (including former directors) may exercise share acquisition rights. Specifically, the person must be a director of the Company at the time of the exercise to be eligible, and those who are no longer a director may exercise the share acquisition rights only if they lose their position as a director due to retirement, resignation or dismissal (excluding punitive dismissal or any other event similar thereto), or death or disability, or when there is any other due reason specifically provided by the Board of Directors. ・Partial exercise of share acquisition rights is not allowed.
Assignment of share acquisition rights	Acquisition of share acquisition rights by assignment shall require the approval of the Board of Directors.
Issuance of share acquisition rights associated with the Company's restructuring	Not applicable

(Notes) 1. The number of underlying shares per unit of share acquisition right is one share of the Company's ordinary shares.

2. In the event that the Company carries out a share split (including gratis allocation) or share consolidation, the number of underlying shares shall be adjusted according to the formula outlined below. However, such adjustment shall be made only to those subject to share acquisition rights unexercised at the time of such adjustment.

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \text{Ratio of split or consolidation}$$

In addition, in case of merger, company split, share exchange, share transfer, share issuance or other events that compel the number of shares to be adjusted, the number of shares shall be adjusted to the extent reasonable taking into consideration the terms and conditions of such merger, company split, share exchange, share transfer or share issuance.

3. Any fraction less than one share included in the number of shares to be issued to the holders of the share acquisition rights who have exercised the rights shall be rounded down.

(iv) Resolution at the Annual General Meeting of Shareholders on March 25, 2021

Pursuant to the Companies Act, it was resolved at the Annual General Meeting of Shareholders on March 25, 2021 to issue share acquisition rights to certain employees of the Company and certain directors and employees of its subsidiaries under particularly preferential terms.

a. Resolution at the Board of Directors meeting on July 1, 2021

Date of resolution	March 25, 2021
Category and number of eligible persons (persons)	Directors and employees of the Company's subsidiaries: 18
Number of share acquisition rights (units) *	63,867 [44,167] (Note) 1
Class, description and number of underlying shares (shares) *	Ordinary shares: 63,867 [44,167] (Notes) 2, 3
Amount to be paid upon exercise of share acquisition rights (yen) *	2,325 (Note) 4
Exercise period of share acquisition rights *	From July 12, 2021 to July 11, 2027
Issue price and the amount of share capital to be increased by issuance of shares upon exercise of share acquisition rights (yen) *	Issue price: 2,325 Amount of share capital to be increased: 1,163
Conditions for exercise of share acquisition rights *	・One third (1/3) of the units granted shall vest on the day on which one year has elapsed from the allotment date. Thereafter, one twelfth (1/12) of the units granted shall vest every three months until the day on which three years have elapsed from the allotment date. The vested share acquisition rights may be exercised during the exercise period only if terms and conditions for the issuance and other conditions for exercise set forth in the Share Acquisition Rights Allotment Agreement are satisfied. ・In principle, holders of share acquisition rights must continue to be director or employee of the Company or its subsidiary from the allotment date up to the date of exercise to be eligible to exercise the right. ・Partial exercise of share acquisition rights is not allowed.
Assignment of share acquisition rights *	Share acquisition rights cannot be assigned or pledged as collateral.
Issuance of share acquisition rights associated with the Company's restructuring *	Not applicable

* The information above is as of December 31, 2025 and remains the same as of February 28, 2026, except for the items modified during the period between December 31, 2025 and February 28, 2026, for which the information as of February 28, 2026 is shown in brackets.

(Notes) 1. The number of underlying shares per unit of share acquisition right is one share of the Company's ordinary shares.

2. In the event that the Company carries out a share split (including gratis allocation) or share consolidation, the number of underlying shares shall be adjusted according to the formula outlined below. However, such adjustment shall be made only to those subject to share acquisition rights unexercised at the time of such adjustment.

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \text{Ratio of split or consolidation}$$

In addition, in case of merger, company split, share exchange, share transfer, share issuance or other events that compel the number of shares to be adjusted, the number of shares shall be adjusted to the extent reasonable taking into consideration the terms and conditions of such merger, company split, share exchange, share transfer or share issuance.

3. Any fraction less than one share included in the number of shares to be issued to the holders of the share acquisition rights who have exercised the rights shall be rounded down.

4. In the event that the Company splits its ordinary shares (including gratis allocation) or consolidates its ordinary shares after the allotment date, the exercise price shall be adjusted according to the formula outlined below. Any fraction less than one yen shall be rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{1}{\text{Ratio of split or consolidation}}$$

In addition, in case of merger, company split, share exchange, share transfer, share issuance or other events that compel the exercise price to be adjusted, the exercise price shall be adjusted to the extent reasonable

taking into consideration the terms and conditions of such merger, company split, share exchange, share transfer or share issuance.

b. Resolution at the Board of Directors meeting on September 22, 2021

Date of resolution	March 25, 2021
Category and number of eligible persons (persons)	Employees of the Company: 19 Directors and employees of the Company's subsidiaries: 253
Number of share acquisition rights (units) *	3,958,551 [3,266,169] (Note) 1
Class, description and number of underlying shares (shares) *	Ordinary shares: 3,958,551 [3,266,169] (Notes) 2, 3
Amount to be paid upon exercise of share acquisition rights (yen) *	1,759 (Note) 4
Exercise period of share acquisition rights *	(Qualified share option) From September 22, 2023, to September 30, 2027 (Non-qualified share option) From October 1, 2021, to September 30, 2027
Issue price and the amount of share capital to be increased by issuance of shares upon exercise of share acquisition rights (yen) *	Issue price: 1,759 Amount of share capital to be increased: 880
Conditions for exercise of share acquisition rights *	・One third (1/3) of the units granted shall vest on the day on which one year has elapsed from the allotment date. Thereafter, one twelfth (1/12) of the units granted shall vest every three months until the day on which three years have elapsed from the allotment date. The vested share acquisition rights may be exercised during the exercise period only if terms and conditions for the issuance and other conditions for exercise set forth in the Share Acquisition Rights Allotment Agreement are satisfied. ・In principle, holders of share acquisition rights must continue to be director or employee of the Company or its subsidiary from the allotment date up to the date of exercise to be eligible to exercise the right. ・Partial exercise of share acquisition rights is not allowed.
Assignment of share acquisition rights *	Share acquisition rights cannot be assigned or pledged as collateral.
Issuance of share acquisition rights associated with the Company's restructuring *	Not applicable

* The information above is as of December 31, 2025 and remains the same as of February 28, 2026, except for the items modified during the period between December 31, 2025 and February 28, 2026, for which the information as of February 28, 2026 is shown in brackets.

(Notes) 1. The number of underlying shares per unit of share acquisition right is one share of the Company's ordinary shares.

2. In the event that the Company carries out a share split (including gratis allocation) or share consolidation, the number of underlying shares shall be adjusted according to the formula outlined below. However, such adjustment shall be made only to those subject to share acquisition rights unexercised at the time of such adjustment.

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \text{Ratio of split or consolidation}$$

In addition, in case of merger, company split, share exchange, share transfer, share issuance or other events that compel the number of shares to be adjusted, the number of shares shall be adjusted to the extent reasonable taking into consideration the terms and conditions of such merger, company split, share exchange, share transfer or share issuance.

3. Any fraction of less than one share included in the number of shares to be issued to the holders of the share acquisition rights who have exercised the rights shall be rounded down.

4. In the event that the Company splits its ordinary shares (including gratis allocation) or consolidates its ordinary shares after the allotment date, the exercise price shall be adjusted according to the formula outlined below. Any fraction less than one yen shall be rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{1}{\text{Ratio of split or consolidation}}$$

In addition, in case of merger, company split, share exchange, share transfer, share issuance or other events that compel the exercise price to be adjusted, the exercise price shall be adjusted to the extent reasonable taking into consideration the terms and conditions of such merger, company split, share exchange, share transfer or share issuance.

c. Resolution at the Board of Directors meeting on November 9, 2021

Date of resolution	March 25, 2021
Category and number of eligible persons (persons)	Employee of the Company: 1 Employee of the Company's subsidiary: 1
Number of share acquisition rights (units) *	10,000 [0] (Note) 1
Class, description and number of underlying shares (shares) *	Ordinary shares: 10,000 [0] (Notes) 2, 3
Amount to be paid upon exercise of share acquisition rights (yen) *	2,498 (Note) 4
Exercise period of share acquisition rights *	(Qualified share option) From November 9, 2023 to November 16, 2027 (Non-qualified share option) From November 17, 2021 to November 16, 2027
Issue price and the amount of share capital to be increased by issuance of shares upon exercise of share acquisition rights (yen) *	Issue price: 2,498 Amount of share capital to be increased: 1,249
Conditions for exercise of share acquisition rights *	・One third (1/3) of the units granted shall vest on the day on which one year has elapsed from the allotment date. Thereafter, one twelfth (1/12) of the units granted shall vest every three months until the day on which three years have elapsed from the allotment date. The vested share acquisition rights may be exercised during the exercise period only if terms and conditions for the issuance and other conditions for exercise set forth in the Share Acquisition Rights Allotment Agreement are satisfied. ・In principle, holders of share acquisition rights must continue to be director or employee of the Company or its subsidiary from the allotment date up to the date of exercise to be eligible to exercise the right. ・Partial exercise of share acquisition rights is not allowed.
Assignment of share acquisition rights *	Share acquisition rights cannot be assigned or pledged as collateral.
Issuance of share acquisition rights associated with the Company's restructuring *	Not applicable

* The information above is as of December 31, 2025 and remains the same as of February 28, 2026, except for the items modified during the period between December 31, 2025 and February 28, 2026, for which the information as of February 28, 2026 is shown in brackets.

(Notes) 1. The number of underlying shares per unit of share acquisition right is one share of the Company's ordinary shares.

2. In the event that the Company carries out a share split (including gratis allocation) or share consolidation, the number of underlying shares shall be adjusted according to the formula outlined below. However, such adjustment shall be made only to those subject to share acquisition rights unexercised at the time of such adjustment.

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \text{Ratio of split or consolidation}$$

In addition, in case of merger, company split, share exchange, share transfer, share issuance or other events that compel the number of shares to be adjusted, the number of shares shall be adjusted to the extent reasonable taking into consideration the terms and conditions of such merger, company split, share exchange, share transfer or share issuance.

3. Any fraction less than one share included in the number of shares to be issued to the holders of the share acquisition rights who have exercised the rights shall be rounded down.

4. In the event that the Company splits its ordinary shares (including gratis allocation) or consolidates its ordinary shares after the allotment date, the exercise price shall be adjusted according to the formula outlined below. Any fraction less than one yen shall be rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{1}{\text{Ratio of split or consolidation}}$$

In addition, in case of merger, company split, share exchange, share transfer, share issuance or other events that compel the exercise price to be adjusted, the exercise price shall be adjusted to the extent reasonable taking into consideration the terms and conditions of such merger, company split, share exchange, share transfer or share issuance.

(v) Resolution at the Annual General Meeting of Shareholders on March 25, 2022

Pursuant to the Companies Act, it was resolved at the Annual General Meeting of Shareholders on March 25, 2022 to issue share acquisition rights to certain employees of the Company and certain directors and employees of its subsidiaries under particularly preferential terms.

a. Resolution at the Board of Directors meeting on May 12, 2022

Date of resolution	March 25, 2022
Category and number of eligible persons (persons)	Employees of the Company's subsidiaries: 4
Number of share acquisition rights (units) *	160,000 [60,000] (Note) 1
Class, description and number of underlying shares (shares) *	Ordinary shares: 160,000 [60,000] (Notes) 2, 3
Amount to be paid upon exercise of share acquisition rights (yen) *	3,065 (Note) 4
Exercise period of share acquisition rights *	From May 13, 2022 to May 12, 2028
Issue price and the amount of share capital to be increased by issuance of shares upon exercise of share acquisition rights (yen) *	Issue price: 3,065 Amount of share capital to be increased: 1,533
Conditions for exercise of share acquisition rights *	・One third (1/3) of the units granted shall vest on the day on which one year has elapsed from the allotment date. Thereafter, one twelfth (1/12) of the units granted shall vest every three months until the day on which three years have elapsed from the allotment date. The vested share acquisition rights may be exercised during the exercise period only if terms and conditions for the issuance and other conditions for exercise set forth in the Share Acquisition Rights Allotment Agreement are satisfied. ・In principle, holders of share acquisition rights must continue to be director or employee of the Company or its subsidiary from the allotment date up to the date of exercise to be eligible to exercise the right. ・Partial exercise of share acquisition rights is not allowed.
Assignment of share acquisition rights *	Share acquisition rights cannot be assigned or pledged as collateral.
Issuance of share acquisition rights associated with the Company's restructuring *	Not applicable

* The information above is as of December 31, 2025 and remains the same as of February 28, 2026, except for the items modified during the period between December 31, 2025 and February 28, 2026, for which the information as of February 28, 2026 is shown in brackets.

(Notes) 1. The number of underlying shares per unit of share acquisition right is one share of the Company's ordinary shares.

2. In the event that the Company carries out a share split (including gratis allocation) or share consolidation, the number of underlying shares shall be adjusted according to the formula outlined below. However, such adjustment shall be made only to those subject to share acquisition rights unexercised at the time of such adjustment.

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \text{Ratio of split or consolidation}$$

In addition, in case of merger, company split, share exchange, share transfer, share issuance or other events that compel the number of shares to be adjusted, the number of shares shall be adjusted to the extent reasonable taking into consideration the terms and conditions of such merger, company split, share exchange, share transfer or share issuance.

3. Any fraction less than one share included in the number of shares to be issued to the holders of the share acquisition rights who have exercised the rights shall be rounded down.

4. In the event that the Company splits its ordinary shares (including gratis allocation) or consolidates its ordinary shares after the allotment date, the exercise price shall be adjusted according to the formula outlined below. Any fraction less than one yen shall be rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{1}{\text{Ratio of split or consolidation}}$$

In addition, in case of merger, company split, share exchange, share transfer, share issuance or other events that compel the exercise price to be adjusted, the exercise price shall be adjusted to the extent reasonable taking into consideration the terms and conditions of such merger, company split, share exchange, share transfer or share issuance.

(vi) Resolution at the Annual General Meeting of Shareholders on March 24, 2023

Pursuant to the Companies Act, it was resolved at the Annual General Meeting of Shareholders on March 24, 2023 to issue share acquisition rights as equity-based share options to directors of the Company. This does not fall under issuance with preferential terms as share acquisition rights are issued as directors' compensation, etc.

a. Resolution at the Board of Directors meeting on March 24, 2023

Date of resolution	March 24, 2023
Category and number of eligible persons (persons)	Director of the Company: 1
Number of share acquisition rights (units) *	12,008 [0] (Note) 1
Class, description and number of underlying shares (shares) *	Ordinary shares: 12,008 [0] (Notes) 2, 3
Amount to be paid upon exercise of share acquisition rights (yen) *	No cash payment or contribution of assets is required.
Exercise period of share acquisition rights *	From April 11, 2023 to March 15, 2027
Issue price and the amount of share capital to be increased by issuance of shares upon exercise of share acquisition rights (yen) *	Issue price: 3,125 ~ 3,145 Amount of share capital to be increased: 1,563 ~ 1,573
Conditions for the exercise of share acquisition rights *	・One third (1/3) of the units granted shall vest upon conclusion of each of the Annual General Meetings of Shareholders to be held in 2024, 2025 and 2026. ・Only directors (including former directors) may exercise share acquisition rights. Specifically, the person must be a director of the Company at the time of the exercise to be eligible, and those who are no longer a director may exercise the share acquisition rights only if they lose their position as a director due to retirement, resignation or dismissal (excluding punitive dismissal or any other event similar thereto), or death or disability, or when there is any other due reason specifically provided by the Board of Directors. ・Partial exercise of share acquisition rights is not allowed.
Assignment of share acquisition rights *	Acquisition of share acquisition rights by assignment shall require the approval of the Board of Directors.
Issuance of share acquisition rights associated with the Company's restructuring *	Not applicable

* The information above is as of December 31, 2025 and remains the same as of February 28, 2026, except for the items modified during the period between December 31, 2025 and February 28, 2026, for which the information as of February 28, 2026 is shown in brackets.

(Notes) 1. The number of underlying shares per unit of share acquisition right is one share of the Company's ordinary shares.

2. In the event that the Company carries out a share split (including gratis allocation) or share consolidation, the number of underlying shares shall be adjusted according to the formula outlined below. However, such adjustment shall be made only to those subject to share acquisition rights unexercised at the time of such adjustment.

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \text{Ratio of split or consolidation}$$

In addition, in case of merger, company split, share exchange, share transfer, share issuance or other events that compel the number of shares to be adjusted, the number of shares shall be adjusted to the extent reasonable taking into consideration the terms and conditions of such merger, company split, share exchange, share transfer or share issuance.

3. Any fraction less than one share included in the number of shares to be issued to the holders of the share acquisition rights who have exercised the rights shall be rounded down.

b. Resolution at the Board of Directors on August 9, 2023

Date of resolution	March 24, 2023
Category and number of eligible persons (persons)	Director of the Company: 1
Number of share acquisition rights (units) *	404,492 (Note) 1
Class, description and number of underlying shares (shares) *	Ordinary shares: 404,492 (Notes) 2, 3
Amount to be paid upon exercise of share acquisition rights (yen) *	No cash payment or contribution of assets is required.
Exercise period of share acquisition rights *	From August 24, 2023 to March 15, 2027
Issue price and the amount of share capital to be increased by issuance of shares upon exercise of share acquisition rights (yen) *	Issue price: 1,244 ~ 2,814 Amount of share capital to be increased: 622 ~ 1,407
Conditions for the exercise of share acquisition rights *	・Part of the units granted shall vest upon conclusion of each of the Annual General Meetings of Shareholders to be held in 2024, 2025 and 2026, with the remainder to vest based on a predefined performance achievement rate during the period up to the date of the Annual General Meeting of Shareholders to be held in 2026. ・Only directors (including former directors) may exercise share acquisition rights. Specifically, the person must be a director of the Company at the time of the exercise to be eligible, and those who are no longer a director may exercise the share acquisition rights only if they lose their position as a director due to retirement, resignation or dismissal (excluding punitive dismissal or any other event similar thereto), or death or disability, or when there is any other due reason specifically provided by the Board of Directors. ・Partial exercise of share acquisition rights is not allowed.
Assignment of share acquisition rights *	Acquisition of share acquisition rights by assignment shall require the approval of the Board of Directors.
Issuance of share acquisition rights associated with the Company's restructuring *	Not applicable

* The information above is as of December 31, 2025 and remains the same as of February 28, 2026.

(Notes) 1. The number of underlying shares per unit of share acquisition right is one share of the Company's ordinary shares.

2. In the event that the Company carries out a share split (including gratis allocation) or share consolidation, the number of underlying shares shall be adjusted according to the formula outlined below. However, such adjustment shall be made only to those subject to share acquisition rights unexercised at the time of such adjustment.

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \text{Ratio of split or consolidation}$$

In addition, in case of merger, company split, share exchange, share transfer, share issuance or other events that compel the number of shares to be adjusted, the number of shares shall be adjusted to the extent reasonable taking into consideration the terms and conditions of such merger, company split, share exchange, share transfer or share issuance.

3. Any fraction less than one share included in the number of shares to be issued to the holders of the share acquisition rights who have exercised the rights shall be rounded down.

(vii) Resolution at the Annual General Meeting of Shareholders on March 27, 2024

Pursuant to the Companies Act, it was resolved at the Annual General Meeting of Shareholders on March 27, 2024 to issue share acquisition rights as equity-based share options to directors of the Company. This does not fall under issuance with preferential terms as share acquisition rights are issued as directors' compensation, etc.

a. Resolution at the Board of Directors meeting on March 27, 2024

Date of resolution	March 27, 2024
Category and number of eligible persons (persons)	Director of the Company: 1
Number of share acquisition rights (units) *	9,231 [0] (Note) 1
Class, description and number of underlying shares (shares) *	Ordinary shares: 9,231 [0] (Notes) 2, 3
Amount to be paid upon exercise of share acquisition rights (yen) *	No cash payment or contribution of assets is required.
Exercise period of share acquisition rights *	From April 12, 2024 to March 15, 2028
Issue price and the amount of share capital to be increased by issuance of shares upon exercise of share acquisition rights (yen) *	Issue price: 2,385 ~ 2,414 Amount of share capital to be increased: 1,193 ~ 1,207
Conditions for the exercise of share acquisition rights *	・One third (1/3) of the units granted shall vest upon conclusion of each of the Annual General Meetings of Shareholders to be held in 2025, 2026 and 2027. ・Only directors (including former directors) may exercise share acquisition rights. Specifically, the person must be a director of the Company at the time of the exercise to be eligible, and those who are no longer a director may exercise the share acquisition rights only if they lose their position as a director due to retirement, resignation or dismissal (excluding punitive dismissal or any other event similar thereto), or death or disability, or when there is any other due reason specifically provided by the Board of Directors. ・Partial exercise of share acquisition rights is not allowed.
Assignment of share acquisition rights *	Acquisition of share acquisition rights by assignment shall require approval of the Board of Directors.
Issuance of share acquisition rights associated with the Company's restructuring *	Not applicable

*The information above is as of December 31, 2025 and remains the same as of February 28, 2026, except for the items modified during the period between December 31, 2025 and February 28, 2026, for which the information as of February 28, 2026 is shown in brackets.

(Notes) 1. The number of underlying shares per unit of share acquisition right is one share of the Company's ordinary shares.

2. In the event that the Company carries out a share split (including gratis allocation) or share consolidation, the number of underlying shares shall be adjusted according to the formula outlined below. However, such adjustment shall be made only to those subject to share acquisition rights unexercised at the time of such adjustment.

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \text{Ratio of split or consolidation}$$

In addition, in case of merger, company split, share exchange, share transfer, share issuance or other events that compel the number of shares to be adjusted, the number of shares shall be adjusted to the extent reasonable taking into consideration the terms and conditions of such merger, company split, share exchange, share transfer or share issuance.

3. Any fraction less than one share included in the number of shares to be issued to the holders of the share acquisition rights who have exercised the rights shall be rounded down.

b. Resolution at the Board of Directors meeting on February 19, 2025

Date of resolution	March 27, 2024
Category and number of eligible persons (persons)	Directors of the Company: 3
Number of share acquisition rights (units) *	912,516 (Note) 1
Class, description and number of underlying shares (shares) *	Ordinary shares: 912,516 (Notes) 2, 3
Amount to be paid upon exercise of share acquisition rights (yen) *	No cash payment or contribution of assets is required.
Exercise period of share acquisition rights *	From March 6, 2025 to March 15, 2028
Issue price and the amount of share capital to be increased by issuance of shares upon exercise of share acquisition rights (yen) *	Issue price: 634 ~ 2,068 Amount of share capital to be increased: 317 ~ 1,034
Conditions for the exercise of share acquisition rights *	・ Part of the units granted shall vest upon conclusion of each of the Annual General Meetings of Shareholders to be held in 2025, 2026 and 2027, with the remainder to vest based on a predefined performance achievement rate during the period up to the date of the Annual General Meeting of Shareholders to be held in 2026 and 2027. ・ Only directors (including former directors) may exercise share acquisition rights. Specifically, the person must be a director of the Company at the time of the exercise to be eligible, and those who are no longer a director may exercise the share acquisition rights only if they lose their position as a director due to retirement, resignation or dismissal (excluding punitive dismissal or any other event similar thereto), or death or disability, or when there is any other due reason specifically provided by the Board of Directors. ・ Partial exercise of share acquisition rights is not allowed.
Assignment of share acquisition rights *	Acquisition of share acquisition rights by assignment shall require the approval of the Board of Directors.
Issuance of share acquisition rights associated with the Company's restructuring *	Not applicable

* The information above is as of December 31, 2025 and remains the same as of February 28, 2026.

(Notes) 1. The number of underlying shares per unit of share acquisition right is one share of the Company's ordinary shares.

2. In the event that the Company carries out a share split (including gratis allocation) or share consolidation, the number of underlying shares shall be adjusted according to the formula outlined below. However, such adjustment shall be made only to those subject to share acquisition rights unexercised at the time of such adjustment.

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \text{Ratio of split or consolidation}$$

In addition, in case of merger, company split, share exchange, share transfer, share issuance or other events that compel the number of shares to be adjusted, the number of shares shall be adjusted to the extent reasonable taking into consideration the terms and conditions of such merger, company split, share exchange, share transfer or share issuance.

3. Any fraction less than one share included in the number of shares to be issued to the holders of the share acquisition rights who have exercised the rights shall be rounded down.

(viii) Resolution at the Annual General Meeting of Shareholders on March 26, 2025

Pursuant to the Companies Act, it was resolved at the Annual General Meeting of Shareholders on March 26, 2025 to issue share acquisition rights as equity-based share options to directors of the Company. This does not fall under issuance with preferential terms as share acquisition rights are issued as directors' compensation, etc.

a. Resolution at the Board of Directors meeting on March 26, 2025

Date of resolution	March 26, 2025
Category and number of eligible persons (persons)	Directors of the Company: 2
Number of share acquisition rights (units) *	42,932 (Note) 1
Class, description and number of underlying shares (shares) *	Ordinary shares: 42,932 (Notes) 2, 3
Amount to be paid upon exercise of share acquisition rights (yen) *	No cash payment or contribution of assets is required.
Exercise period of share acquisition rights *	From April 11, 2025 to March 15, 2029
Issue price and the amount of share capital to be increased by issuance of shares upon exercise of share acquisition rights (yen) *	Issue price: 1,066 ~ 2,065 Amount of share capital to be increased: 533 ~ 1,032
Conditions for the exercise of share acquisition rights *	・Part of the units granted shall vest upon conclusion of each of the Annual General Meetings of Shareholders to be held in 2026, 2027 and 2028, with the remainder to vest based on a predefined performance achievement rate during the period up to the date of the Annual General Meeting of Shareholders to be held in 2027 and 2028. ・Only directors (including former directors) may exercise share acquisition rights. Specifically, the person must be a director of the Company at the time of the exercise to be eligible, and those who are no longer a director may exercise the share acquisition rights only if they lose their position as a director due to retirement, resignation or dismissal (excluding punitive dismissal or any other event similar thereto), or death or disability, or when there is any other due reason specifically provided by the Board of Directors. ・Partial exercise of share acquisition rights is not allowed.
Assignment of share acquisition rights *	Acquisition of share acquisition rights by assignment shall require approval of the Board of Directors.
Issuance of share acquisition rights associated with the Company's restructuring *	Not applicable

* The information above is as of December 31, 2025 and remains the same as of February 28, 2026.

(Notes) 1. The number of underlying shares per unit of share acquisition right is one share of the Company's ordinary shares.

2. In the event that the Company carries out a share split (including gratis allocation) or share consolidation, the number of underlying shares shall be adjusted according to the formula outlined below. However, such adjustment shall be made only to those subject to share acquisition rights unexercised at the time of such adjustment.

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \text{Ratio of split or consolidation}$$

In addition, in case of merger, company split, share exchange, share transfer, share issuance or other events that compel the number of shares to be adjusted, the number of shares shall be adjusted to the extent reasonable taking into consideration the terms and conditions of such merger, company split, share exchange, share transfer or share issuance.

3. Any fraction less than one share included in the number of shares to be issued to the holders of the share acquisition rights who have exercised the rights shall be rounded down.

(ix) Resolution at the Annual General Meeting of Shareholders on March 25, 2026

Pursuant to the Companies Act, a proposal is submitted for approval at the Annual General Meeting of Shareholders on March 25, 2026 to issue share acquisition rights as equity-based share options to directors of the Company. This does not fall under issuance with preferential terms as share acquisition rights are issued as directors' compensation, etc.

a. Resolution at the Annual General Meeting of Shareholders on March 25, 2026

The Company has submitted a proposal on the determination of the remuneration, etc. of directors (excluding those who are Audit and Supervisory Committee members) for approval at the Annual General Meeting of Shareholders scheduled to be held on March 25, 2026, and the following share acquisition rights will be issued upon approval at the Board of Directors meeting scheduled to be held on the same day.

Date of resolution	March 25, 2026
Category and number of eligible persons (persons)	Directors of the Company: 6
Number of share acquisition rights (units)	Up to 3,600,000 (Note) 2
Class, description and number of underlying shares (shares)	Ordinary shares: Up to 3,600,000 (Notes) 3, 4
Amount to be paid upon exercise of share acquisition rights (yen)	No cash payment or contribution of assets is required.
Exercise period of share acquisition rights	Period from the allotment date until the day on which ten years have elapsed. However, if the last day of the exercise period falls on a non-business day of the Company, the preceding business day shall be the last day.
Issue price and the amount of share capital to be increased by issuance of shares upon exercise of share acquisition rights (yen)	Issue price: To be determined based on the closing price of the Company's ordinary shares in regular trading on the Tokyo Stock Exchange on the date of allotment of the share acquisition rights. Amount of share capital to be increased: To be determined based on the closing price of the Company's ordinary shares in regular trading on the Tokyo Stock Exchange on the date of allotment of the share acquisition rights.
Conditions for the exercise of share acquisition rights	・ Only directors (including former directors) may exercise share acquisition rights. Specifically, the person must be a director of the Company at the time of the exercise to be eligible, and those who are no longer a director may exercise the share acquisition rights only if they lose their position as a director due to retirement, resignation or dismissal (excluding punitive dismissal or any other event similar thereto), or death or disability, or when there is any other due reason specifically provided by the Board of Directors. ・ Partial exercise of share acquisition rights is not allowed.
Assignment of share acquisition rights	Acquisition of share acquisition rights by assignment shall require the approval of the Board of Directors.
Issuance of share acquisition rights associated with the Company's restructuring	Not applicable

(Notes) 1. Matters not described above shall be determined pursuant to the resolution of the Board of Directors meeting held after the Annual General Meeting of Shareholders on March 25, 2026.

2. The number of underlying shares per unit of share acquisition right is one share of the Company's ordinary shares.

3. In the event that the Company carries out a share split (including gratis allocation) or share consolidation, the number of underlying shares shall be adjusted according to the formula outlined below. However, such adjustment shall be made only to those subject to share acquisition rights unexercised at the time of such adjustment.

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \text{Ratio of split or consolidation}$$

In addition, in case of merger, company split, share exchange, share transfer, share issuance or other events that compel the number of shares to be adjusted, the number of shares shall be adjusted to the

extent reasonable taking into consideration the terms and conditions of such merger, company split, share exchange, share transfer or share issuance.

4. Any fraction less than one share included in the number of shares to be issued to the holders of the share acquisition rights who have exercised the rights shall be rounded down.

(b) 【Rights plans】

Not applicable.

(c) 【Share acquisition rights for other uses】

Not applicable.

(3) 【Exercises of moving strike convertible bonds, etc.】

Not applicable.

(4) 【Changes in total number of issued shares, share capital and legal capital surplus】

Date	Changes in total number of issued shares (shares)	Total number of issued shares (shares)	Changes in share capital (¥ million)	Balance of share capital (¥ million)	Changes in legal capital surplus (¥ million)	Balance of legal capital surplus (¥ million)
January 1, 2021 to August 23, 2021 (Note 1)	2,816,000	889,777,539	2,520	24,990	2,520	24,240
August 23, 2021 (Note 2)	7,388,930	897,166,469	7,814	32,804	7,814	32,054
August 24, 2021 to December 31, 2021 (Note 1)	1,580,000	898,746,469	1,363	34,167	1,363	33,417
January 1, 2022 to April 13, 2022 (Note 1)	950,862	899,697,331	813	34,980	813	34,230
April 13, 2022 (Note 3)	355,673	900,053,004	541	35,521	541	34,771
April 14, 2022 to May 10, 2022 (Note 1)	714,000	900,767,004	525	36,046	525	35,296
May 10, 2022 (Note 4)	63,983	900,830,987	94	36,140	94	35,390
May 11, 2022 to June 27, 2022 (Note 1)	1,092,862	901,923,849	1,060	37,200	1,060	36,450
June 27, 2022 (Note 5)	11,289	901,935,138	16	37,216	16	36,466
June 28, 2022 to July 26, 2022 (Note 1)	34,000	901,969,138	37	37,253	37	36,503
July 26, 2022 (Note 6)	22,572	901,991,710	34	37,287	34	36,537
July 27, 2022 to August 31, 2022 (Note 1)	452,420	902,444,130	481	37,768	481	37,018
August 31, 2022 (Note 7)	(36,571,300)	865,872,830	—	37,768	—	37,018
September 1, 2022 to December 31, 2022 (Note 1)	900,898	866,773,728	1,113	38,881	1,113	38,131
January 1, 2023 to May 31, 2023 (Note 1)	3,853,354	870,627,082	4,446	43,327	4,446	42,577
May 31, 2023 (Note 8)	(16,752,326)	853,874,756	—	43,327	—	42,577
June 1, 2023 to December 31, 2023 (Note 1)	3,578,504	857,453,260	4,085	47,412	4,085	46,662
January 1, 2024 to February 29, 2024 (Note 1)	469,241	857,922,501	570	47,982	570	47,232
February 29, 2024 (Note 9)	(17,539,739)	840,382,762	—	47,982	—	47,232
March 1, 2024 to December 31, 2024 (Note 1)	2,060,651	842,443,413	2,651	50,633	2,651	49,883
January 1, 2025 to February 28, 2025 (Note 1)	133,236	842,576,649	226	50,859	226	50,109
February 28, 2025 (Note 10)	(19,911,683)	822,664,966	—	50,859	—	50,109
March 1, 2025 to December 31, 2025 (Note 1)	4,496,006	827,160,972	6,900	57,759	6,900	57,009

(Notes) 1. An increase due to exercise of share acquisition rights.
2. Third-party allotment with payment (third-party allotment to shareholders of Embark Studios AB)
Issue price: ¥2,115
Amount of share capital to be increased: ¥1,057.5
Allottees: Shareholders of ordinary shares of Embark Studios AB (six individuals and one foundation)
3. Third-party allotment with payment (third-party allotment to employees of Embark Studios AB)
Issue price: ¥3,040
Amount of share capital to be increased: ¥1,520
Allottees: Employees of Embark Studios AB (25 individuals)
4. Third-party allotment with payment (third-party allotment to employees of Embark Studios AB)
Issue price: ¥2,944
Amount of share capital to be increased: ¥1,472
Allottees: Employees of Embark Studios AB (five individuals)
5. Third-party allotment with payment (third-party allotment to employees of Embark Studios AB)
Issue price: ¥2,863
Amount of share capital to be increased: ¥1,431.5
Allottees: Employees of Embark Studios AB (three individuals)
6. Third-party allotment with payment (third-party allotment to employees of Embark Studios AB)
Issue price: ¥3,020
Amount of share capital to be increased: ¥1,510
Allottees: Employees of Embark Studios AB (14 individuals)
7. 36,571,300 treasury shares purchased were all canceled on August 31, 2022.
8. 16,752,326 treasury shares purchased were all canceled on May 31, 2023.
9. 17,539,739 treasury shares purchased were all canceled on February 29, 2024.
10. 19,911,683 treasury shares purchased were all canceled on February 28, 2025.
11. 36,487,500 treasury shares purchased (held as of January 31, 2026) were all canceled on February 27, 2026
12. Between January 1, 2026 and February 28, 2026, the total number of issued shares increased by 1,932,885 shares and the amount of share capital and legal capital surplus each increased by ¥3,455 million, due to the exercise of share acquisition rights.

(5) 【Shareholding by shareholder category】

As of December 31, 2025

Category	Share information (One unit = 100 shares)								Shares less than one unit (shares)
	National and local governments	Financial institutions	Financial service providers	Other corporations	Foreign corporations, etc.		Individuals and others	Total	
					Other than individuals	Individuals			
Number of shareholders (persons)	—	23	24	25	749	42	1,684	2,547	—
Number of shares held (units)	—	1,397,601	135,138	20,194	6,220,947	133,295	364,215	8,271,390	21,972
Percentage of shareholdings (%)	—	16.9	1.6	0.3	75.2	1.6	4.4	100.0	—

(Note) Number of shares held (units) of “Individuals and others” above includes 34,253,200 treasury shares.

(6) 【Major shareholders】

As of December 31, 2025

Name	Address	Number of shares held (shares)	Shareholding ratio (excluding treasury shares) (%)
NXC Corporation (Standing proxy: The Company) (Standing proxy: SMBC Nikko Securities Inc.)	17, EUNSU-GIL, JEJU-SI, JEJU-DO, 63141, KOREA (1-4-5 Roppongi, Minato-ku, Tokyo) (1-5-1 Marunouchi, Chiyoda-ku, Tokyo)	248,462,800	31.3
NXMH BV (Standing proxy: The Company) (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department) (Standing proxy: Goldman Sachs Japan Co., Ltd.) (Standing proxy: Nomura Securities Co.,Ltd.)	LOUIZALAAN 326 BOX24, B-1050 ELSENE (BRUSSELS) BELGIUM (1-4-5 Roppongi, Minato-ku, Tokyo) (2-15-1 Konan, Minato-ku, Tokyo) (2-6-1 Toranomon, Minato-ku, Tokyo) (1-13-1 Nihonbashi, Chuo-ku, Tokyo)	118,484,403	14.9
The Master Trust Bank of Japan, Ltd. (trust account)	1-8-1 Akasaka, Minato-ku, Tokyo	98,177,300	12.4
JP MORGAN CHASE BANK 380752 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (2-15-1 Konan, Minato-ku, Tokyo)	88,548,900	11.2
THE CHASE MANHATTAN BANK, N.A. LONDON SPECIAL ACCOUNT NO.1 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	WOOLGATE HOUSE, COLEMAN STREET LONDON EC2P 2HD, ENGLAND (2-15-1 Konan, Minato-ku, Tokyo)	42,234,128	5.3
Custody Bank of Japan, Ltd. (trust account)	1-8-12 Harumi, Chuo-ku, Tokyo	34,559,054	4.4
KOREA SECURITIES DEPOSITORY-SAMSUNG (Standing proxy: Citibank, N.A., Tokyo branch)	34-6, YEOUIDO-DONG, YEONGDEUNGPO-GU, SEOUL, KOREA (6-27-30 Shinjuku, Shinjuku-ku, Tokyo)	9,166,869	1.2
JPMorgan Securities Japan Co., Ltd.	2-7-3 Marunouchi, Chiyoda-ku, Tokyo	6,374,311	0.8
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (2-15-1 Konan, Minato-ku, Tokyo)	6,079,746	0.8
JP MORGAN CHASE BANK 385781 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (2-15-1 Konan, Minato-ku, Tokyo)	5,792,060	0.7
Total	—	657,879,571	83.0

(Note) The Amendment Report to the Large Shareholding Report made available for public inspection as of June 23, 2023, shows that Public Investment Fund holds shares shown below as of September 26, 2022, but it is not included in major shareholders listed above as the Company was not able to confirm the actual number of shares held by the company as of December 31, 2025.

Name	Address	Number of share certificates, etc. held (shares)	Ratio of share certificates, etc. held (%)
Public Investment Fund	The Public Investment Fund Tower, the King Abdullah Financial District, Al-Aqiq District, Riyadh, 13519, Kingdom of Saudi Arabia	88,548,900	10.23

Based on the Amendment Report to the Large Shareholding Report made available for public inspection as of June 23, 2023, it has been confirmed that the company holds 10.23% of the voting rights as of June 23, 2023 (calculated based on the total number of voting rights of all shareholders as of June 30, 2022 of 8,653,451), and therefore it is one of the Company's major shareholders.

In addition, based on the Amendment Report to the Large Shareholding Report made available for public inspection as of January 9, 2026, it is stated that all shares held by Public Investment Fund have been transferred to Ayar First Investment Company.

Name	Address	Number of share certificates, etc. held (shares)	Ratio of share certificates, etc. held (%)
Ayar First Investment Company	Financial Boulevard 3121, Al-Aqiq District 6790, Riyadh, 13519, Kingdom of Saudi Arabia	88,548,900	11.17

In addition, based on the Large Shareholding Report made available for public inspection as of January 9, 2026, it has been confirmed that the company holds 11.17% of the voting rights as of January 9, 2026 (calculated based on the total number of voting rights of all shareholders as of December 31, 2025 of 7,928,858), and therefore it is one of the Company's major shareholders.

(7) 【Voting rights】

(a) 【Issued shares】

As of December 31, 2025

Categories	Number of shares (shares)	Number of voting rights (units)	Description
Shares with no voting rights	—	—	—
Shares with restricted voting rights (treasury shares, etc.)	—	—	—
Shares with restricted voting rights (other)	—	—	—
Shares with full voting rights (treasury shares, etc.)	(Treasury shares) Ordinary shares 34,253,200	—	—
Shares with full voting rights (other)	Ordinary shares 792,885,800	7,928,858	Standard shares of the Company with no restrictions on rights
Shares less than one unit	Ordinary shares 21,972	—	Same as above
Total number of issued shares	827,160,972	—	—
Number of voting rights held by all shareholders	—	7,928,858	—

(b) 【Treasury shares, etc.】

As of December 31, 2025

Name of shareholder	Address of shareholder	Number of shares held in own name (shares)	Number of shares held in others' names (shares)	Total number of shares held (shares)	Shareholding ratio (%)
(Treasury shares) NEXON Co., Ltd.	1-4-5 Roppongi, Minato-ku, Tokyo	34,253,200	—	34,253,200	4.2
Total	—	34,253,200	—	34,253,200	4.2

2 【Acquisition and Disposal of Treasury Shares】

【Class of shares, etc.】 Purchase of ordinary shares under Article 155, Item 3 of the Companies Act.

(1) 【Acquisition by resolution of shareholders meeting】

Not applicable.

(2) 【Acquisition by resolution of board of directors meeting】

Category	Number of shares (shares)	Total value (yen)
Status of approval at the Board of Directors (November 12, 2024) (Acquisition period: November 13, 2024 to January 31, 2025)	10,000,000	20,000,000,000
Treasury shares purchased prior to the fiscal year ended December 31, 2025	6,369,700	13,662,425,150
Treasury shares purchased during the fiscal year ended December 31, 2025	2,953,100	6,337,402,650
Total number and value of remaining approved shares	677,200	172,200
Unexercised ratio as of December 31, 2025 (%)	6.8	0.0
Treasury shares purchased during the period*	—	—
Unexercised ratio as of the filing date (%)	6.8	0.0

Category	Number of shares (shares)	Total value (yen)
Status of approval at the Board of Directors (February 13, 2025) (Acquisition period: February 14, 2025 to June 30, 2025)	32,000,000	50,000,000,000
Treasury shares purchased prior to the fiscal year ended December 31, 2025	—	—
Treasury shares purchased during the fiscal year ended December 31, 2025	22,467,100	49,820,009,708
Total number and value of remaining approved shares	9,532,900	179,990,292
Unexercised ratio as of December 31, 2025 (%)	29.8	0.4
Treasury shares purchased during the period*	—	—
Unexercised ratio as of the filing date (%)	29.8	0.4

Category	Number of shares (shares)	Total value (yen)
Status of approval at the Board of Directors (August 13, 2025) (Acquisition period: August 14, 2025 to October 31, 2025)	11,000,000	25,000,000,000
Treasury shares purchased prior to the fiscal year ended December 31, 2025	—	—
Treasury shares purchased during the fiscal year ended December 31, 2025	7,580,300	24,999,689,000
Total number and value of remaining approved shares	3,419,700	311,000
Unexercised ratio as of December 31, 2025 (%)	31.1	0.0
Treasury shares purchased during the period*	—	—
Unexercised ratio as of the filing date (%)	31.1	0.0

Category	Number of shares (shares)	Total value (yen)
Status of approval at the Board of Directors (November 11, 2025) (Acquisition period: November 12, 2025 to January 26, 2026)	10,000,000	25,000,000,000
Treasury shares purchased prior to the fiscal year ended December 31, 2025	—	—
Treasury shares purchased during the fiscal year ended December 31, 2025	4,205,800	15,687,564,200
Total number and value of remaining approved shares	5,794,200	9,312,435,800
Unexercised ratio as of December 31, 2025 (%)	57.9	37.2
Treasury shares purchased during the period*	2,234,300	9,312,217,700
Unexercised ratio as of the filing date (%)	35.6	0.0

* The information above is as of February 28, 2026.

(3) 【Acquisition not based on resolution of shareholders meeting or board of directors meeting】

Not applicable.

(4) 【Disposal of acquired treasury shares and number of treasury shares held】

Category	Fiscal year ended December 31, 2025		Current period	
	Number of shares (shares)	Total disposition amount (yen)	Number of shares (shares)	Total disposition amount (yen)
Purchased treasury shares offered to subscribers	—	—	—	—
Purchased treasury shares canceled	19,911,683	49,999,897,656	36,487,500	99,819,480,608
Purchased treasury shares transferred due to merger, share exchange, share issuance or company split	—	—	—	—
Other	—	—	—	—
Treasury shares held	34,253,200	—	—	—

(Note) Treasury shares held during the relevant period do not include the number of shares purchased during the period from March 1, 2026, to the filing date of this annual securities report.

3 【Dividend Policy】

The Company recognizes that the return of profits to shareholders is an important management issue. Our policy is to return profits to shareholders through dividend payments, share repurchases and other means depending on the results of operations and upon full consideration of factors including the state of shareholder equity, management results and revenue outlook. We also consider it important to stably and continuously enhance the return of profits to shareholders. We aim to return over 33% of annual operating profit from the prior year, excluding one-off expenses such as an impairment loss. In addition, we set a minimum ROE target of 10% with the potential to grow as high as 15%.

We intend to use our internal capital reserves by taking into account the balance between return of profits to shareholders and other considerations such as the expansion of our existing business and development of new businesses to strengthen our management base and enrich our future business domain, and effective investments, primarily M&As and acquisition of game publishing rights, to proactively develop our business for future growth.

Our basic policy is to pay dividend twice a year as interim and year-end dividends.

In accordance with the policy above, we are scheduled to pay dividends of surplus of 45.0 yen per share for the fiscal year ended December 31, 2025 (including interim dividend of 15.0 yen per share) in consideration of factors including financial results and financial condition. Furthermore, interim and year-end dividends of 30.0 yen per share are also scheduled for the fiscal year ending December 31, 2026.

The Company decides dividends of surplus by a resolution of the Board of Directors. Furthermore, the Company's Articles of Incorporation stipulates that "the decisions of the Company with regards to dividends of surplus and other matters as stipulated under each provision of Article 459, Paragraph 1 of the Companies Act shall not require a resolution of the General Meeting of Shareholders but shall be decided by a resolution of the Board of Directors, except when otherwise provided for by laws and regulations," and that "the record date for the Company's year-end dividends shall be December 31 of each year" and "the record date for the Company's interim dividends shall be June 30 of each year."

(Note) Dividends of surplus for which the record date belongs to the fiscal year ended December 31, 2025 are as follows:

Date of resolution	Total amount of dividends (¥ million)	Dividend per share (yen)
Resolution of the Board of Directors on August 13, 2025	12,014	15.0
Resolution of the Board of Directors on February 20, 2026	23,787	30.0

4【Corporate Governance】

(1) 【Overview of Corporate Governance】

(a) Fundamental philosophy of corporate governance

Recognizing that its most important management issue is to balance the maximization of its corporate value and securing of the soundness in business operations through efficient and highly transparent management, the Company has stipulated (i) the maximization of shareholder value, (ii) building of a good relationship of trust with stakeholders such as users, business partners, local communities and employees, and (iii) sustainable and stable growth, as its basic policy of corporate governance.

To that end, we have been striving so that we will realize strict and legitimate supervisory function over the execution of operations and will focus on effective design and operation of internal control systems, management always mindful of compliance, and organization management through group governance, which is mindful of appropriate cooperation with subsidiaries.

(b) Corporate governance system, etc.

(i) Overview of corporate governance system and reason for adopting such system

The Company has adopted the corporate governance structure of a company with an Audit and Supervisory Committee. The Compensation Committee is also established as an advisory body of the Board of Directors.

As of the filing date (March 24, 2026), the Company's Board of Directors, consisting of eight directors (including three who are Audit and Supervisory Committee members), convenes regular meetings at least every three months and special meetings, if necessary, to perform its function to mutually supervise directors' performance of their duties by exchanging opinions and deliberating.

The Company's Audit and Supervisory Committee, consisting of three Audit and Supervisory Committee members including two independent outside directors, convenes, in principle, regular meetings at least every three months and special meetings, if necessary, and performs audit of the directors' performance of their duties through operational and financial audits based on the audit plan.

A majority of the members of the Company's Compensation Committee are independent outside directors, and its chairperson is an independent outside director. It engages the service of a compensation consultant to introduce objective external perspectives and expert opinions into the operation of the Compensation Committee and also refers to other investigation reports provided regarding directors' compensation. Specific compensation payment amounts, and performance achievement rates are finalized and determined by a resolution of the Board of Directors after receiving confirmation from the Compensation Committee is obtained to ensure that the level and composition of directors' compensation are appropriate and to ensure the transparency of the process in which they are decided.

The systems of the Board of Directors (BOD), the Audit and Supervisory Committee (ASC) and the Compensation Committee (CC) render our corporate governance effective.

The corporate governance system consists of the following members (◎: chairperson):

Title	Name	BOD	ASC	CC
Representative Director, President and CEO	Junghun Lee	◎		
Representative Director, Chief Financial and Chief Administrative Officer	Shiro Uemura	○		
Director and Executive Chairman	Patrick Söderlund	○		
Director	Daehyun Kang	○		
Outside Director	Naoya Tsurumi	○		
Outside Director (ASC member)	Alexander Iosilevich	○	◎	○
Outside Director (ASC member)	Satoshi Honda	○	○	○
Outside Director (ASC member)	Shiro Kuniya	○	○	◎

Proposals for the election of six (6) directors (excluding those who are Audit and Supervisory Committee members) and the election of three (3) directors who are Audit and Supervisory Committee members have been submitted for approval at the Annual General Meeting of Shareholders scheduled to be held on March 25, 2026. Upon approval, the Board of Directors will consist of nine (9) Directors (including three Directors who are Audit and Supervisory Committee members), and the corporate governance system of the Board of Directors (BOD), the Audit and Supervisory Committee (ASC) and the Compensation Committee (CC) will consist of the following members. (◎: chairperson)

Title	Name	BOD	ASC	CC
Representative Director, President and CEO	Junghun Lee	◎		
Representative Director, Chief Financial and Chief Administrative Officer	Shiro Uemura	○		
Director and Executive Chairman	Patrick Söderlund	○		
Director	Daehyun Kang	○		
Director	Alexander Iosilevich	○		○
Outside Director	Kaoru Hattori	○		
Outside Director (ASC member)	Shiro Kuniya	○	◎	◎
Outside Director (ASC member)	Naoya Tsurumi	○	○	○
Outside Director (ASC member)	Hanmin Cho	○	○	

(ii) Internal control system

The Company has approved "NEXON Corporate Governance Basic Policy," "NEXON Group Code of Conduct and Business Ethics (Code of Conduct)," and "Basic Policies relating to Internal Control Systems" at the Board of Directors meeting in order to develop the internal control system.

(iii) Risk management system

Nexon Group believes that risk management is one of the important factors in internal control. In addition to developing the "Risk Management Rules," we set up the "Risk Management (Internal Control) Project," consisting of the head of the Internal Audit Section as the project leader and other department heads as members, and prepared "Risk Map" in order to prevent risk from arising. If any risks should arise and cause serious situations, department heads will be called up and a task force will be set up to handle such a situation.

We also believe that another important matter in internal control is compliance. Accordingly, the Company has approved the "Compliance Regulations" at the Board of Directors meeting, established the "Compliance Committee" chaired by the head of the Legal Department, and designated the Legal Department as a "department responsible for compliance," with the aim of developing in-house compliance system.

(iv) System to ensure proper operations of the Company's subsidiaries

Nexon Group ensures proper operations of the Company's subsidiaries by, while respecting the independence of each entity with consideration for unique local circumstances, establishing a subsidiary management system in accordance with the system to ensure proper operation of the Company as described below.

・System for reporting matters regarding performance of duties by subsidiaries' directors to the Company:

The Company shall request subsidiaries' directors to report important matters and other necessary matters regularly based on the "Associated Company Management Rules."

・System to manage potential risks of losses of subsidiaries:

The Company shall request subsidiaries to prepare internal rules based on the Company's "Risk Management Rules" and minimize potential exposure to risk of incurring losses and to establish a system enabling timely response in cooperation with the Company in the event of serious incidents.

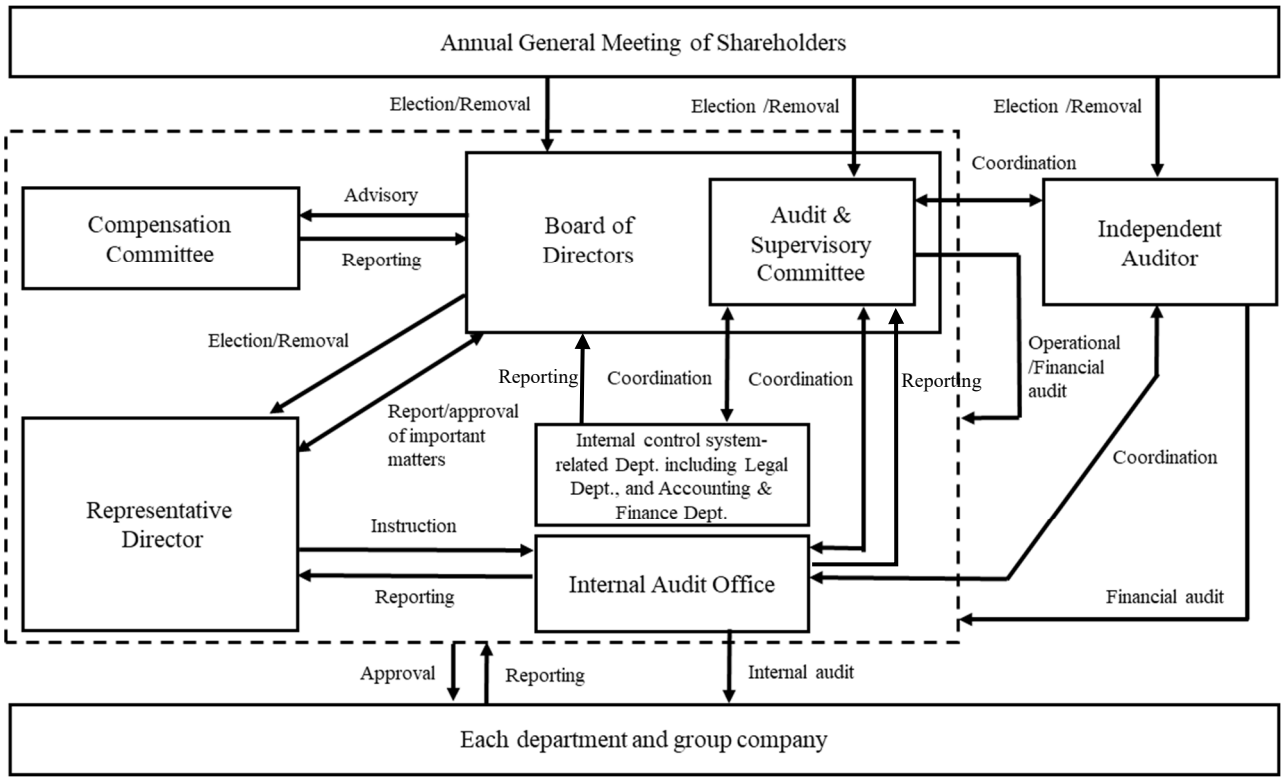
・System to ensure efficient performance of duties by subsidiaries' directors, etc.:

The Company shall request subsidiaries' directors to report the status of performance of their respective duties on a monthly basis and to improve obstructive factors in the execution of duties in a timely manner, if any.

・System to ensure that the performance of duties by directors and employees of subsidiaries complies with laws and regulations and the articles of incorporation:

The Company shall review the compliance status by collecting and obtaining relevant information through methods including audit and investigation by directors, the Internal Audit Section, the Legal Department and the Accounting & Finance Department of the Company, thereby confirming compliance and the Company shall request subsidiaries to take necessary measures including preventive measures.

(v) Below is a diagram of our corporate governance system described above.



(vi) Limited liability agreement

In order to ensure that they can fulfill their expected roles to the fullest extent, the Company's Articles of Incorporation stipulates that the Company may, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, enter into agreements with its non-executive directors to limit their liability with respect to any negligence in the performance of their duties. The Company entered into the agreement to limit liability with four non-executive directors in accordance with the Article of Incorporation. The limit of liability for damages under the agreement is ¥2.4 million or the minimum liability amount provided for in Article 425, Paragraph 1 of the Companies Act, whichever is higher.

(vii) Indemnification agreement

In order to ensure that they can fulfill their expected roles to the fullest extent, the Company has entered into indemnification agreements with Mr. Junghun Lee, Mr. Shiro Uemura, Mr. Patrick Söderlund, Mr. Daehyun Kang, Mr. Naoya Tsurumi, Mr. Alexander Iosilevich, Mr. Satoshi Honda and Mr. Shiro Kuniya to indemnify for expenses provided by Article 430-2, Paragraph 1, Item 1 of the Companies Act and losses provided by Item 2 of the Paragraph to the extent provided by relevant laws and regulations.

(viii) Directors and officers liability insurance

In order to ensure that they can fulfill their expected roles to the fullest extent, the Company has taken out a directors and officers liability insurance covering all officers, executive officers and employees in management position to indemnify for possible losses arising from monetary damages and legal costs in connection with claims against the insured. The Company pays all insurance premiums. However, there are some exclusions not covered by the insurance such as losses arising from illegal actions taken for personal profit or provision of favors, criminal actions, and actions taken with knowledge of the illegality.

(ix) Number of directors

The Company's Articles of Incorporation stipulates that the Company shall have no more than ten directors (excluding those who are Audit and Supervisory Committee members) and shall have no more than five directors who are Audit and Supervisory Committee members.

(x) Election criteria for directors

The Company's Articles of Incorporation stipulates that the Company shall elect directors who are Audit and Supervisory Committee members and other directors separately at the General Meeting of Shareholders, and that resolutions to elect directors shall be made by a majority vote at which shareholders holding one-third or more of the voting rights of shareholders entitled to exercise voting rights are present.

The Company's Articles of Incorporation also stipulates that resolutions to elect directors shall not be based on cumulative voting.

(xi) Purchase of treasury shares

In accordance with Article 165, Paragraph 2 of the Companies Act, the Company's Articles of Incorporation stipulates that the Company may purchase own shares through market transactions based on resolutions of the Board of Directors in order to flexibly implement capital policies in response to changes in business environment.

(xii) Dividends of surplus

The Company's Articles of Incorporation stipulates that "the decisions with regards to dividends from surplus and other matters as stipulated under each item of Article 459, Paragraph 1 of the Companies Act shall not require a resolution of the General Meeting of Shareholders but shall be decided by a resolution of the Board of Directors, except when otherwise provided for by laws and regulations," that "the record date for the Company's year-end dividends shall be December 31 of each year" and that "the record date for the Company's interim dividends shall be June 30 of each year." This is for the purpose of returning profits to shareholders flexibly.

(xiii) Special resolutions of the General Meeting of Shareholders

The Company's Articles of Incorporation stipulates that special resolutions of the General Meeting of Shareholders as provided by Article 309, Paragraph 2 of the Companies Act shall be made by two thirds or more of the votes of the shareholders present at the meeting where one third or more of the eligible shareholders are present.

This is for the purpose of ensuring smooth management of the General Meeting of Shareholders by easing the quorum for special resolutions of the General Meeting of Shareholders.

(xiv) Guidelines on policy for protection of minority shareholders in transactions with controlling shareholders, etc.

In order not to undermine the interests of non-controlling shareholders, Nexon Group determines terms and conditions applicable to transactions between the Company and its controlling shareholders, etc. in the same manner as general terms and conditions applicable to transactions with unassociated parties.

(xv) Basic policy regarding control of a stock company

The Company has not established a basic policy regarding those who control the decisions on the financial and business policies of the stock company as stipulated by Article 118, Item 3 of the Ordinance for Enforcement of the Companies Act.

(c) Activities of the Board of Directors

During the fiscal year ended December 31, 2025, the Company held the Board of Directors meetings at least once every three months, and the attendance status of each director was as follows:

Name	Number of meetings held	Number of meetings attended
Junghun Lee	6	6
Shiro Uemura	6	6
Patrick Söderlund	6	4
Daehyun Kang	5	5
Naoya Tsurumi	5	5
Alexander Iosilevich	6	6
Satoshi Honda	6	6
Shiro Kuniya	6	6

At the Board of Directors meetings, in accordance with the Company's "Authorization Matrix," members primarily discuss and resolve management and business policies of the Company and its subsidiaries, important matters related to business execution, matters authorized by the resolutions at the shareholders' meetings, matters required by laws and regulations and the Articles of Incorporation and also receive reports on the businesses of the Company and its subsidiaries, the execution status of important operations and matters required by laws and regulations.

(d) Activities of the Compensation Committee

During the fiscal year ended December 31, 2025, the Company held the Compensation Committee meeting five times, and the attendance status of each Compensation Committee member was as follows. In addition to the meeting, members exchange opinions via email as needed.

Name	Number of meetings held	Number of meetings attended
Alexander Iosilevich	5	5
Satoshi Honda	5	5
Shiro Kuniya	5	5

At the Compensation Committee meeting, members deliberate on compensation of directors (excluding those who are Audit and Supervisory Committee members), the amount of individual compensation, etc. and the level of achievement of performance targets, etc.

(2) 【Directors (and other officers)】

(a) List of the Company's officers

(i) As of March 24, 2026 (the filing date of this annual securities report), the status of the Company's officers is as follows.

Male: 8 Female: 0 (Ratio of female directors (and other officers): 0 %)

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (shares)
Representative Director, President and Chief Executive Officer	Junghun Lee	March 12, 1979	May 2003 November 2006 April 2010 July 2012 April 2014 November 2015 January 2018 March 2022 March 2023 March 2024 March 2024 November 2025	Joined NEXON Corporation (current NXC Corporation) Publishing QM Team Leader of NEXON Corporation (current NEXON Korea Corporation) Command Center Manager of NEOPLE INC. FIFA Department Manager of NEXON Korea Corporation General Manager of Business Headquarters of NEXON Korea Corporation Vice President of Business of NEXON Korea Corporation Chief Executive Officer of NEXON Korea Corporation Director of NEXON Games Co., Ltd. Director of NEXON Co., Ltd. Representative Director, President and Chief Executive Officer of NEXON Co., Ltd. (to present) Director of NEXON Korea Corporation (to present) Representative Director, President and Chief Executive Officer of NEXON HQ Co., Ltd. (to present)	(Note) 4	390,586
Representative Director, Chief Financial and Chief Administrative Officer	Shiro Uemura	December 31, 1970	December 2000 September 2003 December 2004 July 2011 March 2014 March 2014 March 2014 March 2015 April 2016 April 2016 April 2016 September 2016 January 2020 October 2021 October 2021 May 2024	Joined Deloitte Touche Tohmatsu (current Deloitte Touche Tohmatsu LLC) Joined Pacific Golf Management K.K. Joined Pacific Golf Group International Holdings K.K. Joined NEXON Co., Ltd. Chief Financial Officer and Corporate Management Division Manager of NEXON Co., Ltd. Director of gloops, Inc. Director of inBlue.com Representative Director of NEXON Co., Ltd. (to present) Director of Nexon America, Inc. (to present) Director of NEXON M Inc. Director of Lexian Software Development (Shanghai) Co., Ltd. (to present) Director of NEXON Europe GmbH Representative Director and President of gloops, Inc. Chief Financial and Chief Administrative Officer of NEXON Co., Ltd. (to present) Director of Nexon Studios, Inc. (current Nexon Filmed Entertainment Inc.) (to present) Director of Embark Studios AB (to present)	(Note) 4	92,440

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (shares)
Director and Executive Chairman	Patrick Söderlund	September 27, 1973	January 2000 October 2006 September 2013 April 2018 November 2018 November 2018 January 2019 March 2019 July 2019 November 2019 June 2020 August 2020 August 2021 November 2021 March 2023 March 2023 February 2026	Chief Executive Officer of Digital Illusions Creative Entertainment Vice President & General Manager of Electronic Arts, Inc. Executive Vice President of Electronic Arts, Inc., EA Worldwide Studios Chief Design Officer of Electronic Arts, Inc. Director of Sicalis AB (to present) Chief Executive Officer of Embark Studios AB (to present) Director of Fractal Gaming Group AB Outside Director of NEXON Co., Ltd. Director of NEXON Co., Ltd. (to present) Director of Ortalis Group AB Director of Hexagon Aktiebolag Director of Surmount Together AB (to present) Director of Ortalis Holding AB Director of CoFounded Kapital AB (to present) Director of CoFounded Capital AB (to present) Director of CoFounded Holding AB (to present) Executive Chairman of NEXON Co., Ltd.(to present)	(Note) 4	1,289,086
Director	Daehyun Kang	September 1, 1981	February 2004 October 2005 April 2007 April 2009 October 2011 April 2014 April 2017 May 2020 March 2024 March 2025	Joined NEXON Corporation (current NXC Corporation) Crazy Arcade Team Leader of NEXON Corporation (current NEXON Korea Corporation) Maple Live Development Team Leader of NEXON Korea Corporation Live Publishing Section Manager of NEXON Korea Corporation Dungeon&Fighter Development Section Manager of NEOPLE INC. Live Development Division Manager of NEXON Korea Corporation Vice President of NEXON Korea Corporation Chief Operating Officer of NEXON Korea Corporation Co-CEO of NEXON Korea Corporation (to present) Director of NEXON Co., Ltd. (to present)	(Note) 4	—

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (shares)
Director	Naoya Tsurumi	February 8, 1958	September 2005 June 2006 October 2006 April 2012 May 2012 April 2014 April 2014 January 2015 April 2015 July 2017 April 2022 December 2023 March 2025	CEO and President of SEGA PUBLISHING EUROPE LTD. CEO and President of SEGA HOLDINGS U.S.A., INC. Chairman of SEGA OF AMERICA, INC. President and COO (Representative Director) of SEGA CORPORATION Vice Chairman and CEO of Sega Jinwin (Shanghai) Amusements Co., Ltd. Senior Executive Vice President (Representative Director) of SEGA SAMMY HOLDINGS INC. Vice Chairman of the Board of SEGA CORPORATION Chairman of the Board of CA Sega Joypolis Ltd. (to present) Vice Chairman of the Board of SEGA Holdings Co., Ltd. Senior Executive Vice President of PARADISE SEGASAMMY Co., Ltd. Outside Director of SNK CORPORATION (to present) Representative Director, President & CEO of U&I Entertainment Japan Co., Ltd. (to present) Outside Director of NEXON Co., Ltd. (to present)	(Note) 4	—
Director (Audit and Supervisory Committee member)	Alexander Iosilevich	January 12, 1975	June 1998 November 2000 October 2001 April 2004 June 2007 September 2008 October 2014 June 2019 July 2021 July 2021 March 2022 July 2022	Joined Donaldson, Lufkin & Jenrette Joined Credit Suisse First Boston Joined Liberty Media Corporation Joined Bank of America Securities LLC Head of US Media Investment Banking/Managing Director of Lehman Brothers Holdings Inc. Head of US Media Investment Banking/Managing Director of Barclays Capital (current Barclays Corporate and Investment Bank) Head of Media Investment Banking Americas/Managing Director of Deutsche Bank AG Head of Media Investment Banking Americas/Managing Director of UBS Securities LLC Global President and Chief Investment Officer of NXC Corporation (to present) Partner of Alignment Growth Management, LLC (to present) Outside Director (Audit and Supervisory Committee member) of NEXON Co., Ltd. (to present) Director of Crunchbase, Inc. (to present)	(Note) 5	—

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (shares)
Director (Audit and Supervisory Committee member)	Satoshi Honda	September 29, 1947	July 1971 June 1992 December 1992 November 1995 August 1998 December 2009 November 2010 March 2012 March 2018	Joined Victor Company of Japan, Limited Director of Victor Entertainment Inc. Representative Director of Electronic Arts Victor Co., Ltd. (current Electronic Arts Co., Ltd.) Auditor of Computer Entertainment Software Association (current Computer Entertainment Supplier's Association) Representative Director of Eidos Interactive KK Director of Spline Network Inc. Director of Software Imaging Technology Limited Outside Director of NEXON Co., Ltd. Outside Director (Audit and Supervisory Committee member) of NEXON Co., Ltd. (to present)	(Note) 5	—
Director (Audit and Supervisory Committee member)	Shiro Kuniya	February 22, 1957	April 1982 July 1987 June 1997 June 1999 April 2002 June 2006 June 2009 April 2011 April 2011 March 2012 June 2012 June 2013 June 2013 June 2016 March 2018 June 2019 April 2020 June 2021 June 2025	Registered as a lawyer Joined Oh-Ebashi LPC & Partners Registered as a lawyer in the State of New York Statutory Auditor of Sunstar Inc. Auditor of Kitano Hospital, The Tazuke Kofukai Medical Research Institute (to present) Managing Partner of Oh-Ebashi LPC & Partners Statutory Auditor of Nidec Corporation Board member of the Japan Commercial Arbitration Association (to present) Board member of Japan Century Symphony Orchestra (to present) President of Inter-Pacific Bar Association (IPBA) Outside Director of NEXON Co., Ltd. Director of Ebara Corporation Statutory Auditor of Takeda Pharmaceutical Company Limited Director of Sony Financial Holdings Inc. Director (Audit and Supervisory Committee member) of Takeda Pharmaceutical Company Ltd. Outside Director (Audit and Supervisory Committee member) of NEXON Co., Ltd. (to present) Outside Director of Takeda Pharmaceutical Company Ltd. Auditor of CiRA Foundation (to present) Outside Director of TOA Corporation (to present) Outside Director of JERA Co., Inc. (to present)	(Note) 5	41,624
Total						1,813,736

(Notes) 1. The Audit and Supervisory Committee consists of the following members.
Chairperson: Alexander Iosilevich Member: Satoshi Honda Member: Shiro Kuniya
2. Mr. Alexander Iosilevich is not an executive director of the Company or any of its subsidiaries.
3. Mr. Naoya Tsurumi, Mr. Alexander Iosilevich, Mr. Satoshi Honda and Mr. Shiro Kuniya are outside directors.
4. From March 26, 2025 to the conclusion of the Annual General Meeting of Shareholders for the fiscal year ended December 31, 2025.
5. From March 27, 2024 to the conclusion of the Annual General Meeting of Shareholders for the fiscal year ended December 31, 2025.

(ii) Proposals for the election of six (6) directors (excluding those who are Audit and Supervisory Committee members) and the election of three (3) directors who are Audit and Supervisory Committee members have been submitted for approval at the Annual General Meeting of Shareholders scheduled to be held on March 25, 2026. Upon approval, the status and terms of office of the Company's officers are expected to be as follows.

Male: 8 Female: 1 (Ratio of female directors (and other officers): 11.1 %)

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (shares)
Representative Director, President and Chief Executive Officer	Junghun Lee	March 12, 1979	May 2003 November 2006 April 2010 July 2012 April 2014 November 2015 January 2018 March 2022 March 2023 March 2024 March 2024 November 2025	Joined NEXON Corporation (current NXC Corporation) Publishing QM Team Leader of NEXON Corporation (current NEXON Korea Corporation) Command Center Manager of NEOPLE INC. FIFA Department Manager of NEXON Korea Corporation General Manager of Business Headquarters of NEXON Korea Corporation Vice President of Business of NEXON Korea Corporation Chief Executive Officer of NEXON Korea Corporation Director of NEXON Games Co., Ltd. Director of NEXON Co., Ltd. Representative Director, President and Chief Executive Officer of NEXON Co., Ltd. (to present) Director of NEXON Korea Corporation (to present) Representative Director, President and Chief Executive Officer of NEXON HQ Co., Ltd. (to present)	(Note) 4	390,586
Representative Director, Chief Financial and Chief Administrative Officer	Shiro Uemura	December 31, 1970	December 2000 September 2003 December 2004 July 2011 March 2014 March 2014 March 2014 March 2015 April 2016 April 2016 April 2016 September 2016 January 2020 October 2021 October 2021 May 2024	Joined Deloitte Touche Tohmatsu (current Deloitte Touche Tohmatsu LLC) Joined Pacific Golf Management K.K. Joined Pacific Golf Group International Holdings K.K. Joined NEXON Co., Ltd. Chief Financial Officer and Corporate Management Division Manager of NEXON Co., Ltd. Director of gloops, Inc. Director of inBlue.com Representative Director of NEXON Co., Ltd. (to present) Director of Nexon America, Inc. (to present) Director of NEXON M Inc. Director of Lexian Software Development (Shanghai) Co., Ltd. (to present) Director of NEXON Europe GmbH Representative Director and President of gloops, Inc. Chief Financial and Chief Administrative Officer of NEXON Co., Ltd. (to present) Director of Nexon Studios, Inc. (current Nexon Filmed Entertainment Inc.) (to present) Director of Embark Studio AB(to present)	(Note) 4	92,440

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (shares)
Director and Executive Chairman	Patrick Söderlund	September 27, 1973	January 2000 October 2006 September 2013 April 2018 November 2018 November 2018 January 2019 March 2019 July 2019 November 2019 June 2020 August 2020 August 2021 November 2021 March 2023 March 2023 February 2026	Chief Executive Officer of Digital Illusions Creative Entertainment Vice President & General Manager of Electronic Arts, Inc. Executive Vice President of Electronic Arts, Inc., EA Worldwide Studios Chief Design Officer of Electronic Arts, Inc. Director of Sicalis AB (to present) Chief Executive Officer of Embark Studios AB (to present) Director of Fractal Gaming Group AB Outside Director of NEXON Co., Ltd. Director of NEXON Co., Ltd. (to present) Director of Ortalis Group AB Director of Hexagon Aktiebolag Director of Surmount Together AB (to present) Director of Ortalis Holding AB Director of CoFounded Kapital AB (to present) Director of CoFounded Capital AB (to present) Director of CoFounded Holding AB (to present) Executive Chairman of NEXON Co., Ltd.(to present)	(Note) 4	1,289,086
Director	Daehyun Kang	September 1, 1981	February 2004 October 2005 April 2007 April 2009 October 2011 April 2014 April 2017 May 2020 March 2024 March 2025	Joined NEXON Corporation (current NXC Corporation) Crazy Arcade Team Leader of NEXON Corporation (current NEXON Korea Corporation) Maple Live Development Team Leader of NEXON Korea Corporation Live Publishing Section Manager of NEXON Korea Corporation Dungeon&Fighter Development Section Manager of NEOPLE INC. Live Development Division Manager of NEXON Korea Corporation Vice President of NEXON Korea Corporation Chief Operating Officer of NEXON Korea Corporation Co-CEO of NEXON Korea Corporation (to present) Director of NEXON Co., Ltd. (to present)	(Note) 4	—

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (shares)
Director	Alexander Iosilevich	January 12, 1975	June 1998 November 2000 October 2001 April 2004 June 2007 September 2008 October 2014 June 2019 July 2021 July 2021 March 2022 July 2022 March 2026	Joined Donaldson, Lufkin & Jenrette Joined Credit Suisse First Boston Joined Liberty Media Corporation Joined Bank of America Securities LLC Head of US Media Investment Banking/Managing Director of Lehman Brothers Holdings Inc. Head of US Media Investment Banking/Managing Director of Barclays Capital (current Barclays Corporate and Investment Bank) Head of Media Investment Banking Americas/Managing Director of Deutsche Bank AG Head of Media Investment Banking Americas/Managing Director of UBS Securities LLC Global President and Chief Investment Officer of NXC Corporation (to present) Partner of Alignment Growth Management, LLC (to present) Outside Director (Audit and Supervisory Committee member) of NEXON Co., Ltd. Director of Crunchbase, Inc. (to present) Director of NEXON Co., Ltd (to present)	(Note)4	—
Director	Kaoru Hattori	January 14, 1972	April 1997 May 2002 August 2002 April 2007 December 2017 June 2018 June 2024 November 2024 March 2026	Registered as a lawyer Joined Nishi & Partners Attorneys and Counselors at Law Graduated from University of San Diego School of Law (LL.M.) Joined former Asahi Koma Law Office Joined Nagashima Ohno & Tsunematsu Ad Hoc Member of the Industrial Structure Council (Commission Member of Trade Committee, Subcommittee on Trade Remedies) Trustee of The Sasakawa Peace Foundation (to present) Outside Audit & Supervisory Board Member of Toyo Seikan Group Holdings, Ltd. (to present) Ad Hoc Member of the Industrial Structure Council (Commission Member of Trade Committee, Subcommittee on Unfair Trade Policies and Measures) (to present) Outside Director of NEXON Co., Ltd. (to present)	(Note)4	—

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (shares)
Director (Audit and Supervisory Committee member)	Shiro Kuniya	February 22, 1957	April 1982 July 1987 June 1997 June 1999 April 2002 June 2006 June 2009 April 2011 April 2011 March 2012 June 2012 June 2013 June 2013 June 2016 March 2018 June 2019 April 2020 June 2021 June 2025	Registered as a lawyer Joined Oh-Ebashi LPC & Partners Registered as a lawyer in the State of New York Statutory Auditor of Sunstar Inc. Auditor of Kitano Hospital, The Tazuke Kofukai Medical Research Institute (to present) Managing Partner of Oh-Ebashi LPC & Partners Statutory Auditor of Nidec Corporation Board member of the Japan Commercial Arbitration Association (to present) Board member of Japan Century Symphony Orchestra (to present) President of Inter-Pacific Bar Association (IPBA) Outside Director of NEXON Co., Ltd. Director of Ebara Corporation Statutory Auditor of Takeda Pharmaceutical Company Limited Director of Sony Financial Holdings Inc. Director (Audit and Supervisory Committee member) of Takeda Pharmaceutical Company Ltd. Outside Director (Audit and Supervisory Committee member) of NEXON Co., Ltd. (to present) Outside Director of Takeda Pharmaceutical Company Ltd. Auditor of CiRA Foundation (to present) Outside Director of TOA Corporation (to present) Outside Director of JERA Co., Inc. (to present)	(Note)5	41,624

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (shares)
Director (Audit and Supervisory Committee member)	Naoya Tsurumi	February 8, 1958	September 2005 June 2006 October 2006 April 2012 May 2012 April 2014 April 2014 January 2015 April 2015 July 2017 April 2022 December 2023 March 2025 March 2026	CEO and President of SEGA PUBLISHING EUROPE LTD. CEO and President of SEGA HOLDINGS U.S.A., INC. Chairman of SEGA OF AMERICA, INC. President and COO (Representative Director) of SEGA CORPORATION Vice Chairman and CEO of Sega Jinwin (Shanghai) Amusements Co., Ltd. Senior Executive Vice President (Representative Director) of SEGA SAMMY HOLDINGS INC. Vice Chairman of the Board of SEGA CORPORATION Chairman of the Board of CA Sega Joypolis Ltd. (to present) Vice Chairman of the Board of SEGA Holdings Co., Ltd. Senior Executive Vice President of PARADISE SEGASAMMY Co., Ltd. Outside Director of SNK CORPORATION (to present) Representative Director, President & CEO of U&I Entertainment Japan Co., Ltd. (to present) Outside Director of NEXON Co., Ltd. Outside Director (Audit and Supervisory Committee member) of NEXON Co., Ltd. (to present)	(Note)5	—
Director (Audit and Supervisory Committee member)	Hanmin Cho	February 23, 1983	October 2007 March 2009 July 2012 February 2015 February 2017 April 2020 March 2023 June 2023 March 2026	Joined Samil PricewaterhouseCoopers Finance officer of Republic of Korea Air Force Joined KPMG Samjong Accounting Corp. Joined LS Corp. Joined Aeneas Private Equity Co., Ltd. Korea Investment Manager of NXC Corporation (to present) Director of NXMH BV (to present) Director of Bitstamp Limited. Outside Director (Audit and Supervisory Committee member) of NEXON Co., Ltd. (to present)	(Note)5	—
Total						1,813,736

(Notes) 1. The Audit and Supervisory Committee consists of the following members.
Chairperson: Shiro Kuniya Member: Naoya Tsurumi Member: Hanmin Cho
2. Mr. Hanmin Cho is not an executive director of the Company or any of its subsidiaries.
3. Ms. Kaoru Hattori, Mr. Shiro Kuniya, Mr. Naoya Tsurumi, and Mr. Hanmin Cho are outside directors.
4. From March 25, 2026 to the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending December 31, 2026.
5. From March 25, 2026 to the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending December 31, 2027.

(b) Outside Directors and non-executive directors

As of March 24, 2026 (the filing date of this annual securities report), in order to enhance the effectiveness of the Board of Directors' oversight function, the Company has appointed four (4) of its eight (8) directors as outside directors, of whom three (3) are independent outside directors. There are no special interests between the Company and its independent outside directors. Furthermore, from the perspective of ensuring the independence and transparency of audits, two (2) of the three (3) independent outside directors serve as directors who are Audit and Supervisory Committee members. With respect to the independence criteria for selecting independent outside directors, the Company in principle follows the independence standards set forth under the Companies Act and by the Tokyo Stock Exchange. In making such appointments, the Company determines that sufficient independence can be secured in the performance of their duties, taking into account each candidate's background and their relationship with the Company.

Proposals for the election of six (6) directors (excluding those who are Audit and Supervisory Committee members) and the election of three (3) directors who are Audit and Supervisory Committee members have been submitted for approval at the Annual General Meeting of Shareholders scheduled to be held on March 25, 2026. Upon approval, four (4) of the Company's nine (9) directors will be outside directors, of whom three (3) will be independent outside directors. In addition, two (2) of the three (3) independent outside directors will serve as directors who are Audit and Supervisory Committee members.

(c) Mutual cooperation between supervision or audit by outside directors and internal audit, audit by the Audit and Supervisory Committee and financial audit, and relationship with the internal control division

Refer to “(3) Audit, (b) State of internal audit.”

(3) 【Audits】

(a) State of audit by the Audit and Supervisory Committee

As of the filing date of this annual securities report, the Audit and Supervisory Committee consists of three (3) members.

In coordination with the Internal Audit Section, the Legal Department and the Accounting & Finance Department, the Audit and Supervisory Committee members aim to enhance effectiveness of its function to audit directors' execution of their duties by improving design and operating effectiveness of the internal control system. They perform audits of the directors' execution of their duties through regular Audit and Supervisory Committee meetings to be held, in principle, at least once every three months and otherwise by holding an extraordinary Audit and Supervisory Committee meeting as necessary, as well as by performing operational and financial audits based on the audit plan. The number of the Company's Audit and Supervisory Committee meetings held during the fiscal year ended December 31, 2025 and the attendance status of each Audit and Supervisory Committee member was as follows.

Name	Number of meetings held	Number of attendances
Alexander Iosilevich	5	5
Satoshi Honda	5	5
Shiro Kuniya	5	5

Matters to be discussed at the Audit and Supervisory Committee meetings include audit of execution of duties by directors, development of audit policy and plan, preparation of audit report, design and operating status of internal control system, performance status of internal audit, evaluation of audit by independent auditors, and consent to fees, etc. of independent auditors.

The Audit and Supervisory Committee performs audits in accordance with the "Code of Audit and Supervisory Committee Auditing Standards" by formulating an audit plan every fiscal year. In addition, Audit and Supervisory Committee members enhance effectiveness of its function to audit directors' execution of their duties by improving design and operating efficiency of the internal control system in coordination with the Internal Audit Department, the Legal Department and the Accounting & Finance Department, and accordingly the Company does not have any full-time Audit and Supervisory Committee members. It should be noted that one of the Company's Audit and Supervisory Committee members is a highly experienced lawyer in Japan who has extensive legal and audit knowledge.

The Company has submitted a proposal for the election of three (3) directors who are Audit and Supervisory Committee members for approval at the Annual General Meeting of Shareholders scheduled to be held on March 25, 2026. Upon approval, the Audit and Supervisory Committee will continue to consist of three (3) members.

(b) State of internal audit

(i) Organization, personnel and audit procedures of the Internal Audit Section and the Audit and Supervisory Committee

The Company has the Internal Audit Section, consisting of the section head and a section member, that directly reports to the Chief Executive Officer and President for the purpose of properly evaluating the effectiveness of internal controls and the operating status of departments so as to contribute to improvement of management.

The Internal Audit Section, in principle, performs internal audits for all departments once a year based on the internal audit plan developed for each year and approved by the Chief Executive Officer and President, in accordance with the Internal Audit Rules. With regard to consolidated subsidiaries, the Internal Audit Section of NEXON Korea Corporation performs internal audit of NEXON Korea Corporation and its consolidated subsidiaries, the Company's consolidated subsidiaries having a department in charge of internal audit are audited by such department, and those without such department are audited by the Company's Internal Audit Section on a regular basis.

The Audit and Supervisory Committee also performs audit based on the audit plan developed for each fiscal year in accordance with the "Code of Audit and Supervisory Committee Auditing Standards." In coordination with the Internal Audit Section, the Legal Department and the Accounting & Finance Department, the Audit and Supervisory Committee members aim to enhance effectiveness of its function to supervise directors' execution of their duties by improving design and operating effectiveness of the internal

control system. One of the Company's Audit and Supervisory Committee members is a vastly experienced lawyer in Japan who has extensive legal and audit knowledge.

(ii) Mutual cooperation among internal audit, audit by the Audit and Supervisory Committee, and financial audit, and the relationship between each audit and the internal control division

Audit and Supervisory Committee members and the head of the Internal Audit Section seek mutual cooperation by receiving reports on the results of the review or financial audit from our independent auditor at least on a semiannual basis.

In addition, the head of the Internal Audit Section who is the project leader of the "Risk Management (Internal Control) Project," which is an internal control division, and the head of the Legal Department who is the chairperson of the "Compliance Committee" frequently exchange information primarily by attending all of the Audit and Supervisory Committee meetings.

(iii) Initiatives to ensure the effectiveness of internal audit

The head of the Internal Audit Section is required to directly report to the Representative Directors on the implementation status of the internal audit as well as to the Board of Directors and the Audit and Supervisory Committee on a regular basis. The Audit and Supervisory Committee exchanges opinions with the Representative Director, President and Chief Executive Officer and independent auditors on a regular basis to ensure the effectiveness of the internal audit.

(c) State of financial audit

(i) Name of independent auditor

PricewaterhouseCoopers Japan LLC

(ii) Number of years of continuous audit service

20 years since 2006

(iii) Certified public accountants who have performed audit

Soichiro Hayashi, Designated Limited Liability Partner and Managing Partner
Shizue Takashima, Designated Limited Liability Partner and Managing Partner

(iv) Composition of assistants engaged in audit service

Certified public accountant: 6
Others: 19

(v) Policy and reason for the selection of the independent auditor and assessment of the independent auditor by the Audit and Supervisory Committee

In the event that the independent auditor receives disciplinary measures or disposition from the supervising authorities due to violation of laws and regulations such as the Companies Act or Certified Public Accountants Act, or is otherwise judged insufficient to execute the audits primarily from the perspective of the independent auditor's quality of audit, quality control, independence and overall ability, the Audit and Supervisory Committee shall decide to propose the removal or non-reappointment of the independent auditor as an agenda of the general meeting of shareholders.

In cases that fall under the matters provided in each item of Article 340, Paragraph 1 of the Companies Act and which are also deemed appropriate, the independent auditor will be removed based on the unanimous consent of the Audit and Supervisory Committee members. In this case, an Audit and Supervisory Committee member selected by the Audit and Supervisory Committee will report the fact of removal of the independent auditor and the reason for the removal at the first general meeting of shareholders to be convened after the removal.

The Audit and Supervisory Committee has collected information on the independent auditor's quality of audit, quality control, independence and overall ability from the Company's Internal Audit Section, Legal Department, Accounting & Finance Department and the independent auditor itself, and acknowledged that the independent auditor's methods and results of audit were reasonable. Furthermore, it has assessed that

appropriate audit can continue to be expected based on the policy for the decision of removal or non-reappointment of the independent auditor and other assessment standards, and deems the reappointment of PricewaterhouseCoopers Japan LLC to be reasonable.

(d) Details of audit fees

(i) Fees to primary auditor

Category	Fiscal year ended December 31, 2024		Fiscal year ended December 31, 2025	
	Audit fees (¥ million)	Non-audit fees (¥ million)	Audit fees (¥ million)	Non-audit fees (¥ million)
Reporting company	67	1	87	1
Consolidated subsidiaries	—	—	—	—
Total	67	1	87	1

(Note) Non-audit service provided to the Company is mainly referred work that is other than the work stipulated by Article 2, Paragraph 1 of the Certified Public Accountants Act of Japan.

(ii) Fees to member firms of the same global network as the Company's independent auditor (PricewaterhouseCoopers) (excluding (i))

Category	Fiscal year ended December 31, 2024		Fiscal year ended December 31, 2025	
	Audit fees (¥ million)	Non-audit fees (¥ million)	Audit fees (¥ million)	Non-audit fees (¥ million)
Reporting company	—	1	—	1
Consolidated subsidiaries	160	93	125	118
Total	160	94	125	119

(Note) Non-audit service provided to the Company is mainly tax consulting service.
Non-audit service provided to the consolidated subsidiaries is mainly preparation of tax returns and consulting services related to interpretation and application of tax laws.

(iii) Other material fees for independent audit service

Not applicable.

(iv) Policy on determination of audit fee

The Company's policy on determination of audit fee for the Company's independent auditor is to draft the fee amount based on the consent from the independent auditor, taking into consideration the Company's size, business characteristics, and the number of days and personnel required for the audit, and obtain approval of the Audit and Supervisory Committee.

(v) Reason why the Audit and Supervisory Committee consented to the independent auditor fees

The Audit and Supervisory Committee provided consent under Article 399, Paragraph 1 of the Companies Act by determining the reasonableness of the independent auditor fees, etc., based on the information confirmed, including the system of financial audit and the details of the audit plan for the fiscal year ended December 31, 2025 as explained by the independent auditor, the analyses of audit results including details and the status of execution of audit for the fiscal year ended December 31, 2024, and the basis for the calculation of the estimated fee.

(4) 【Compensation for directors (and other officers)】

(a) Compensation for directors (and other officers)

(i) Total amount of compensation, etc. by officer category, total amount of compensation, etc. by type, and number of eligible officers

Officer category	Total amount of compensation, etc. (¥ million)	Total amount of compensation, etc. by type (¥ million)					Number of eligible officers (persons)
		Monetary compensation			Non-monetary compensation		
		Fixed	Non-performance-based	Performance-based		Share price-based	
		Base compensation	Special bonus	Performance-based annual bonus	Equity-based share options (performance-based)	Equity-based share options (term- based)	
Directors (excluding ASC members and outside directors)	1,304	138	157	173	392	444	5
Directors (ASC members) (excluding outside directors)	—	—	—	—	—	—	—
Outside officers	84	42	—	—	—	42	4

(Notes) 1. The Group, excluding the Company, paid compensation totaling ¥13 million to one director of the Company.

2. The total amount of compensation paid to three directors of the Company by entities within the Nexon Group (other than the Company) was ¥300 million.

3. Equity-based share options do not include a reversal of compensation expense of ¥(26) million resulting from the expiration of the exercise period and the forfeiture of share options prior to vesting.

4. Acknowledging his responsibility regarding the variance between displayed and actual probabilities, Representative Director, President and Chief Executive Officer Junghun Lee elected to voluntarily forfeit 50% of his performance-based bonus. This voluntary reduction was formally approved by the Board of Directors. The amount reported herein for performance-based compensation represents the pre-reduction figure.

(ii) Total amount of consolidated compensation, etc. of officers whose total consolidated compensation exceeds ¥100 million

Name	Officer category	Company category	Total amount of consolidated compensation, etc. by type (¥ million)					Total amount of consolidated compensation, etc. (¥ million)
			Monetary compensation			Non-monetary compensation		
			Fixed	Non-performance-based	Performance-based		Share price-based	
			Base compensation	Special bonus	Performance-based annual bonus	Equity-based share options (performance-based)	Equity-based share options (term-based)	
Junghun Lee	Representative Director, President and Chief Executive Officer	Reporting company	62	—	145	325	374	955
		Consolidated subsidiary	49	—	—	—	—	
Shiro Uemura	Representative Director	Reporting company	44	—	25	31	39	139
Patrick Söderlund	Director (excluding ASC member and outside director)	Reporting company	12	157	3	31	20	306
		Consolidated subsidiary	83	—	—	—	—	
Daehyun Kang	Director (excluding ASC member and outside director)	Reporting company	—	—	—	6	3	177
		Consolidated subsidiary	72	—	96	—	—	

(Note) Acknowledging his responsibility regarding the variance between displayed and actual probabilities, Representative Director, President and Chief Executive Officer Junghun Lee elected to voluntarily forfeit 50% of his performance-based bonus. This voluntary reduction was formally approved by the Board of Directors. The amount reported herein for performance-based compensation represents the pre-reduction figure.

(b) Policy and methodology for determining the amount of officers' compensation or its calculation method (last revised on February 20, 2026)

The Company's basic policy of directors' compensation under the "Directors' Compensation Policy" is as follows:

a. to contribute to Nexon Group's sustainable growth and enhancement of mid- to long-term corporate value;
b. to be highly competitive in the global human resource market so as to be able to secure talented personnel for the management from a global perspective and maintain the relationship;
c. to link directors' compensation with the Company's performance and corporate value so as to share interests with shareholders and raise management awareness with an emphasis on shareholders; and
d. to ensure that the process to determine compensation is highly transparent and objective.

Furthermore, as part of the "Directors' Compensation Policy," the Company has established the Compensation Committee as an advisory body of the Board of Directors.

(i) Roles and activities of the Compensation Committee and the authority to decide on the amount of officers' compensation

The Committee consists mainly of independent outside directors and is chaired by an independent outside director. For the operation of the Compensation Committee, external compensation consultants may be engaged to introduce outside and objective perspective and professional insights, with other data including management compensation survey used as reference.

To ensure a reasonable level and composition of directors' compensation as well as transparency of its determination process, the specific compensation amounts to be paid and the performance achievement level will be first approved by the Compensation Committee and then finalized and determined by a resolution of the Board of Directors.

The Board of Directors has authority to decide on the policy for the determination of the amount or its calculation method of compensation, etc. of the Company's directors (excluding those who are Audit and Supervisory Committee members). The scope of its authority and discretion is limited to the total amount approved at the annual general meeting of shareholders, and decisions are made in consideration of relevant duties and the Company's situation, etc.

The total amount and breakdown of compensation for President and Chief Executive Officer and other directors will be first discussed between President and Chief Executive Officer and the Compensation Committee and between President and Chief Executive Officer and each director, respectively, then deliberated and approved by the Compensation Committee and determined by a resolution of the Board of Directors. The specific amount and timing of a payment of directors who are Audit and Supervisory Committee members will be determined based on the discussion by directors who are Audit and Supervisory Committee members.

(ii) The reason why the Board of Directors determined that details of compensation, etc. of each director (excluding those who are Audit and Supervisory Committee members) for the fiscal year ended December 31, 2025 are consistent with the determination policy

The Compensation Committee has deliberated on details of compensation, etc. of each director (excluding those who are Audit and Supervisory Committee members) for the fiscal year ended December 31, 2025 as follows:

- February 21, 2025: Officers' compensation for FY2025
- March 17, 2025: Officers' compensation for FY2025
- February 5, 2026: Calculation of the amount of performance-based bonus for FY2025 and Officers' compensation for FY2026
- February 22, 2026: Bonus amount for executive directors for FY2025
- February 27, 2026: Bonus amount for executive directors for FY2025

(In addition to the above, the Compensation Committee members have exchanged opinions via e-mail as needed.)

The Board of Directors of the Company has reached the conclusion that details of compensation, etc. of each director (excluding those who are Audit and Supervisory Committee members) are consistent with the determination policy on the grounds that they have been approved by the Compensation Committee based on the deliberations listed above and by the Board of Directors based on the confirmation of consistency with the determination policy.

(iii) Rationale for Compensation Level

In our aim to become the No.1 global company in the entertainment industry including the game industry, Nexon Group is engaged in intense competitions with leading companies in good standing from all over the world, including the competition for acquiring talented management personnel. The level of our directors' compensation is set by referencing directors' compensation levels at such global companies mainly in Japan and the U.S. In doing so, we will also utilize various data (e.g. the absolute amount and forms of compensation) provided by external compensation consultants and management compensation survey and ensure that the total amount of compensation as well as the amount of each component (base compensation, performance-based annual bonus and equity-based share options) do not fall below median compensation amount in the management compensation survey data of Japanese companies, in principle.

(iv) Compensation Structure

a. Executive Directors (directors who are not Audit and Supervisory Committee members or outside directors; "Executive Directors")

Compensation for Executive Directors consists of base compensation, performance-based annual bonus and equity-based share options. Specifically, (i) "base compensation" which is a fixed amount; (ii) "performance-based annual bonus" which is linked to the Company's performance for each fiscal year; (iii) "equity-based share options (term-based)" which vest at a predetermined rate on specific dates subject to meeting continuous service conditions over a three-year period following the grant, and become exercisable; and (iv) "equity-based share options (performance-based)" which are linked to various company performance indicators and other evaluation metrics.

In order for directors' compensation to function as a sound incentive for sustainable growth, the proportion of each component of the compensation for Executive Directors will be determined so that the following conditions are met at 100% achievement of key performance indicator ("KPI") targets. Furthermore, if a director of the Company concurrently serves in a role such as CEO of a subsidiary of the Company and there are share acquisition rights granted as compensation for the role at said subsidiary, such share acquisition rights shall not be considered when establishing the compensation proportions.

(a) Base amount of the portion whose amount or value is linked to performance or share price ((ii) + (iii) + (iv)) is greater than the fixed portion (i). [(i) < ((ii) + (iii) + (iv))]

(b) Base amount of equity-based share options ((iii) + (iv)) is greater than base amount of performance-based annual bonus (ii). [(ii) < ((iii) + (iv))]

In addition, the compensation of Representative Director, Chief Executive Officer and President must meet the following condition: "Base compensation" ≦ "Performance-based annual bonus (base amount)" ≦ "Equity-based share options (base amount)" [(i) ≦ (ii) ≦ ((iii) + (iv))]

(i) Base compensation	(ii) Performance-based annual bonus	(iii) Equity-based share options (term-based)	(iv) Equity-based share options (performance-based)

Cash compensation	Share-based compensation (Equity-based substitute share options)

Fixed compensation	Compensation based on performance / share price

Each component of compensation will be paid as follows:

(i) Base compensation: One twelfth of the predetermined annual base compensation amount will be paid monthly.

(ii) Performance-based annual bonus: To be paid after the achievement level of KPI targets for each fiscal year is determined

(iii) Equity-based share options (term-based): Equity-based share options shall vest and become exercisable at a prescribed rate on each predetermined date over a three-year period after grant, subject to satisfaction of the continued service condition. Upon grant, within the limits on the amount and number approved at the general meeting of shareholders, the frequency and number of grants may be made flexible in accordance with the role of each Executive Director and any changes thereto.

(iv) Equity-based share options (performance-based): A three-year performance evaluation period shall be established for each share option to be granted, and such share option shall be granted after the first annual general meeting of shareholders held during such performance evaluation period. The share option shall become exercisable after the conclusion of each of the first, second and third annual general meetings of shareholders held after the grant, depending on the degree of achievement of the KPI targets. Provided, however, that upon grant, within the limits on the amount and number approved at the general meeting of shareholders, the frequency and number of grants may be made flexible in accordance with the role of each Executive Director and any changes thereto.

Notwithstanding the foregoing, if circumstances arise that require a change to the amount of compensation initially determined or if otherwise necessary, the Board of Directors may, with the approval of the Compensation Committee, resolve to pay additional monetary compensation separate from the compensation described above, either in installments or as a lump-sum payment. Such additional payment shall not be taken into account when setting the composition ratio of compensation.

b. Directors who are not Executive Directors (including outside directors but excluding those who are Audit and Supervisory Committee members; "Non-Executive Directors")

Compensation for Non-Executive Directors, in principle, consists of (i) "base compensation" which is a fixed amount and (iii) "equity-based share options (term-based)" which become exercisable at the conclusion of each of the first, second and third annual general meeting of shareholders to be held after the grant. This reflects our aim to provide appropriate incentive to Non-Executive Directors to improve the company's mid- to long-term corporate value while considering the fact that it is pointed out that there may be potential adverse effects of paying them performance-based compensation on their supervisory function as Non-Executive Directors, especially outside directors, are expected to supervise business execution by Executive Directors.

However, the composition of each Non-Executive Director's compensation will be determined as follows so that share-based compensation, which is incentive pay, will not be excessive in comparison with cash compensation: base amount of "equity-based share options (term-based)" will not exceed "base compensation" [(i) ≧ (iii)]

(i) Base compensation	(iii) Equity-based share options (term-based)

Cash compensation	Share-based compensation (Equity-based substitute share options)

Fixed compensation	Compensation based on share price

Each component of compensation will be paid as follows:

(i) Base compensation: One twelfth of the predetermined annual base compensation amount will be paid monthly.

(iii) Equity-based share options (term-based): To be granted after the annual general meeting of shareholders held in the year of grant and becomes exercisable after the conclusion of each of the first, second, and third annual general meetings of shareholders held after the grant.

c. Directors who are Audit and Supervisory Committee members (including outside directors; "Directors who are Audit and Supervisory Committee members")

Compensation for Directors who are Audit and Supervisory Committee members, in principle, consists of (i) "base compensation" which is a fixed amount and (iii) "equity-based share options (term-based)" which become exercisable at the conclusion of the first annual general meeting of shareholders to be held after the grant. This reflects our aim to provide appropriate incentive to Directors who are Audit and Supervisory Committee members to improve the Company's mid- to long-term corporate value while considering the fact that it is pointed out that there may be potential adverse effects of paying them performance-based compensation on their supervisory function as Directors who are Audit and Supervisory Committee members are expected to supervise business execution by Executive Directors.

However, the compensation structure for each Director who is an Audit and Supervisory Committee member will be determined as follows so that share-based compensation, which is incentive pay, will not be excessive in comparison with cash compensation: base amount of "equity-based share options (term-based)" will not exceed "base compensation" [(i) ≧ (iii)]

(i) Base compensation	(iii) Equity-based share options (term-based)

Cash compensation	Share-based payments (Equity-based substitute share options)

Fixed compensation	Compensation based on share price

Each component of compensation will be paid as follows:

(i) Base compensation: One twelfth of the predetermined annual base compensation amount will be paid monthly.

(iii) Equity-based share options (term-based): To be granted every year after the annual general meeting of shareholders and becomes exercisable after the conclusion of the first annual general meeting of shareholders held after the grant.

(v) Details of Each Component of Compensation

a. Fixed compensation

The fixed portion of directors' compensation will be as follows:

(i) Base compensation

The annual amount for each director will be determined based on their title, role and responsibility.

b. Compensation linked to performance/share price

The portion of directors' compensation linked to the Company's performance or share price will be as follows:

(ii) Performance-based annual bonus

The base amount for each Executive Director will be determined in consideration of base compensation determined in (i) above and the proportion set forth in the compensation structure above. The amount of performance-based annual bonus will be determined based on the base amount and the level of achievement of performance targets to be explained below.

The level of achievement of performance targets will be assessed using predetermined weight for each consolidated revenue and consolidated operating profit of Nexon Group, which are deemed to be objective and transparent indices. This portion of compensation fluctuates within the range of 0% to 150% of the base amount based on the achievement level of the internal target set at the beginning of the fiscal year (e.g. 100% at 100% achievement of KPI targets). Consolidated revenue and consolidated operating profit used in determining the amount of performance-based annual bonus exclude temporary effects arising from M&As and impairment loss on goodwill recorded during the fiscal year.

The targets and actual results of the KPIs for performance-based bonus for the fiscal year ended December 31, 2025 are as follows:

KPI	Assessment ratio	Range of fluctuation of evaluation coefficients	Target (¥ million)	Actual results (¥ million)	Evaluation coefficient
Consolidated revenue	50%	0% ~ 150%	484,503	475,102	98.1%
Consolidated operating profit	50%	0% ~ 150%	121,700	116,643	95.8%

(Note) "Base amount" to be paid when the target is achieved is determined based on factors including job responsibility (in consideration of the trend in the group of companies set as the compensation benchmark).

(iii) Equity-based share options (term-based)

Equity-based share options (term-based) are similar to Restricted Stock (RS) and Restricted Stock Unit (RSU). These will be granted to directors excluding those who are Audit and Supervisory Committee members (including outside directors) after the annual general meeting of shareholders to be held in the grant year, and such share acquisition rights will vest and become exercisable at a prescribed rate over a three-year period after the grant, subject to the holder satisfying the continued service condition on each predetermined date. However, when granting such share acquisition rights, within the limits on the amount and number approved at the general meeting of shareholders, the frequency and number of grants may be made flexible in accordance with the role of each Executive Director and any changes thereto. Directors who are Audit and Supervisory Committee members (including outside directors) will be granted share acquisition rights every year after the annual general meeting of shareholders, and such share acquisition rights will vest and become exercisable upon conclusion of the first annual general meeting of shareholders to be held after the grant. This portion of compensation consisting of equity-based share options (term-based) is not linked to the Company's performance but is linked only to directors' term of office and the Company's share price.

The number of share acquisition rights to be granted as equity-based share options (term-based) will be calculated by first determining the base amount of equity-based share options (term-based) for each director, in consideration of the base compensation determined in (i) above and the proportion set forth in the compensation structure above, and by dividing such base amount by the closing price of the Company's ordinary shares in regular trading on the Tokyo Stock Exchange on the day immediately preceding the date of the resolution of the grant (or the most recent trade date if such date is not a trade date) (rounded down to the nearest whole number). The class and number of shares underlying one share acquisition right shall be one ordinary share of the Company.

(iv) Equity-based share options (performance-based)

This type of share options, similar to performance shares (PS), vests and becomes exercisable after a certain performance evaluation period after the grant, over a three-year period after grant, subject to satisfaction of the continued service condition on each predetermined date and based on relative comparison of share price movement with objective share-price-based indicators and the achievement level of the consolidated KPI targets stated in the internal management plan covering multiple years, with the aim of contributing to Nexon Group's sustainable growth and enhancement of mid- to long-term corporate value.

The number of share acquisition rights to be granted as equity-based share options (performance-based), i.e. base number of units, is calculated by first determining the base amount of equity-based share options (performance-based) (subject to the achievement of certain KPI targets) for each Executive Director, in consideration of the base compensation determined in (i) above and the proportion set forth in the compensation structure, and by dividing such base amount by the closing price of the Company's ordinary shares in regular trading on the Tokyo Stock Exchange on the day immediately preceding the date of the resolution of the grant (or the most recent trade date if such date is not a trade date) (rounded down to the nearest whole number). The class and number of shares underlying one share acquisition right shall be one ordinary share of the Company.

For equity-based share options (performance-based), share acquisition rights will be granted in advance after the first annual general meeting of shareholders to be held during the performance

evaluation period, subject to the achievement of certain KPI targets. The portion of compensation in the form of equity-based share options (performance-based) will fluctuate within the range of 0% to 100% based on the achievement level (100% at 100% achievement of KPI targets). However, the actual number of units to vest and become exercisable will be limited to the portion that is actually evaluated, fixed and determined based on the level of achievement of KPI targets.

Specifically, as objective and transparent indicators, (1) share-price-based indicators (e.g. Total Shareholder Return (TSR), Nikkei 225, TOPIX, etc. (Note 1)) and (2) financial-based indicators (e.g. consolidated revenue, consolidated operating profit, and revenue, operating profit, etc. of certain reportable segments (meaning, among the reportable segments, those selected as appropriate KPI targets for each Executive Director according to his or her position and the business for which he or she is responsible; the same shall apply hereinafter) (Note 2)) will be selected, and evaluated using the weightings determined at the time of grant. KPIs to be used and their respective weightings shall be revised as appropriate in accordance with each director's role and responsibilities, changes in the Company's business environment, review of management plans and other relevant circumstances. In addition, in light of the status of each individual director's duties and responsibilities, notwithstanding the foregoing, with respect to a portion of the share acquisition rights granted as equity-based share options (performance-based), it may be provided that the achievement rate will be determined at the CEO's discretion (Note 3) based on evaluation criteria such as leadership impact, execution of strategic initiatives and team development, and that such portion will vest and become exercisable after a certain performance evaluation period after the grant in accordance with such achievement rate (with the remainder, in principle, being evaluated based on the weighting of the share-price-based indicators in (1) above and the financial-based indicators in (2) above). In addition, if there is a change in the role of an Executive Director during the performance evaluation period (for example, newly assuming the position of Representative Director), additional share acquisition rights may be granted to such director.

(Note 1) Examples of share-price-based indicators selected for performance evaluation: comparator indicators may be selected flexibly from TSR, Nikkei 225, TOPIX and the like, and evaluation shall be conducted by comparing changes in such comparator indicators with changes in the Company's TSR value and other share-price-based indicators during the period from the date of a certain annual general meeting of shareholders of the Company to the date of the annual general meeting of shareholders held three years thereafter. The Company uses share-price-based indicators as part of its KPIs because it considers it important to conduct evaluations taking into account not only the Company's sustainable growth but also the market environment and competitive environment.

(Note 2) Consolidated revenue, consolidated operating profit, and revenue, operating profit and other indicators for specific reportable segments selected as KPIs shall be evaluated based on the achievement rates, for each fiscal year, of the targets for consolidated revenue, consolidated operating profit, and revenue, operating profit and other indicators for specific reportable segments set forth in the internal management plan.

(Note 3) The achievement rate shall be calculated in accordance with the purpose and items of the discretionary evaluation predetermined by the Board of Directors.

No equity-based share options (performance-based) vested during the fiscal year ended December 31, 2025. Accordingly, the targets and results of the indicators relating to such share options are omitted.

Remarks

Depending on the achievement level of KPI targets, reversal or additional provision of expense for performance-based compensation, an increase or decrease in consolidated operating profit, respectively, will be recorded in the final year of the performance evaluation period. However, such amount of reversal or additional provision will not be included in calculating the achievement level of KPI targets.

In order for share acquisition rights as equity-based share options (performance-based) to vest, holders must, in addition to satisfying the performance conditions, remain in the position of Executive Director until

each predetermined date. If a director leaves the position of director before the share acquisition rights as equity-based share options vest, the right to the unvested portion of such share acquisition rights shall be forfeited; provided, however, that if such director retires due to expiration of his or her term of office or for any other reason specifically provided by the Board of Directors, he or she may exercise such number of share acquisition rights as determined in consideration of the term of office and the level of achievement of performance targets.

Actual results of the KPIs used as the basis for calculation of the total number of equity-based share options (performance-based) to vest will be fixed after the evaluation period ends.

c. Special compensation

Notwithstanding the foregoing, if circumstances arise that require a change to the amount of compensation initially determined or if otherwise necessary, the Board of Directors may, with the approval of the Compensation Committee, resolve to pay additional monetary compensation separate from the compensation described above, either in installments or as a lump-sum payment. Such additional payment shall not be taken into account when setting the composition ratio of compensation.

(vi) Partial Amendment to the "Director Compensation Policy"

The Company partially amended its Director Compensation Policy effective August 20, 2025, and the details of such amendment are reflected in the description of the Director Compensation Policy above. As described in "(b) Policy and methodology for determining the amount of officers' compensation or its calculation method (last revised on February 20, 2026), (v) Details of Each Component of Compensation, c. Special compensation," the principal change is that, if circumstances arise that require a change to the amount of compensation initially determined or if otherwise necessary, the Board of Directors may, with the approval of the Compensation Committee, resolve to pay additional monetary compensation separate from the compensation described above, either in installments or as a lump-sum payment, and such additional payment shall not be taken into account when setting the composition ratio of compensation.

In addition, the Company partially amended its Director Compensation Policy effective February 20, 2026, and the details of such amendment are reflected in the description of the Director Compensation Policy above. The principal changes are as follows. In each case, the purpose of the amendment is to provide greater flexibility in the operation of the policy and thereby contribute to the performance of duties by directors (excluding directors who are Audit and Supervisory Committee members).

a. Under the Director Compensation Policy before the amendment, equity-based share options (term-based) and equity-based share options (performance-based) for Executive Directors were to be granted in a lump sum for three fiscal years once every three years. This requirement was abolished so that the frequency and number of grants may be made flexible in accordance with the role, duties and responsibilities of each Executive Director and any changes thereto.
b. Under the Director Compensation Policy before the amendment, 60% of equity-based share options (performance-based) was to be evaluated using share-price-based indicators (for example, relative Total Shareholder Return ("TSR")), and for this purpose six comparator companies were selected: Electronic Arts Inc., Take-Two Interactive Software, Inc., NCSoft Corporation, KRAFTON, Inc., CAPCOM Co., Ltd. and SQUARE ENIX HOLDINGS CO., LTD. This was changed so that comparator indicators may be selected flexibly from objective share-price-based indicators such as TSR, Nikkei 225 and TOPIX.
c. Under the Director Compensation Policy before the amendment, equity-based share options (performance-based) were to be evaluated using financial-based indicators for 40% thereof and relative TSR for 60% thereof. This was changed so that the evaluation weightings of financial-based indicators and share-price-based indicators may be set flexibly in accordance with the role and duties of each Executive Director. In addition, the timing of vesting based on the evaluation criteria may now also be determined flexibly in advance within the three-year period. Further, in light of the status of each individual director's duties and responsibilities, notwithstanding the foregoing, with respect to a portion of the share acquisition rights granted as equity-based share options (performance-based), it may be provided that the achievement rate will be determined at the CEO's discretion based on evaluation criteria such as leadership impact, execution of strategic initiatives and team development, and that such portion will vest and become exercisable after a certain performance evaluation period after the grant in accordance with such achievement rate (with the remainder, in principle, being evaluated based on the weighting of the share-price-based indicators in (1) above and the financial-based indicators in (2) above).
d. Under the Director Compensation Policy before the amendment, the compensation structure was structured so that the base amount of equity-based share options (performance-based) would be greater than the base amount of equity-based share options (term-based). This provision was deleted so that such amounts may be set flexibly in accordance with the role and duties of each director. In addition, where a director of the Company concurrently serves as CEO or in any other position at a subsidiary of the Company, and share acquisition rights are granted as compensation for such position at the subsidiary, such share acquisition rights shall not be taken into account when setting the composition ratio of compensation.
e. Under the Director Compensation Policy before the amendment, the figure of 200% was used in relation to the setting of KPI targets and the level of achievement thereof for performance-based

share options. As this could easily give rise to misunderstanding, the expression was changed, as a general rule, to 100% vesting upon 100% achievement of KPI targets.

(vii) Resolution regarding officers' compensation, etc. at the annual general meeting of shareholders

The maximum amount of compensation to the Company's directors (excluding those who are Audit and Supervisory Committee members) was resolved at the 19th Annual General Meeting of Shareholders on March 25, 2021 to be fixed compensation at or below ¥600 million per year (including those for outside directors at or below ¥100 million) and performance-based bonus at or below ¥1,000 million per year (outside directors are not eligible). These compensations for directors (excluding those who are Audit and Supervisory Committee members and outside directors) do not include the compensation paid to those who serve the Company as director and employee simultaneously for the service rendered as employee. The number of directors (excluding directors who are Audit and Supervisory Committee members) as of the conclusion of the 19th Annual General Meeting of Shareholders was four (including one outside director). In addition, with respect to compensation for directors (excluding directors who are Audit and Supervisory Committee members), separately from each type of compensation described above, the 21st Annual General Meeting of Shareholders held on March 24, 2023 approved equity-based share options (term-based) with a compensation amount of up to ¥535 million for three fiscal years and up to 214,000 share acquisition rights to be issued within one year from the date of such annual general meeting of shareholders (of which up to ¥36 million and up to 14,400 share acquisition rights were for outside directors), and equity-based share options (performance-based) with a compensation amount of up to ¥1,015 million for three fiscal years and up to 406,000 share acquisition rights to be issued within one year from the date of such annual general meeting of shareholders (not applicable to outside directors). The number of directors (excluding directors who are Audit and Supervisory Committee members and outside directors) as of the conclusion of the 21st Annual General Meeting of Shareholders was four, and the number of outside directors (excluding directors who are Audit and Supervisory Committee members) was one.

Furthermore, with respect to compensation for directors (excluding directors who are Audit and Supervisory Committee members), the 22nd Annual General Meeting of Shareholders held on March 27, 2024 separately approved equity-based share options (term-based) with a compensation amount of up to ¥693 million for three fiscal years and up to 346,500 share acquisition rights to be issued within one year from the date of such annual general meeting of shareholders, and equity-based share options (performance-based) with a compensation amount of up to ¥1,407 million for three fiscal years and up to 703,500 share acquisition rights to be issued within one year from the date of such annual general meeting of shareholders (not applicable to outside directors). The number of directors (excluding directors who are Audit and Supervisory Committee members and outside directors) as of the conclusion of the 22nd Annual General Meeting of Shareholders was four.

In addition, with respect to compensation for directors (excluding directors who are Audit and Supervisory Committee members), the 23rd Annual General Meeting of Shareholders held on March 26, 2025 separately approved equity-based share options (term-based) with a compensation amount of up to ¥48 million for three fiscal years and up to 32,000 share acquisition rights to be issued within one year from the date of such annual general meeting of shareholders, and equity-based share options (performance-based) with a compensation amount of up to ¥48 million for three fiscal years and up to 32,000 share acquisition rights to be issued within one year from the date of such annual general meeting of shareholders (not applicable to outside directors). The number of directors (excluding directors who are Audit and Supervisory Committee members) as of the conclusion of the 23rd Annual General Meeting of Shareholders was five (including one outside director). A proposal for the election of six (6) directors (excluding those who are Audit and Supervisory Committee members) and a proposal on determination of the remuneration, etc. for directors (excluding those who are Audit and Supervisory Committee members) (grant of share acquisition rights as 2026 equity-based share options) have been submitted for approval at the 24th Annual General Meeting of Shareholders scheduled to be held on March 25, 2026. Upon approval of both proposals, compensation for directors (excluding those who are Audit and Supervisory Committee members) will, separately, be up to ¥2,250 million as equity-based share options (term-based), and up to 900,000 share acquisition rights to be issued within one year from the date of such annual general meeting of shareholders (of which up to ¥50 million and up to 20,000 share acquisition rights are for outside directors), and up to

¥6,750 million as equity-based share options (performance-based) and up to 2,700,000 share acquisition rights to be issued within one year from the date of such annual general meeting of shareholders (not applicable to outside directors). The number of directors (excluding those who are Audit and Supervisory Committee members) as of the conclusion of the 24th Annual General Meeting of Shareholders is expected to be six (including one outside director).

In addition, the maximum amount of compensation for directors who are Audit and Supervisory Committee members was approved at the 16th Annual General Meeting of Shareholders held on March 27, 2018 as up to ¥100 million per fiscal year (of which up to ¥50 million is for outside directors). In addition, the 19th Annual General Meeting of Shareholders held on March 25, 2021 separately approved equity-based share options (term-based) with a compensation amount of up to ¥100 million per fiscal year and up to 40,000 share acquisition rights to be issued within one year from the date of the annual general meeting of shareholders for the relevant fiscal year (of which up to ¥50 million and up to 20,000 share acquisition rights are for outside directors). The number of directors who were Audit and Supervisory Committee members as of the conclusion of each of the 16th and 19th annual general meetings of shareholders was three (including two outside directors).

(5) 【Shareholdings】

(a) Standard and way of thinking of the categorization of investment shares

As for the categorization of investment shares held for the purpose of pure investment and those held for purposes other than pure investment, the Company deems the shares held for the purpose of securing profits from changes in the share price or receipt of dividends to be investment shares held for the purpose of pure investment and deems the shares held for the purpose of generating business opportunities and strengthening relationships with business partners to be investment shares held for purposes other than pure investment.

(b) Investment shares held for purposes other than pure investment

(i) Holding policy and the method for the verification of reasonableness of holding, as well as the details of the verification by the Board of Directors, etc. regarding the appropriateness of holding of individual stock

The Company intends to acquire and hold its business partners' stock, etc. when it judges that it would contribute to the maintenance and improvement of Nexon Group's corporate value by strengthening business cooperation with the investees after comprehensively taking into account such relationship and materiality in terms of management strategy. The appropriateness of holding of any stock for which we can no longer expect the synergy effect or business opportunities as initially expected will be individually verified by the Board of Directors. If the meaning and effect of continually holding such stock is found to be lacking, we will endeavor to gradually decrease such holding.

(ii) Number of issues and the amount recorded in the balance sheet

	Number of issues	Total amount recorded in the balance sheet (¥ million)
Shares not listed	—	—
Shares other than those not listed	—	—

(Issues whose number of shares increased in the fiscal year ended December 31, 2025)

	Number of issues	Total acquisition cost for increased shares (¥ million)	Reason for increase in number of shares
Shares not listed	—	—	—
Shares other than those not listed	—	—	—

(Issues whose number of shares decreased in the fiscal year ended December 31, 2025)

	Number of issues	Total sale amount for decreased shares (¥ million)
Shares not listed	—	—
Shares other than those not listed	—	—

(iii) Information on the number of shares and the amount recorded in the balance sheet by issue for specified investment shares and deemed holdings of shares

Not applicable.

(c) Investment shares held for pure investment

Not applicable.

(d) Investment shares reclassified from held for pure investment to held for purposes other than pure investment in the fiscal year ended December 31, 2025

Not applicable.

(e) Investment shares reclassified from held for purposes other than pure investment to held for pure investment in the fiscal year ended December 31, 2025 and the four preceding fiscal years.

Not applicable.

V. 【Financial Information】

1. Preparation of consolidated financial statements and non-consolidated financial statements

(1) The consolidated financial statements of the Company are prepared in accordance with International Financial Reporting Standards pursuant to provisions of Article 312 of the "Regulation for Terminology, Forms and Preparation of Consolidated Financial Statements" (Ministry of Finance Ordinance No. 28, 1976).
In the consolidated financial statements in this report, amounts less than one million yen are rounded to the nearest million yen.

(2) The non-consolidated financial statements of the Company are prepared in accordance with the "Regulation for Terminology, Forms and Preparation of Financial Statements" (Ministry of Finance Ordinance No. 59, 1963, "Regulation for Non-Consolidated Financial Statements").
Also, the non-consolidated financial statements are prepared in accordance with provisions of Article 127 of the Regulation for Non-Consolidated Financial Statements as the Company falls under the category of company that may be allowed to prepare its financial statements in accordance with special provisions. In the non-consolidated financial statements in this report, amounts less than one million yen are rounded to the nearest million yen.

2. Note on independent audit

The Company's consolidated financial statements for the consolidated fiscal year from January 1, 2025 to December 31, 2025 and the non-consolidated financial statements for the fiscal year from January 1, 2025 to December 31, 2025 were audited by PricewaterhouseCoopers Japan LLC, in accordance with provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

3. Remarkable efforts to ensure fair presentation of consolidated financial statements, etc. and internal system to prepare consolidated financial statements, etc. fairly in accordance with IFRS

(1) To establish a system that enables proper understanding of accounting standards, etc. and timely and appropriate response to changes in accounting standards, etc., the Company strives to accumulate technical knowledge by joining the Financial Accounting Standards Foundation of Japan, participating in seminars organized by bodies having technical knowledge and subscribing to accounting magazines.

(2) In applying IFRS, the Company has developed Group accounting policies in accordance with IFRS and conducted accounting treatments based on these policies. The Company also obtains press releases and standards released by the International Accounting Standards Board on a regular basis to understand the latest standards, assess their potential impact on the Company, and update the Group accounting policies in a timely manner.

1 【Consolidated Financial Statements, etc.】

(1) 【Consolidated financial statements】

(a) 【Consolidated statement of financial position】

(Millions of yen)

	Notes	As of December 31, 2024	As of December 31, 2025
Assets			
Current assets			
Cash and cash equivalents	6, 25, 26	331,931	498,868
Trade and other receivables	7, 25, 26	88,717	86,295
Other deposits	8, 26	268,934	342,239
Other financial assets	12, 25, 26, 37	49,471	44,995
Other current assets	13, 30	13,220	19,449
Total current assets		752,273	991,846
Non-current assets			
Property, plant and equipment	5, 9	28,365	32,928
Goodwill	10	44,567	49,945
Intangible assets	5, 10	34,815	36,705
Right-of-use assets	5, 19, 34	34,998	46,735
Investments accounted for using equity method	11, 26, 31	63,669	63,740
Other financial assets	12, 25, 26, 37	268,310	145,883
Other non-current assets	13, 30	1,130	3,633
Deferred tax assets	14	28,644	38,773
Total non-current assets		504,498	418,342
Total assets		1,256,771	1,410,188

(Millions of yen)

	Notes	As of December 31, 2024	As of December 31, 2025
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	15, 25, 26	15,651	42,253
Deferred income	16	23,861	55,437
Income taxes payable		19,103	46,192
Lease liabilities	19, 25, 35, 37	7,120	20,830
Other financial liabilities	18, 25, 26	2,231	3,073
Provisions	20	28,232	18,417
Other current liabilities	21	11,464	37,093
Total current liabilities		107,662	223,295
Non-current liabilities			
Deferred income	16	14,641	15,783
Lease liabilities	19, 25, 35, 37	32,878	31,315
Other financial liabilities	18, 25, 26	1,089	286
Provisions	20	598	630
Other non-current liabilities	21	9,992	12,148
Deferred tax liabilities	14	59,386	60,813
Total non-current liabilities		118,584	120,975
Total liabilities		226,246	344,270
Equity			
Share capital	22	50,797	58,191
Capital surplus	22, 36	30,079	36,645
Treasury shares	22, 41	(49,158)	(93,820)
Other components of equity	12, 22	207,098	191,317
Retained earnings	12, 22	780,197	865,211
Total equity attributable to owners of parent	25	1,019,013	1,057,544
Non-controlling interests	36	11,512	8,374
Total equity		1,030,525	1,065,918
Total liabilities and equity		1,256,771	1,410,188

(b) 【Consolidated statement of profit or loss】

(Millions of yen)

	Notes	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Revenue	5, 16, 27	446,211	475,102
Cost of sales	10, 28	(164,838)	(193,088)
Gross profit		281,373	282,014
Selling, general and administrative expenses	10, 29	(142,176)	(161,928)
Other income	5, 30	1,039	10,673
Other expenses	9, 10, 19, 30	(16,060)	(6,747)
Operating profit		124,176	124,012
Finance income	5, 19, 26, 31, 37	79,698	37,250
Finance costs	19, 26, 31, 37	(3,400)	(10,513)
Reversal of loss on revaluation	5, 10	692	―
Share of loss of investments accounted for using equity method	5, 11	(5,179)	(1,697)
Impairment loss on equity method investments	5, 11, 14	―	(8,601)
Profit before tax	5, 25	195,987	140,451
Income tax expense	14	(59,771)	(50,752)
Profit		136,216	89,699
Profit attributable to:			
Owners of parent		134,848	92,052
Non-controlling interests	36	1,368	(2,353)
Profit		136,216	89,699
Earnings per share (attributable to owners of parent)			
Basic earnings per share	33	¥161.79	¥114.48
Diluted earnings per share	33	¥161.09	¥114.11

(c) 【Consolidated statement of comprehensive income】

(Millions of yen)

	Notes	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Profit		136,216	89,699
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	25, 26, 32	61,983	61,483
Remeasurements of defined benefit plans	32	(26)	21
Gain on revaluation of intangible assets	10, 32	14,320	(1,876)
Share of other comprehensive income of investments accounted for using equity method	11, 32	2,062	1,504
Income taxes	10, 14, 32	(21,045)	(15,233)
Total of items that will not be reclassified to profit or loss	32	57,294	45,899
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	32	(12,109)	8,345
Total of items that may be reclassified subsequently to profit or loss	32	(12,109)	8,345
Total other comprehensive income	32	45,185	54,244
Comprehensive income		181,401	143,943
Comprehensive income attributable to:			
Owners of parent		180,318	146,280
Non-controlling interests		1,083	(2,337)
Comprehensive income		181,401	143,943

(d) 【Consolidated Statement of Changes in Equity】

Fiscal year ended December 31, 2024

(Millions of yen)

	Notes	Equity attributable to owners of parent						Non-controlling interests	Total
		Share capital	Capital surplus	Treasury shares	Other components of equity	Retained earnings	Total		
Balance at beginning of period		47,510	26,719	(45,046)	159,857	707,227	896,267	10,308	906,575
Profit		—	—	—	—	134,848	134,848	1,368	136,216
Other comprehensive income		—	—	—	45,470	—	45,470	(285)	45,185
Comprehensive income		—	—	—	45,470	134,848	180,318	1,083	181,401
Issue of new shares	22	3,287	3,287	—	—	—	6,574	—	6,574
Share issuance costs		—	(24)	—	—	—	(24)	—	(24)
Dividends	23	—	—	—	—	(10,465)	(10,465)	—	(10,465)
Share-based payment transactions	24	—	—	—	746	—	746	—	746
Forfeiture of share acquisition rights	22, 24	—	—	—	(18)	13	(5)	5	—
Changes in ownership interest in subsidiaries	36	—	125	—	—	—	125	116	241
Purchase of treasury shares	22	—	(40)	(54,524)	—	—	(54,564)	—	(54,564)
Disposal of treasury shares	22	—	12	412	(383)	—	41	—	41
Cancellation of treasury shares	22	—	—	50,000	—	(50,000)	—	—	—
Transfer from other components of equity to retained earnings	12, 22	—	—	—	1,426	(1,426)	—	—	—
Total transactions with owners, etc.		3,287	3,360	(4,112)	1,771	(61,878)	(57,572)	121	(57,451)
Balance at end of period		50,797	30,079	(49,158)	207,098	780,197	1,019,013	11,512	1,030,525

Fiscal year ended December 31, 2025

(Millions of yen)

	Notes	Equity attributable to owners of parent						Non-controlling interests	Total
		Share capital	Capital surplus	Treasury shares	Other components of equity	Retained earnings	Total		
Balance at beginning of period		50,797	30,079	(49,158)	207,098	780,197	1,019,013	11,512	1,030,525
Profit		—	—	—	—	92,052	92,052	(2,353)	89,699
Other comprehensive income		—	—	—	54,228	—	54,228	16	54,244
Comprehensive income		—	—	—	54,228	92,052	146,280	(2,337)	143,943
Issue of new shares	22	7,394	7,394	—	—	—	14,788	—	14,788
Share issuance costs		—	(43)	—	—	—	(43)	—	(43)
Dividends	23	—	—	—	—	(24,396)	(24,396)	—	(24,396)
Share-based payment transactions	24	—	—	—	(2,240)	—	(2,240)	—	(2,240)
Forfeiture of share acquisition rights	22, 24	—	—	—	(72)	45	(27)	27	—
Changes in ownership interest in subsidiaries	36	—	(748)	—	—	—	(748)	(828)	(1,576)
Purchase of treasury shares	22	—	(40)	(96,845)	—	—	(96,885)	—	(96,885)
Disposal of treasury shares	22	—	3	2,183	(384)	—	1,802	—	1,802
Cancellation of treasury shares	22	—	—	50,000	—	(50,000)	—	—	—
Transfer from other components of equity to retained earnings	12, 22	—	—	—	(67,313)	67,313	—	—	—
Total transactions with owners, etc.		7,394	6,566	(44,662)	(70,009)	(7,038)	(107,749)	(801)	(108,550)
Balance at end of period		58,191	36,645	(93,820)	191,317	865,211	1,057,544	8,374	1,065,918

(e) 【Consolidated Statement of Cash Flows】

(Millions of yen)

	Notes	Fiscal Year ended December 31, 2024	Fiscal Year ended December 31, 2025
Cash flows from operating activities			
Profit before tax		195,987	140,451
Depreciation and amortization	5	10,142	11,409
Share-based payment expenses	24	3,981	5,767
Interest and dividend income	31, 37	(24,034)	(21,997)
Interest expense	31	2,107	2,057
Impairment losses	5, 30	13,432	4,559
Loss (gain) on revaluation	5, 10	(692)	—
Share of loss (profit) of investments accounted for using equity method	5, 11	5,179	1,697
Impairment loss on equity method investments	5, 11	—	8,601
Loss (gain) on sale of investments accounted for using equity method	31	—	(23)
Loss (gain) on valuation of securities	31	(14,991)	(13,442)
Loss (gain) on sale and redemption of securities	31	(3,759)	(1,062)
Foreign exchange loss (gain)		(14,068)	(2,923)
Decrease (increase) in trade and other receivables		(53,822)	8,623
Decrease (increase) in other current assets		(6,347)	(7,073)
Increase (decrease) in trade and other payables		(3,041)	19,328
Increase (decrease) in deferred income		3,870	30,033
Increase (decrease) in provisions		17,208	(9,725)
Increase (decrease) in other current liabilities		(3,772)	24,560
Increase (decrease) in loss allowances	31	(5,632)	(1,040)
Other		6	(2,719)
Subtotal		121,754	197,081
Interest received	37	20,200	19,590
Dividends received		4,850	4,231
Interest paid		(2,096)	(2,036)
Income taxes paid		(43,740)	(46,994)
Net cash provided by (used in) operating activities		100,968	171,872
Cash flows from investing activities			
Net decrease (increase) in restricted deposit		(9,221)	(2,682)
Net decrease (increase) in time deposit		40,653	(62,555)
Purchases of property, plant and equipment		(3,639)	(7,934)
Proceeds from sales of property, plant and equipment		136	87
Purchases of intangible assets		(4,047)	(1,560)
Payments associated with increase in long-term prepaid expenses		(1,003)	(2,740)
Purchases of securities by investment funds under consolidated subsidiaries		(13,091)	(13,704)
Proceeds from sale of securities by investment funds under consolidated subsidiaries		16,230	20,168
Purchase of securities	26	(12,419)	(9,540)
Proceeds from sales and redemption of securities		5,299	197,605
Purchase of investments accounted for using equity method	11	(5,286)	(13,478)
Proceeds from sale of investments accounted for using equity method		—	67
Payments for short-term loans receivable	37	(1,468)	(41)
Collection of short-term loans receivable		—	1,001
Payments for long-term loans receivable	37	(3,651)	(954)
Collection of long-term loans receivable		17	13
Other		(1,065)	(1,506)
Net cash provided by (used in) investing activities		7,445	102,247

(Millions of yen)

	Notes	Fiscal Year ended December 31, 2024	Fiscal Year ended December 31, 2025
Cash flows from financing activities			
Proceeds from exercise of employee share options	22	4,441	9,685
Purchases of treasury shares	22	(54,564)	(96,885)
Purchases of treasury shares by subsidiaries		—	(1,585)
Dividends paid	23	(10,295)	(24,396)
Repayments of lease liabilities	35, 37	(4,400)	(5,137)
Other		41	(370)
Net cash provided by (used in) financing activities		(64,777)	(118,688)
Net increase (decrease) in cash and cash equivalents		43,636	155,431
Cash and cash equivalents at beginning of period	6, 25	280,515	331,931
Effects of exchange rate changes on cash and cash equivalents		7,780	11,506
Cash and cash equivalents at end of period	6, 25	331,931	498,868

【Notes to consolidated financial statements】

1 Reporting entity

NEXON Co., Ltd. (the "Company") is a company incorporated in Japan. The address of the registered head office is 1-4-5 Roppongi, Minato-ku, Tokyo. The accompanying consolidated financial statements comprise Nexon Group. Nexon Group is engaged mainly in the production, development and publishing of PC online and mobile games. Details of each business are described in "5 Segment information."

NXC Corporation is the Company's parent company and also the ultimate parent company of Nexon Group under IFRS.

2 Basis of preparation

(1) Compliance with IFRS

The consolidated financial statements of Nexon Group are prepared in accordance with IFRS pursuant to provisions of Article 312 of the "Regulation for Terminology, Forms and Preparation of Consolidated Financial Statements" (Ministry of Finance Ordinance No. 28, 1976) as Nexon Group satisfies all requirements for a "Specified Company Complying with Designated International Accounting Standards" defined in Article 1-2, Item 1 of the Regulation.

The consolidated financial statements are approved by Junghun Lee, Representative Director, President and Chief Executive Officer, and Shiro Uemura, Representative Director and Chief Financial Officer, on March 24, 2026.

(2) Basis of measurement

The consolidated financial statements are prepared on a historical cost basis, except for the following material items in the consolidated statement of financial position.

- Investment in crypto-assets made through an exchange, which is included in intangible assets (measured at revalued amount)
- Derivative financial assets and liabilities (measured at fair value)
- Financial instruments measured at fair value with changes to be recognized in profit or loss
- Financial instruments measured at fair value with changes to be recognized in other comprehensive income

(3) Presentation currency

The consolidated financial statements are presented in millions of Japanese yen which is the functional currency of the Company. Amounts less than one million yen are rounded to the nearest million yen.

(4) Early application of standards and interpretations

Not applicable.

(5) New standards and interpretation not yet applied

New and amended standards and new interpretations issued but not yet effective as of December 31, 2025 have not been applied in preparation of the consolidated financial statements.

Major amended standards, etc. not applied as of December 31, 2025 are as follows.

The impact of the standards not yet applied on the consolidated financial statements of Nexon Group is deemed insignificant.

Standard	Title	Mandatory effective date (year beginning on)	Application by the Company	Overview of new and amended standards
IFRS 9 IFRS 7	Financial Instruments Financial Instruments: Disclosures	January 1, 2026	Year ending December 31, 2026	• Clarified the classification of financial assets with ESG-linked features and when financial instruments are derecognized when settled using electronic payment systems

Standard	Title	Mandatory effective date (year beginning on)	Application by the Company	Overview of new and amended standards
IFRS 9 IFRS 7	Financial Instruments Financial Instruments: Disclosures	January 1, 2026	Year ending December 31, 2026	• Narrow-scope amendments to help companies to better report the financial effects of nature-dependent electricity contracts
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	Year ending December 31, 2027	• Introduced three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analyzing and comparing companies
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027	Year ending December 31, 2027	• Removed disclosure requirements under IFRS for eligible subsidiaries

(6) Changes in Presentation Method

Concerning the consolidated statement of financial position

"Deposits received," which was presented within "Other current liabilities" for the fiscal year ended December 31, 2024, has been reclassified to "Other financial liabilities" for the fiscal year ended December 31, 2025, as a result of a review of financial statement presentation. Accordingly, ¥2,231 million in the consolidated statement of financial position for the fiscal year ended December 31, 2024 has been reclassified retrospectively to conform to the presentation for the fiscal year ended December 31, 2025.

3 Material accounting policies

The accounting policies described below have been applied in preparation of the consolidated financial statements in a consistent manner for all periods presented, unless otherwise stated.

(1) Basis of consolidation

(a) Subsidiaries

A subsidiary is an entity controlled by Nexon Group. Nexon Group controls enterprises where it is exposed, or has rights, to variable returns arising from its involvement in those enterprises and is able to have an impact on the said variable returns through its power over those enterprises. A subsidiary's financial statements are incorporated into the Company's consolidated financial statements from the date on which Nexon Group obtains control until the date that Nexon Group loses control.

Comprehensive income of a subsidiary is attributed to owners of parent company and non-controlling interests, even if it results in non-controlling interests having a deficit balance.

All intra-group balances and transactions within Nexon Group as well as unrealized gains and losses resulting from transactions within Nexon Group are eliminated in preparation of the consolidated financial statements.

(b) Changes in ownership interests in subsidiaries not resulting in a loss of control

Changes in ownership interests in subsidiaries not resulting in a loss of control are accounted for as equity transactions. The carrying amount of Nexon Group's equity and non-controlling interests is adjusted to reflect changes in ownership interests in subsidiaries. Any difference between the adjustment to non-controlling interests and the fair value of consideration paid or received is recognized directly in equity as equity attributable to owners of parent.

(c) Disposal of subsidiaries

In the event that Nexon Group loses control over a subsidiary, any gain or loss on disposal is calculated as a difference between the total of the fair value of consideration received and the fair value of remaining interests and the previous carrying amount of assets including goodwill, liabilities and non-controlling interests of the said subsidiary, and recognized in profit or loss.

(d) Associates and joint ventures

Associates are entities which Nexon Group has significant influence over their financial and operating policies but which Nexon Group does not control or jointly control. If Nexon Group holds at least 20% but less than 50% of the voting rights of another entity, it is presumed that Nexon Group has a significant influence over the entity. Even if Nexon Group holds less than 20% of the voting rights of another entity, if it is explicitly demonstrated that Nexon Group has a significant influence over the entity, then it is presumed that Nexon Group has a significant influence over the entity.

A joint venture is defined as a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is defined as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in associates and joint ventures are recognized at acquisition consideration at the time of acquisition and accounted for using the equity method. Under the equity method, investments in associates and joint ventures are initially recognized at acquisition consideration and adjusted by recognizing Nexon Group's interests in profit or loss and other comprehensive income (after adjustments to comply with Nexon Group's accounting policies) of associates and joint ventures from the date on which Nexon Group obtains a significant influence over them until the date on which Nexon Group loses such influence.

If Nexon Group's interests in loss of associates or joint ventures exceed investments in those associates or joint ventures (including long-term investments that are virtually part of net investments in those associates or joint ventures), Nexon Group does not recognize such excess amount unless it bears or pays the obligations (legal or constructive) on behalf of those associates or joint ventures.

Any excess of "acquisition consideration" over "Nexon Group's interests in the net fair value of identifiable assets and liabilities and contingent liabilities" of associates or joint ventures recognized on the acquisition date is recognized as goodwill and included in the carrying amount of investments in associates or joint ventures. Any

excess of "Nexon Group's interests in the net fair value of identifiable assets and liabilities and contingent liabilities" of associates or joint ventures recognized on the acquisition date over "acquisition consideration" is recognized in profit or loss immediately.

Nexon Group does not recognize goodwill comprising part of the carrying amount of investments in associates or joint ventures separately and does not perform impairment test individually, but performs impairment test on investments in associates or joint ventures as a single asset if there is an objective evidence that investments in associates or joint ventures is impaired.

Unrealized gains arising from transactions with associates or joint ventures are deducted from investments to the extent of the amount of Nexon Group's interests in those associates or joint ventures. Unrealized losses are deducted in the same manner as unrealized gains unless there is objective evidence of impairment.

(2) Business combination

Nexon Group accounts for business combinations using the "acquisition method." The acquisition consideration includes the fair values of assets transferred from the Company to the previous owners of the acquiree, liabilities incurred, equity interests issued by the Company and liabilities resulting from contingent consideration arrangements.

Transaction costs incurred by Nexon Group in relation to business combinations are expensed as incurred, except for those related to issuance of debt or equity securities.

Identifiable assets and liabilities and contingent liabilities of the acquiree that meet recognition criteria under IFRS 3 *Business Combinations* are measured at fair value at the acquisition date, except for:

- deferred tax assets and liabilities that are recognized and measured in accordance with IAS 12 *Income Taxes*, and liabilities (or assets) related to employee benefit contracts that are recognized and measured in accordance with IAS 19 *Employee Benefits*.

Nexon Group measures goodwill as the excess of the sum of acquisition-date fair value of acquisition consideration and non-controlling interests in the acquiree over the net of identifiable assets acquired and liabilities assumed on the date of acquisition. If the difference is negative, it is recognized in profit or loss.

On the date of acquisition, Nexon Group determines for each transaction whether to measure non-controlling interests at fair value or at proportionate share in the recognized amount of identifiable net assets.

Subsequently, goodwill is measured at cost less accumulated impairment. The carrying amount of investments accounted for using the equity method includes the carrying amount of goodwill.

Goodwill arising from acquisitions before the date of transition to IFRS is reported at the carrying amount as of the date of transition to IFRS under the previous generally accepted accounting principles after the impairment test under IFRS performed at the date of transition to IFRS.

(3) Foreign currencies

(a) Functional currency and presentation currency

In preparing the financial statements, each of Nexon Group companies translates transactions denominated in currencies other than its functional currency into the functional currency using the exchange rates at the dates of the transactions. The presentation currency of Nexon Group's consolidated financial statements is Japanese yen which is the Company's functional currency.

(b) Translation of items denominated in foreign currencies

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency using the exchange rates at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies measured at fair value are retranslated into the functional currency using the exchange rates at the date the fair value is determined. Foreign exchange differences arising from the retranslation are recognized in profit or loss, except for those arising from retranslation of financial instruments measured at fair value with changes in fair value recognized in other comprehensive income and those arising from cash flow hedge, which are recognized in other comprehensive income. Non-monetary items denominated in foreign currencies measured at cost are translated using the exchange rates at the dates of the transactions.

(c) Foreign operations

Group companies (mainly foreign operations) that have a functional currency different from the presentation currency translate their assets and liabilities, including goodwill arising from the acquisition of the foreign operations, identified assets and liabilities and related fair value adjustments, into the presentation currency using the exchange rate at the end of the reporting period. Income and expenses of foreign operations are translated into the presentation currency using the average exchange rates of the reporting period unless the exchange rates significantly fluctuated during that period.

Foreign exchange differences arising from translating the financial statements of foreign operations are recognized in other comprehensive income. On the disposal of the entire interest in a foreign operation and on the partial disposal of the interest resulting in loss of control or significant influence, the cumulative translation differences are reclassified into profit or loss as part of gains or losses on disposal.

(4) Cash and cash equivalent

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term investments that are readily convertible to cash and subject to an insignificant risk of change in value with original maturities of three months or less from the date of acquisition.

(5) Financial instruments

(a) Non-derivative financial assets

Non-derivative financial assets are initially recognized on the date when Nexon Group becomes a party to the contractual terms of such financial assets.

Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met. If not, they are classified as financial assets measured at fair value.

- The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial assets give rise on prescribed dates to cash flows that are solely payments of principal and interest on the outstanding principal amount

Financial assets measured at fair value are classified into financial assets measured at fair value through profit or loss (FVTPL) and measured at fair value through profit or loss.

Equity instruments, except for those held for trading purpose, which are designated as financial instruments measured at fair value through other comprehensive income (FVTOCI) at initial recognition are classified into financial assets measured at FVTOCI and measured at fair value through other comprehensive income. Such designation is made for individual equity instrument as an irrevocable election and applied consistently.

(Financial assets measured at amortized cost)

Financial assets measured at amortized cost are initially recognized at fair value plus directly attributable transaction costs.

Subsequently, the carrying amount of the financial assets measured at amortized cost is calculated using the effective interest method, less accumulated impairment, if any. Interest income calculated using the effective interest method is recognized in profit or loss.

(Financial assets measured at FVTPL)

Financial assets measured at FVTPL are initially recognized at fair value, and transaction costs are recognized in profit or loss when incurred. Subsequently, they are measured at fair value, with unrealized gains or losses arising from changes in fair value, interest income and dividend income recognized in profit or loss.

(Financial assets measured at FVTOCI)

Financial assets measured at FVTOCI are initially recognized at fair value plus directly attributable transaction costs. Subsequently, they are measured at fair value, with changes in fair value recognized in other comprehensive income. If they are derecognized or their fair value substantially declines, the accumulated gains or losses recognized through other comprehensive income are reclassified into retained earnings.

Dividends earned from these investments are recognized in profit or loss unless they clearly represent return of initial investment.

Nexon Group derecognizes financial assets when rights to receive cash flows from financial assets expire, or when Nexon Group transfers the rights as well as substantially all the risks and rewards of ownership of the asset.

(b) Impairment of financial assets measured at amortized cost

Nexon Group recognizes loss allowance to provide for expected credit loss for financial assets measured at amortized cost. In recognizing loss allowance, we assess whether there has been a significant increase in credit risk since initial recognition of financial assets or a group of similar financial assets measured at amortized cost at each reporting date and recognize expected credit loss. At the reporting date, if credit risk for financial instruments has not increased significantly since initial recognition, we recognize expected credit losses that result from default events that are possible within 12 months after the reporting date (12-month expected credit losses). On the other hand, at the reporting date, if the credit risk has increased significantly since initial recognition, we recognize expected credit losses that result from all possible default events over the expected life of the financial instruments (lifetime expected credit losses). For trade and other receivables, however, we recognize lifetime expected credit losses as a practical expedient based on historical credit loss, etc.

The amount of expected credit loss is measured as the present value of cash shortfalls between the total contractual cash flows that are due to Nexon Group and estimated future cash flows Nexon Group expects to receive, and recognized in profit or loss.

When there is objective evidence that the financial assets are impaired such as significant deterioration in the financial condition of the debtor or violation of the contract terms by the debtor such as default or delinquency in payments, we measure interest income by applying the effective interest method to the net carrying amount adjusted for the loss allowance.

When there are no reasonable expectations of recovering all or part of the financial assets, the gross carrying amount of the financial assets are directly reduced.

(c) Non-derivative financial liabilities

Non-derivative financial liabilities are initially recognized on the transaction date on which Nexon Group becomes a party to the agreement of the said financial instrument.

Financial liabilities held by Nexon Group include accounts payable and other short-term liabilities and are initially recognized at fair value less transaction costs directly attributable to the financial liabilities. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Nexon Group derecognizes financial liabilities when they are extinguished, that is, when the obligation specified in the contract is either discharged or canceled or expires.

(d) Derivative and hedge accounting

Derivative transactions of Nexon Group are executed and managed in accordance with the derivative transaction management rules by the Accounting & Finance Department of the Company based on the approval of authorized personnel. Use of derivatives is limited to transactions with high-rated financial institutions in order to mitigate credit risk.

At the inception of a hedge transaction, Nexon Group formally designates and documents the hedging relationship to which hedge accounting is applied and risk management objectives and strategies for undertaking the hedge. The documentation includes identification of hedging instruments, hedged items or transactions, the nature of the risks being hedged and the method to assess the effectiveness of hedging relationship.

Derivatives are initially recognized at fair value on the date a derivative contract is entered into, and subsequently measured at fair value with effective portion of changes in fair value recognized in other comprehensive income and ineffective portion recognized in profit or loss immediately. The cumulative amount of gains or losses recognized through other comprehensive income is reclassified into profit or loss in the consolidated statement of comprehensive income in the same period during which cash flows of the hedged item affect profit or loss.

Application of the hedge accounting is discontinued prospectively if the hedge no longer meets requirements for the hedge accounting, the hedging instrument expires or is sold, terminated, or exercised. If the hedge accounting is discontinued, Nexon Group continues to report any balance related to the discontinued cash flow hedge previously recognized in other comprehensive income until the forecasted transaction affects profit or loss. If the forecasted transaction is no longer considered probable, the balance related to the cash flow hedge is recognized in profit or loss immediately.

(e) Presentation of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statement of financial position when, and only when, there is a legally enforceable right to set off the recognized amounts and there is an intention either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(f) Fair value of financial instruments

Fair values of financial instruments are determined based on quoted market prices if they are traded on active financial markets at the end of each reporting period.

If an active market does not exist, fair values of financial instruments are determined using appropriate valuation techniques (e.g. income approach, market approach).

See “26 Fair value of financial instruments” for calculation method of fair value.

(6) Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured using the cost model and stated at cost less accumulated depreciation and accumulated impairment.

The cost includes costs directly attributable to the acquisition of the assets, costs of dismantling and removing the assets and restoring the site on which they are located and borrowing costs to be capitalized.

Items of property, plant and equipment that have different useful lives are recorded as separate items.

(b) Depreciation

Depreciation is calculated based on the depreciable amount, which is calculated as the cost of an asset less its residual value.

Each item of property, plant and equipment is depreciated using the straight-line method over the estimated useful life. Land is not depreciated.

The estimated useful lives of major items of property, plant and equipment are as follows:

- Buildings and structures: 3 to 50 years
- Tools, furniture and fixtures: 2 to 15 years

The depreciation methods, useful lives and residual values are reviewed at the end of each consolidated fiscal year and revised if necessary.

(7) Goodwill and intangible assets

(a) Intangible assets acquired through business combination (goodwill and other intangible assets)

See “(2) Business combination” for measurement of goodwill at initial recognition.

Intangible assets acquired through business combination and recognized separately from goodwill are initially recognized at fair value on the date of acquisition.

Intangible assets excluding goodwill are carried at cost less accumulated amortization and accumulated impairment in the same manner as intangible assets acquired individually.

(b) Software

Nexon Group incurs certain costs to purchase or develop software for internal use.

Expenditures arising from research activities to obtain new scientific or technical knowledge are recognized as expenses when incurred. Expenditures arising from development activities are capitalized as intangible assets, if, and only if, they are reliably measurable, developments are technically feasible, it is highly probable to generate future economic benefits, and Nexon Group has an intention and adequate resources to complete the development of the assets to use or sell them.

Capitalized software costs are carried at cost less accumulated amortization and accumulated impairment.

(c) Research and development costs

Expenditures arising from research activities to obtain new scientific or technical knowledge and understanding are recognized in profit or loss when incurred. Development costs that satisfy certain conditions are capitalized and carried at cost less accumulated amortization and accumulated impairment.

(d) Game copyrights and other intangible assets excluding investment in crypto-assets (individually acquired intangible assets)

Nexon Group purchases publishing rights for online games developed by other companies and recognizes them as intangible assets. Game copyrights and other intangible assets acquired by Nexon Group with finite useful lives are measured at cost less accumulated amortization and accumulated impairment. There are no intangible assets with indefinite useful lives.

(e) Investment in crypto-assets

Nexon Group recognizes investment in crypto-assets as an intangible asset under IAS 38 *Intangible Assets* ("IAS 38") and measures it initially at cost. Nexon Group has determined this to be an intangible asset with an indefinite useful life and has not conducted amortization because the intangible asset has an unlimited usage period, and we deem it would exist as long as it is used as a means of an exchange. After the initial recognition, Nexon Group has elected to measure the intangible asset using the revaluation model.

Under the revaluation model, Nexon Group recognizes the intangible asset at a revalued amount which is its fair value at the date of the revaluation less any subsequent accumulated impairment. For the purpose of revaluations under IAS 38, fair value is measured by reference to an active market.

If an intangible asset's carrying amount is increased as a result of revaluation, Nexon Group recognizes the increase in other comprehensive income, and it is accumulated in other components of equity as revaluation surplus. However, the increase is recognized in profit or loss to the extent that it reverses a revaluation decrease of the same intangible asset previously recognized in profit or loss.

If an intangible asset's carrying amount is decreased as a result of revaluation, Nexon Group recognizes the decrease as an expense. However, the decrease is recognized in other comprehensive income to the extent of any credit balance in the revaluation surplus in respect of that intangible asset. The decrease recognized in other comprehensive income reduces the amount accumulated in other components of equity as revaluation surplus.

Nexon Group directly transfers revaluation surplus to retained earnings if the surplus is realized due to the derecognition of the intangible asset.

(f) Amortization

Amortization is calculated based on the cost of an asset less its residual value. Amortization of intangible assets is computed using the straight-line method over their estimated useful lives from the date when the assets become available for use.

Estimated useful lives for major intangible assets are as follows:

- Game copyrights 5 years

The amortization methods, useful lives and residual values are reviewed at the end of each consolidated fiscal year and revised if necessary. Residual values are considered to be zero.

(8) Leases

Nexon Group assesses whether a contract is, or contains, a lease at inception of the contract. It is deemed that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Nexon Group reviews the following matters in the assessment of whether or not a contract conveys the right to control the use of an identified asset:

- whether the use of an identified asset is included in the contract;
- whether Nexon Group has the right to receive almost all the economic benefits from the use of the asset over the entire period of usage; and
- whether Nexon Group has the right to give instructions on the use of the asset.

When Nexon Group enters into or reviews a contract that contains lease components, the consideration in the contract is allocated to each component on the basis of the relative stand-alone prices of lease and non-lease components.

However, with regards to leases of a building or similar asset for which Nexon Group is the lessee, we have elected not to separate non-lease components from lease components, and instead account for lease and non-lease components as a single lease component.

Nexon Group determines the lease term as the non-cancellable period during which the lessee has the right to use the underlying asset, together with both:

- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

(Lease as a lessee)

Nexon Group recognizes a right-of-use asset and a lease liability at the commencement date.

A right-of-use asset is initially measured at cost. The cost of the right-of-use asset is derived by adjusting the amount of the initial measurement of the lease liability by any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred in dismantling and removing the underlying asset or restoring the underlying asset or the site on which it is located, less any lease incentives received.

After initial recognition, a right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of the right-of-use asset is determined in the same way as property, plant and equipment. In addition, the carrying amount of the right-of-use asset is reduced due to impairment losses and adjusted at remeasurement of the corresponding lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used. The lessee's incremental borrowing rate is calculated by, for example, adding credit risk to a risk-free rate of government bonds, etc., or using the most recent interest rate of borrowing from a financial institution.

The total lease payments included in the measurement of the lease liability comprise the following payments:

- fixed lease payments (including in-substance fixed lease payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate (initial measurement uses an index or rate as at the commencement date);
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if Nexon Group is reasonably certain to exercise that option; and

- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the carrying amount of lease liability increases to reflect interest on the lease liability and decreases to reflect lease payments made. The lease liability will be remeasured if there is any change in future lease payments due to a change in an index or a rate, if there is any change in the amounts expected to be payable under residual value guarantees, or if there is any change in the certainty to exercise the purchase, extension, or termination option.

At remeasurement of the lease liability, the corresponding adjustment is made to the carrying amount of the right-of-use asset, or if the carrying amount of the right-of-use asset is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss.

In the consolidated statement of financial position, Nexon Group presents right-of-use assets that do not satisfy the definition of investment property under "right-of-use assets," and lease liabilities under "lease liabilities (current)" and "lease liabilities (non-current)."

(Short-term and low-value leases)

Nexon Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases for which the underlying asset is of low-value.

Nexon Group recognizes lease payments for these leases as expenses over the lease term on a straight-line basis.

(Lease as a lessor)

In cases where Nexon Group is the lessor, each lease is classified as either a finance lease or an operating lease at the inception date of the lease. To classify each lease, we make an overall assessment as to whether or not it transfers substantially all of the risks and rewards incidental to ownership of an underlying asset. If it does, a lease is classified as a finance lease. If not, it is classified as an operating lease.

As a part of this assessment, we review certain indexes including whether or not the lease term is for a major part of the economic life of the underlying asset.

- In cases where Nexon Group is an intermediate lessor, the head lease and the sublease are accounted for separately.
- The classification of a sublease is determined upon referring, not to the underlying asset, but to the right-of-use asset that arise from the head lease.
- If the head lease is a short-term lease to be accounted for by applying the provision for exemption as above, the sublease is classified as an operating lease.
- If a contract contains lease and non-lease components, Nexon Group applies IFRS 16 and allocates the consideration in the contract to each component proportionately.

Nexon Group recognizes lease payments from operating leases as income on a straight-line basis over the lease term and presents them in "other income."

For lease payments from finance leases, assets held under a finance lease are recognized in the statement of financial position at the commencement date and presented as receivables under "trade and other receivables" and "other financial assets (non-current)" at an amount equal to the net investment in the lease.

At the commencement date, the lease payments included in the measurement of the net investment in the lease comprise the following payments for the right to use the underlying asset during the lease term which are not received at the commencement date:

- fixed lease payments (including in-substance fixed lease payments), less any lease incentives payable;
- variable lease payments that depend on an index or a rate (initial measurement uses an index or rate as at the commencement date);
- any residual value guarantees provided to the lessor;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and

- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Nexon Group recognizes lease payments from finance leases as “finance income” over the lease term based on a pattern that reflects a constant rate of return from Nexon Group’s net investment in the lease over the period.

(9) Impairment losses of non-financial assets

The carrying amounts of Nexon Group’s non-financial assets, excluding inventories and deferred tax assets, are assessed on a quarterly basis as to whether there is any indication of impairment. If any such indication exists, the recoverable amount of the assets is estimated. Regarding goodwill and intangible assets with indeterminable useful lives or not yet available for use, the recoverable amount is estimated at the end of each consolidated fiscal year and when any indication of impairment is identified.

The recoverable amount of an asset or a cash-generating unit (CGU) is the higher of its value in use and its fair value less cost to sell. In calculating value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset. A CGU is the smallest group of assets which generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

The CGU of goodwill is determined based on the unit by which the goodwill is monitored for internal management purposes and does not exceed an operating segment.

Because corporate assets do not generate independent cash inflows, if there is an indication that corporate assets may be impaired, the recoverable amount is determined for the CGU to which the corporate assets belong.

If the carrying amount of an asset or a CGU exceeds its recoverable amount, an impairment loss is recognized through profit or loss. The impairment losses recognized related to a CGU is allocated to reduce the carrying amount of the goodwill allocated to the CGU and then to reduce the carrying amount of the other assets of the CGU on a prorated basis.

Nexon Group assesses on a quarterly basis as to whether there is any indication that an impairment loss recognized in prior years for an asset may have decreased or may no longer exist. An impairment loss is reversed if an indication of reversal exists and there has been a change in the estimates used to determine the asset’s recoverable amount. An impairment loss is reversed to the extent the carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized. Impairment losses recognized for goodwill are not reversed.

(10) Employee benefits

(a) Defined contribution pension plan

The Company and certain subsidiaries have defined contribution pension plans. A defined contribution pension plan is a post-retirement benefit plan under which the employer pays fixed contributions into a separate entity and will have no legal or constructive obligations to pay further contributions. Contributions under the defined contribution pension plans are expensed during the period in which employees have rendered their services.

(b) Defined benefit pension plan

Certain subsidiaries have defined benefit pension plans. A defined benefit pension plan is any post-retirement benefit plan other than a defined contribution pension plan. These subsidiaries calculate obligations related to the defined benefit pension plans by estimating the ultimate cost to the company of the benefits that employees have earned in return for their services in the current and prior periods and discounting such amount to determine the present value.

(c) Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount and expensed when relevant services have been rendered.

Nexon Group recognizes the estimated cost of bonus payments based on the plan as a liability when it has a present legal or constructive obligation to make such payments as a result of services rendered by employees in the past and a reliable estimate of the expected obligation can be made.

(11) Share-based payments

Nexon Group has share option plans as incentives to its directors and employees. Share option is estimated based on the fair value on the grant date and, in consideration of the number of share options estimated to vest, recognized as expenses over the vesting period, with the corresponding amount recognized as an increase in other components of equity. The fair value of option granted is determined using the binomial model, etc. taking into consideration various conditions of the option. Nexon Group reviews these conditions regularly and revises the estimate of the number of rights expected to vest, as necessary.

When share options are exercised, the Company will issue new shares and account for them in the manner described in "(13) Shareholders' equity."

(12) Provisions

Provisions are recognized when Nexon Group has a present legal or constructive obligation that can be reasonably estimated as a result of a past event, and it is probable that an outflow of economic resources will be required to settle the obligation. Provisions are calculated as the estimated future cash flows discounted using a pre-tax discount rate that reflects the time value of money and the risks specific to the liability. The unwinding of the discount due to the passage of time is recognized as finance cost.

Asset retirement obligations are recognized to provide for obligations to restore leased offices and other premises to their original conditions. The amount of the obligations is estimated, recognized and measured considering the conditions of each property individually and specifically, based on factors including Nexon Group's past experience of restoration and the expected period of use determined taking into account the useful lives of leasehold improvements.

(13) Shareholders' equity

(a) Ordinary shares

The issue price of ordinary shares issued by the Company is recorded in share capital and capital surplus, and direct issue cost, net of taxes, is deducted from capital surplus.

(b) Treasury shares

Consideration paid to acquire treasury shares including direct transaction costs, net of taxes, is recognized as a deduction from equity. When treasury shares are sold, the difference between the carrying amount and the proceeds is recognized as capital surplus.

(14) Revenue

Nexon Group is engaged in PC online business, mobile business, consulting business related to PC online game services and internet advertisement business. Revenue is measured at the fair value of the consideration received for services rendered in the ordinary course of business less sales-related taxes.

Revenue from contracts with customers for transactions involving the rendering of services is recognized based on the following five-step approach:

Step 1: Identify contracts with customers

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations

Step 5: Recognize revenue when (or as) performance obligations are satisfied

Nexon Group has neither incremental cost for the acquisition of contracts with customers, nor any incidental part that is deemed recoverable, which we need to recognize under assets. "Deferred income" in the consolidated statement of financial position falls under contract liability under IFRS 15.

Nexon Group identifies different assets or services included in contracts with customers and uses them as transactional units in the identification of our performance obligations. As we identify our performance obligations, we conduct a review as to whether we are a principal or agent. Revenue recognition criteria and basis for gross versus net presentation of revenue for major revenue categories are as follows.

(a) Revenue recognition criteria by major revenue category

Nexon Group generates revenue primarily from (i) sales of items and digital game content used in PC online business and mobile business; (ii) royalty income from granting publishing rights for PC online games developed and commercialized by Nexon Group; and (iii) revenue from consulting business for PC online game publishing and in-game advertisement business.

(i) Revenue from sales of items and digital game content used in PC online business and mobile business

PC online business publishes PC online games developed by Nexon Group or other companies. Nexon Group's PC online games are basically free to play, but certain fees are charged to purchase necessary items or use certain services. In PC online games, revenue is recognized over the estimated usage period during which the game items purchased in exchange for game points are expected to be used.

In addition, Nexon Group also sells digital game content developed by Nexon Group or third parties in the PC online business. The Company has determined that contracts for the sale of its digital game content, particularly products with online functionality, generally include the following performance obligations depending on the nature of the transaction:

a. the obligation to deliver digital game content;
b. the obligation to provide future content updates; and
c. the obligation to provide access to online services (such as multiplayer services).

The transaction price is allocated based on the relative stand-alone selling prices of each of these performance obligations.

For the stand-alone selling prices of performance obligations such as "future content updates" and "online hosting," which are not sold separately and for which observable prices are not directly available, significant management estimates are required in estimating stand-alone selling prices. Where it is determined that a customer cannot benefit from the goods or services either independently or together with other readily available resources to the customer, such performance obligations are combined and accounted for a single combined obligation.

Revenue allocated to each performance obligation is recognized as follows:

a. Digital game content: revenue is recognized at a point in time when the customer obtains the ability to use and benefit from the game content and control over the asset has been transferred to the customer.
b. Future content updates: revenue is recognized over time throughout the period during which the promised content updates are provided (e.g., the estimated service period).
c. Online hosting services: revenue is recognized over time throughout the period during which online services are provided to the customer (e.g., the estimated average customer usage period).

Mobile business publishes mobile games developed by Nexon Group or other companies through mobile devices such as smartphones and tablets. Mobile games are basically free to play, but certain fees are charged to purchase necessary items or use certain services. In mobile games, revenue is recognized over the estimated usage period during which the game items purchased in exchange for game points are expected to be used.

In our PC online and mobiles businesses, we mostly provide services as a principal, but we also provide some services as an agent.

(ii) Royalty income from granting publishing rights for PC online games developed and commercialized by Nexon Group

As the owner of the copyright, Nexon Group enters into a licensing agreement with third party publishers and grants publishing rights for PC online games developed and commercialized by Nexon Group.

We recognize the performance obligations for royalty income arising from granting publishing rights to third parties to be satisfied over the contract term of the relevant royalty agreement when it is probable that the economic benefits associated with the transaction will flow to Nexon Group and such income amount can be measured reliably.

For the granting of publishing rights through licensing agreements, we conduct transactions as a principal.

(iii) Revenue from consulting business for PC online game publishing and in-game advertisement business

In consulting business, a subsidiary provides Chinese domestic publishers with consulting services for setting up and maintaining billing systems and membership systems, business strategy development, game operation, and marketing, and recognizes revenue for rendered services by reference to the stage of completion of the transaction. We provide services in our consulting business as a principal.

In in-game advertisement business, advertisements are directly exposed to users through their usage of functional items that are equipped with advertisement function in the game, and revenue is recognized over the advertisement period. For our in-game advertisement business, we decide whether we are a principal or an agent on a case-by-case basis.

(b) Revenue recognition based on satisfaction of performance obligations

Nexon Group recognizes revenue when, or as, we satisfy our performance obligations by transferring services to customers.

We recognize that performance obligations are satisfied over time in our PC online business, mobile business, consulting business for PC online game publishing, and internet advertisement business. In segment information, revenue from our consulting business for PC online game publishing is included in PC online, and revenue from our internet advertisement business is included in Other.

(i) Performance obligations satisfied at a point in time

Nexon Group recognizes revenue at a point in time as the transfer of control occurs upon delivery to customers.

(ii) Performance obligations satisfied over time

If any one of the following criteria is met, control of a service is transferred over time, and therefore, performance obligations are satisfied and revenue is recognized over time.

a. The customer simultaneously receives and consumes the benefit provided by Nexon Group's performance as Nexon Group performs.
b. Nexon Group's performance creates or enhances an asset (e.g. work in progress), and the customer controls it as the asset is created or enhanced.
c. Nexon Group's performance does not create an asset with an alternative use to Nexon Group and Nexon Group has an enforceable right to payment for performance completed to date.

We recognize performance obligations for revenue from microtransactions by estimating the service period of items sold for each game. We assume the period for satisfying performance obligations to be the same as the estimated service period, which is calculated by classifying the items sold into three types (i.e. consumable, temporary, permanent) according to their specifications.

For permanent items for which our performance obligations continue on a permanent basis, we have adopted a method of calculating users' weighted average service usage periods.

For royalty income, we recognize revenue assuming the contract term of copyrights, etc. owned by Nexon Group to be the period for satisfying performance obligations.

(c) Gross versus net presentation of revenue

In the ordinary course of business, there are cases where Nexon Group acts as an intermediary or agent. In reporting revenue arising from these transactions, Nexon Group determines whether to present revenue in the gross amount of the consideration received from customers or in the amount of consideration net of commissions and other fees payable to third parties. However, the decision as to whether revenue is presented in gross or net amount has no impact on net profit or loss.

Determination of whether to present revenue in the gross or net amount is based on whether the nature of our performance obligation under the relevant transaction requires us to provide particular goods or services ourselves (i.e. we are a "principal") or to arrange for another party to provide particular goods or services (i.e. we are an "agent"). For transactions in which Nexon Group acts as a "principal," we recognize revenue on a gross basis when or as the performance obligation is satisfied. For transactions in which Nexon Group acts as an "agent," we recognize as revenue the net amount it retains as consideration or commission which we expect to become entitled to receive in exchange for arranging for another party to provide particular goods or services when or as the performance obligation is satisfied. Whether Nexon Group acts as a principal or an agent is determined based on an assessment of terms and conditions of each arrangement with respect to exposure to the significant risks and rewards associated with sale of goods or provision of services.

In addition, we are a "principal" if we control the good or service before transferring it to the customer.

Factors to be considered as requirements for gross presentation of revenue arising from a transaction in which Nexon Group acts as a principal include:

(i) We have primary responsibility to provide a service to a customer or to fulfill an order.
(ii) We have discretion to directly or indirectly establish pricing.
(iii) We are exposed to credit risk for the amount receivable from the customer.

(d) Critical accounting estimates and judgments

The Company's revenue recognition includes management's significant accounting estimates and judgments, particularly with respect to the following items:

(i) Identification of performance obligations within a single contract
(ii) Methodology for estimating stand-alone selling prices, particularly where observable prices are not available
(iii) Estimation of the period over which revenue from "future content updates" and "online hosting service" is recognized (including the estimated service period and average customer usage period)

(15) Finance income and finance costs

Finance income mainly consists of interest income, dividend income, foreign exchange gain, and changes in fair value and gain on sale of financial assets measured at fair value through profit or loss. Interest income is recognized on an accrual basis using the effective interest rate method. Dividend income is recognized on the date when Nexon Group's right to dividend is fixed. Finance costs mainly consist of interest expense, foreign exchange loss and changes in fair value and loss on sale of financial assets measured at fair value through profit or loss. Interest expense is recognized on an accrual basis using the effective interest rate method.

(16) Income taxes

Income taxes comprise current and deferred taxes. They are recognized in profit or loss, except for those related to business combination and items recognized directly in equity or other comprehensive income.

Current taxes are measured at the amount expected to be paid to (or recovered from) taxation authorities on taxable income or loss for the current year, using the rates that have been enacted or substantively enacted on each reporting date.

Deferred tax assets and liabilities are recognized for temporary differences between the carrying amount of an asset or liability for accounting purposes and its tax base. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which deductible temporary differences can be utilized. Deferred tax assets and liabilities are not recognized for the following temporary differences:

- Taxable temporary differences arising from the initial recognition of goodwill;

- Temporary differences arising from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit;
- Taxable temporary differences associated with investments in subsidiaries, associates and joint ventures to the extent that it is possible to control the timing of the reversal of temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future; or
- Deductible temporary differences associated with investments in subsidiaries, associates and joint ventures to the extent that it is not probable that the temporary differences will reverse in the foreseeable future.

With respect to certain transactions that give rise to equal amounts of assets and liabilities, we have adopted a method to initially recognize a deferred tax liability for taxable temporary differences related to recognized assets and a deferred tax asset for deductible temporary differences related to recognized liabilities.

Deferred tax assets and liabilities are offset if, and only if, the entity has a legally enforceable right to set off the current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

(17) Earnings per share

Nexon Group discloses basic and diluted earnings (attributable to owners of parent) per share of ordinary shares. Basic earnings per share are calculated by dividing the profit attributable to owners of parent by the weighted average number of ordinary shares outstanding during the period adjusted for treasury shares. Diluted earnings per share are calculated by adjusting the profit attributable to owners of parent and the weighted average number of ordinary shares outstanding adjusted for treasury shares for the effects of all dilutive potential ordinary shares. All dilutive potential ordinary shares of Nexon Group's stocks relate to our share option plans.

(18) Dividends

Dividends to the Company's shareholders are recognized as a liability in the period in which the Board of Directors of the Company approves them.

(19) Segment information

Business segments are components of business activities that earn revenues and incur expenses including transactions with other business segments. Results of all business segments for which separate financial information is available are reviewed regularly by the Board of Directors of the Company in deciding how to allocate management resources and in assessing performance.

4 Critical accounting estimates and judgment

The preparation of the consolidated financial statements in accordance with IFRS requires management to make judgments, accounting estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Estimates and assumptions are based on past performance and the management's best judgment based on various factors deemed reasonable. However, the actual results may vary from those estimates and assumptions due to their nature, and future changes in uncertain economic conditions may have a material impact on the amounts to be recognized on the consolidated financial statements in the future periods. We review estimates and underlying assumptions on a continuing basis. Any effects from the review of these estimates are recognized in the period in which estimates are reviewed and in future periods.

The judgment made in the process of applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is as follows:

- Determination of the scope of subsidiaries, associates and joint ventures (3 Material accounting policies (1) Basis of consolidation)

Information on assumptions about the future that have a risk of resulting in material adjustments in the current and following fiscal years and other estimation uncertainty at the end of the current fiscal year is as follows:

(1) Method of measuring fair value of financial instruments (3 Material accounting policies (5) Financial instruments and 26 Fair value of financial instruments)

Fair value of certain financial instruments is calculated based on valuation techniques that include significant unobservable inputs, which may be affected by future changes in uncertain economic conditions. The amount recognized for the fiscal year ended December 31, 2025 is included in "Other financial assets (non-current)" on the consolidated statement of financial position.

(2) Impairment loss on goodwill and intangible assets (3 Material accounting policies (9) Impairment loss of non-financial assets and 10 Goodwill and intangible assets)

Nexon Group conducts impairment tests for goodwill and intangible assets in accordance with "3 Material accounting policies, (9) Impairment loss of non-financial assets." The recoverable amount in the impairment test is the higher of its value in use and its fair value less cost of disposal. The value in use is calculated based on the assumption such as a growth rate and discount rate included in the future cash flow projections. These assumptions are determined by the management's best estimate and judgment but may be affected by future changes in uncertain economic conditions. The amount recognized for the fiscal year ended December 31, 2025 is included in "Goodwill" and "Intangible assets" on the consolidated statement of financial position.

(3) Recoverability of deferred tax assets (3 Material accounting policies (16) Income taxes and 14 Deferred tax assets and deferred tax liabilities)

A deferred tax asset is calculated for deductible temporary differences and carryforwards of unused tax credits and tax losses based on the timing and amount of future taxable profits expected to be available against which the temporary differences and the unused tax credit and loss carryforward can be utilized. Such timing and amount are determined by the management's best estimate and judgment but may be affected by future changes in uncertain economic conditions. The amount recognized for the fiscal year ended December 31, 2025 is included in "Deferred tax assets" on the consolidated statement of financial position.

5 Segment information

(1) 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 the production, development and publishing of PC online games and mobile games. In Japan, the Company is responsible for developing the overall strategies for our products and services and operating business activities, while overseas, our local consolidated subsidiaries do so in their respective regions as independently managed entities. Accordingly, Nexon Group consists of geographical segments based on production, development, and publishing of PC online 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, Nexon Group has applied IFRS 15 Revenue from Contracts with Customers and 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.

(2) Revenue, profit or loss by reportable segment

Information on the segments of Nexon Group is as follows:

Fiscal year ended December 31, 2024

(Millions of yen)

	Reportable Segments						Adjust-ments (Note 4)	Consoli-dated
	Japan	Korea	China	North America	Other	Total		
Revenue								
Revenue from external customers								
PC online	5,054	225,404	2,617	14,225	6,742	254,042	—	254,042
Mobile	1,030	185,262	—	3,395	—	189,687	—	189,687
Other	39	2,432	—	(11)	22	2,482	—	2,482
Total revenue from external customers	6,123	413,098	2,617	17,609	6,764	446,211	—	446,211
Intersegment revenue	1,229	8,257	—	1,433	1,840	12,759	(12,759)	—
Total	7,352	421,355	2,617	19,042	8,604	458,970	(12,759)	446,211
Segment profit (loss) (Note 1)	(2,633)	154,434	560	(4,059)	(9,188)	139,114	83	139,197
Other income and expenses, net	—	—	—	—	—	—	—	(15,021)
Operating profit	—	—	—	—	—	—	—	124,176
Finance income and costs, net (Note 5)	—	—	—	—	—	—	—	76,298
Reversal of loss on revaluation (Note 7)	—	—	—	—	—	—	—	692
Share of loss of investments accounted for using equity method	—	—	—	—	—	—	—	(5,179)
Profit before tax	—	—	—	—	—	—	—	195,987
(Other items)								
Depreciation and amortization (Note 6)	6	8,805	105	193	1,033	10,142	—	10,142
Impairment loss	156	7,134	—	6,142	—	13,432	—	13,432
Capital expenditures (Note 3)	101	23,292	45	351	531	24,320	—	24,320

(Notes) 1. Segment profit (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. Capital expenditures include investments in property, plant and equipment, right-of-use assets and intangible assets. However, investment in crypto-assets made through an exchange is excluded from the investment in intangible assets.

4. Adjustments in segment profit (loss) of ¥83 million represent elimination of intersegment transactions.

5. Major components of finance income are a foreign exchange gain of ¥30,889 million and interest and dividend income of ¥24,034 million.

6. In addition to property, plant and equipment and intangible assets, depreciation arising from right-of-use assets is included.

7. 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).

8. 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.

Fiscal year ended December 31, 2025

(Millions of yen)

	Reportable Segments						Adjust-ments (Note 4)	Consoli-dated
	Japan	Korea	China	North America	Other	Total		
Revenue								
Revenue from external customers								
PC online	5,084	268,309	1,774	21,138	39,008	335,313	—	335,313
Mobile	408	129,055	—	6,782	—	136,245	—	136,245
Other	17	3,293	—	205	29	3,544	—	3,544
Total revenue from external customers	5,509	400,657	1,774	28,125	39,037	475,102	—	475,102
Intersegment revenue	821	21,756	—	1,668	2,886	27,131	(27,131)	—
Total	6,330	422,413	1,774	29,793	41,923	502,233	(27,131)	475,102
Segment profit (loss) (Note 1)	(4,098)	132,945	(152)	712	(9,463)	119,944	142	120,086
Other income and expenses, net	—	—	—	—	—	—	—	3,926
Operating profit	—	—	—	—	—	—	—	124,012
Finance income and costs, net (Note 5)	—	—	—	—	—	—	—	26,737
Share of loss of investments accounted for using equity method	—	—	—	—	—	—	—	(1,697)
Impairment loss on equity method investments	—	—	—	—	—	—	—	(8,601)
Profit before tax	—	—	—	—	—	—	—	140,451
(Other items)								
Depreciation and amortization (Note 6)	—	10,004	111	29	1,265	11,409	—	11,409
Impairment loss	154	3,041	—	1,298	66	4,559	—	4,559
Capital expenditures (Note 3)	186	32,745	99	1,263	1,156	35,449	—	35,449

(Notes) 1. Segment profit (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. Capital expenditures include investments in property, plant and equipment, right-of-use assets and intangible assets. However, investment in crypto-assets made through an exchange is excluded from the investment in intangible assets.

4. Adjustments in segment profit (loss) of ¥142 million represent elimination of intersegment transactions.

5. Major components of finance income are interest and dividend income of ¥21,997 million, and gain on valuation of securities of ¥13,442 million.

6. In addition to property, plant and equipment and intangible assets, depreciation arising from right-of-use assets is included.

7. 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.

(3) Revenue from major products and services

Revenue from major products and services is as follows:

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
In-game microtransactions and sale of game content	252,570	323,447
Royalty	189,415	146,931
Other	4,226	4,724
Total	446,211	475,102

(4) Information by region

Carrying amounts of non-current assets (excluding financial assets, deferred tax assets and investment in crypto-assets) are as follows:

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Japan	1	1
Korea	84,504	106,816
China	207	199
North America	307	29
Other	33,400	39,387
Total	118,419	146,432

(Notes) 1. Non-current assets are classified into country or region category based on the location.

2. Categorization by country or region is based on geographic proximity.

3. Major countries or regions contained in each regional category:

(1) North America: USA

(2) Other: Europe and Asian countries

The category includes goodwill related to Embark Studios AB (Sweden) of ¥28,567 million and ¥33,868 million as of December 31, 2024 and December 31, 2025, respectively.

Revenue from external customers is as follows.

For the fiscal year ended December 31, 2024

(Millions of yen)

	Revenue by major business			Total
	PC online	Mobile	Other	
Main regional market				
Japan	8,528	9,170	70	17,768
Korea	143,396	49,395	2,231	195,022
China	56,750	107,362	4	164,116
North America and Europe	29,776	12,644	102	42,522
Rest of World	15,592	11,116	75	26,783
Total	254,042	189,687	2,482	446,211

(Notes) 1. Revenue is broken down by country or region based on customer location.
2. Categorization by country or region is based on geographic proximity.
3. Major countries or regions contained in each regional category:
(1) North America and Europe: USA, Canada and Europe
(2) Rest of World: Central and South America and Asian countries

For the fiscal year ended December 31, 2025

(Millions of yen)

	Revenue by major business			Total
	PC online	Mobile	Other	
Main regional market				
Japan	8,235	5,733	46	14,014
Korea	186,830	60,122	3,021	249,973
China	59,283	50,209	21	109,513
North America and Europe	61,139	7,218	225	68,582
Rest of World	19,826	12,963	231	33,020
Total	335,313	136,245	3,544	475,102

(Notes) 1. Revenue is broken down by country or region based on customer location.
2. Categorization by country or region is based on geographic proximity.
3. Major countries or regions contained in each regional category:
(1) North America and Europe: USA, Canada and Europe
(2) Rest of World: Central and South America and Asian countries

(5) Information on major customers

One customer contributed more than 10% of Nexon Group's consolidated revenue for the fiscal years ended December 31, 2024 and 2025, and revenue earned from the customer was ¥143,300 million (Korea segment) and ¥94,133 million (Korea segment), respectively.

6 Cash and cash equivalents

Cash and cash equivalents consisted of the following:

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Cash	2	2
Demand deposit	331,929	498,866
Total	331,931	498,868

7 Trade and other receivables

Trade and other receivables consisted of the following:

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Accounts receivable - trade	87,678	82,317
Accounts receivable - other	1,258	4,062
Lease receivables	644	290
Loss allowance	(864)	(376)
Other	1	2
Total	88,717	86,295

The following table shows aging analysis and loss allowance for trade and other receivables.

(Millions of yen)

	As of December 31, 2024		As of December 31, 2025	
	Trade and other receivables	Loss allowance	Trade and other receivables	Loss allowance
Before due date	88,451	—	86,523	(329)
3 months or less	254	(0)	94	(8)
Over 3 months up to 6 months	25	(13)	21	(10)
Over 6 months up to 1 year	2	(2)	3	(2)
Over 1 year	849	(849)	30	(27)
Total	89,581	(864)	86,671	(376)

Refer to “25 Financial risk management” for credit risk management policy. Changes in loss allowance for impairment of trade and other receivables are as follows:

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Beginning balance	874	864
Increase in loss allowance recognized in profit or loss	16	337
Unrecoverable receivables directly written off	(0)	(821)
Reversal of unused amount	(4)	(5)
Exchange differences on translation of foreign operations	(22)	1
Ending balance	864	376

(Notes) 1. For trade and other receivables, Nexon Group recognizes lifetime expected credit losses as a practical expedient based on historical credit loss rates.

2. There was no significant change in the carrying amount in aggregate which affected the changes in loss allowance during the fiscal years ended December 31, 2024 and 2025.

8 Other deposits

Other deposits consist only of term deposits with maturity of over three months.

9 Property, plant and equipment

Changes in costs, accumulated depreciation and accumulated impairment, and the carrying amounts of property, plant and equipment are as follows:

(Millions of yen)

Cost	Buildings and structures	Vehicles	Tools, furniture and fixtures	Land	Construc-tion in progress	Total
January 1, 2024	24,384	50	17,527	8,038	424	50,423
Acquisition through business combinations	178	—	217	—	—	395
Decrease due to change in scope of consolidation	(100)	—	(199)	—	—	(299)
Acquisition	757	2	2,502	—	457	3,718
Retirement	(364)	—	(487)	—	—	(851)
Sales or disposals	(545)	(5)	(979)	(2)	—	(1,531)
Transfers between accounts	414	—	165	—	(360)	219
Other	4	—	—	—	—	4
Exchange differences on translation of foreign operations	(584)	(0)	(203)	(211)	(21)	(1,019)
December 31, 2024	24,144	47	18,543	7,825	500	51,059
Acquisition	1,703	—	3,563	2,464	87	7,817
Retirement	(354)	—	(111)	—	—	(465)
Sales or disposals	(8)	—	(1,155)	—	—	(1,163)
Transfers between accounts	567	—	126	—	(471)	222
Exchange differences on translation of foreign operations	500	1	568	198	(14)	1,253
December 31, 2025	26,552	48	21,534	10,487	102	58,723

(Millions of yen)

Accumulated depreciation and accumulated impairment	Buildings and structures	Vehicles	Tools, furniture and fixtures	Land	Construc-tion in progress	Total
January 1, 2024	(7,934)	(40)	(13,595)	—	—	(21,569)
Acquisition through business combinations	(142)	—	(135)	—	—	(277)
Decrease due to change in scope of consolidation	100	—	179	—	—	279
Depreciation	(1,130)	(7)	(2,332)	—	—	(3,469)
Impairment losses (Note)	(6)	—	(57)	—	—	(63)
Retirement	265	—	433	—	—	698
Sales or disposals	527	5	921	—	—	1,453
Transfers between accounts	(53)	—	(0)	—	—	(53)
Exchange differences on translation of foreign operations	169	0	138	—	—	307
December 31, 2024	(8,204)	(42)	(14,448)	—	—	(22,694)
Depreciation	(1,364)	(4)	(2,686)	—	—	(4,054)
Impairment losses (Note)	(3)	—	(31)	—	—	(34)
Retirement	347	—	105	—	—	452
Sales or disposals	8	—	1,122	—	—	1,130
Transfers between accounts	(15)	—	3	—	—	(12)
Exchange differences on translation of foreign operations	(190)	(1)	(392)	—	—	(583)
December 31, 2025	(9,421)	(47)	(16,327)	—	—	(25,795)

(Note) Nexon Group recognized impairment losses for the fiscal years ended December 31, 2024, and 2025 as realization of profits originally expected was no longer probable. Those impairment losses are included in "Other expenses" in the consolidated statement of profit or loss.

(Millions of yen)

Carrying amount	Buildings and structures	Vehicles	Tools, furniture and fixtures	Land	Construc-tion in progress	Total
January 1, 2024	16,450	10	3,932	8,038	424	28,854
December 31, 2024	15,940	5	4,095	7,825	500	28,365
December 31, 2025	17,131	1	5,207	10,487	102	32,928

10 Goodwill and intangible assets

Changes in costs, accumulated amortization and accumulated impairment, and the carrying amounts of goodwill and intangible assets are as follows:

(Millions of yen)

Cost	Goodwill	Intangible assets				
		Game copyrights (Note 3)	Software	Investment in crypto-assets (Note 5)	Other (Note 4)	Total
January 1, 2024	84,081	119,581	11,746	10,392	4,862	146,581
Acquisition through business combinations	6,886	7	26	—	—	33
Decrease due to change in scope of consolidation	(10,931)	(14,495)	(13)	—	(15)	(14,523)
Acquisition	—	57	420	12	3,663	4,152
Gain (loss) on revaluation profit or loss	—	—	—	692	—	692
Gain (loss) on revaluation other comprehensive income	—	—	—	14,320	—	14,320
Retirement	—	—	(21)	—	(449)	(470)
Sales or disposals	—	(9)	—	—	—	(9)
Transfers between accounts	—	164	17	—	(0)	181
Other changes	—	—	—	—	(1,119)	(1,119)
Exchange differences on translation of foreign operations	(400)	(1,800)	(303)	39	(146)	(2,210)
December 31, 2024	79,636	103,505	11,872	25,455	6,796	147,628
Decrease due to change in scope of consolidation	(6,958)	—	—	—	—	—
Acquisition	—	41	6,587	566	467	7,661
Gain (loss) on revaluation other comprehensive income	—	—	—	(1,877)	—	(1,877)
Retirement	—	(5)	(20)	—	(1,884)	(1,909)
Sales or disposals	—	—	—	(496)	—	(496)
Transfers between accounts	—	216	(1)	(376)	—	(161)
Other changes	—	—	—	309	—	309
Exchange differences on translation of foreign operations	5,955	2,459	413	2	75	2,949
December 31, 2025	78,633	106,216	18,851	23,583	5,454	154,104

(Millions of yen)

Accumulated amortization and accumulated impairment	Goodwill	Intangible assets				
		Game copyrights (Note 3)	Software	Investment in crypto-assets (Note 5)	Other (Note 4)	Total
January 1, 2024	(40,157)	(117,415)	(9,198)	—	(2,121)	(128,734)
Acquisition through business combinations	—	—	(19)	—	—	(19)
Decrease due to change in scope of consolidation	10,931	14,495	13	—	15	14,523
Amortization	—	(121)	(629)	—	(594)	(1,344)
Impairment losses	(6,135)	—	—	—	(502)	(502)
Retirement	—	—	21	—	449	470
Sales or disposals	—	9	—	—	—	9
Other changes	—	—	—	—	700	700
Exchange differences on translation of foreign operations	292	1,810	247	—	27	2,084
December 31, 2024	(35,069)	(101,222)	(9,565)	—	(2,026)	(112,813)
Decrease due to change in scope of consolidation	6,958	—	—	—	—	—
Amortization	—	(203)	(633)	—	(971)	(1,807)
Impairment losses	(174)	(4)	—	(65)	(2,184)	(2,253)
Retirement	—	5	20	—	1,884	1,909
Exchange differences on translation of foreign operations	(403)	(2,155)	(199)	(4)	(77)	(2,435)
December 31, 2025	(28,688)	(103,579)	(10,377)	(69)	(3,374)	(117,399)

(Millions of yen)

Carrying amount	Goodwill	Intangible assets				
		Game copyrights (Note 3)	Software	Investment in crypto-assets (Note 5)	Other (Note 4)	Total
January 1, 2024	43,924	2,166	2,548	10,392	2,741	17,847
December 31, 2024	44,567	2,283	2,307	25,455	4,770	34,815
December 31, 2025	49,945	2,637	8,474	23,514	2,080	36,705

(Notes) 1. Amortization of intangible assets is included in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statement of profit or loss.
2. There is no material internally-generated intangible assets as of December 31, 2024 and 2025.
3. Certain game copyrights include related brands.
4. Game publishing right is included in Other.
5. Nexon Group made an investment in bitcoins (crypto-assets) on the crypto-asset exchange (our fellow subsidiary Bitstamp Ltd.) in April 2021. Bitstamp Ltd. ceased to be a related party of the Group upon becoming a subsidiary of a third party in June 2025. Nexon Group revalues the investment in crypto-assets at the end of each quarter (as of 23:59 PST on each quarter-end date). Nexon Group classifies the

asset in Level 2 of the fair value hierarchy and measures its fair value mainly using the quoted price on the crypto-asset exchange. The transfer between the fair value hierarchy is recognized on the date of the event or change in circumstances that caused the transfer. The carrying amount of the revalued intangible assets (fair value before deduction of transaction cost) as of December 31, 2024 and 2025 were ¥25,387 million and ¥23,510 million, respectively, and the carrying amount that would have been recognized had the intangible assets been measured using the cost model subsequent to initial recognition (fair value after deduction of costs of disposal) as of December 31, 2024 and 2025 were ¥11,022 million and ¥11,025 million, respectively.
Beginning balance, changes during the year and ending balance of revaluation surplus on the intangible assets in the fiscal year ended December 31, 2025 are as follows.

Beginning balance	Changes during the year (revaluation)		Ending balance
	Investment in crypto-assets	Income taxes	
(¥ million)	(¥ million)	(¥ million)	(¥ million)
9,627	(1,876)	344	8,095

6. The carrying amount and the remaining amortization period as of December 31, 2025 of major game copyrights of Nexon Group are as follows:

Reportable segment	Company	As of December 31, 2024	As of December 31, 2025	Remaining amortization period
		(¥ million)	(¥ million)	(Years)
Other	Embark Studios AB	1,874	2,110	5

Nexon Group conducts an impairment test on goodwill at least annually. In addition, Nexon Group conducts an impairment test each time when there is an indication that goodwill and intangible assets are impaired. The recoverable amount in the impairment test for goodwill and intangible assets is calculated based on the value in use, but those for NEXON Games Co., Ltd. are calculated based on higher of the value in use and the fair value less disposal cost. The fair value after deducting disposal cost is calculated based on quoted price in the active market.

The value in use is calculated by discounting estimated future cash flows expected to be generated by a cash generating unit to the present value.

The estimated future cash flows are based on cash flow projections included in the latest business plan approved by the management with the projection period of within five years unless there is a justifiable reason to choose otherwise. Beyond the forecast period, a certain growth rate that takes into account the long-term average growth rate of the market is used, and the growth rate used to measure the value in use was up to 1% as of December 31, 2024 and 2025, respectively. This growth rate is lower than the long-term average growth rate of the market.

The pre-tax discount rate used to measure the value in use was between 8.9% and 18.1% and between 12.8% and 17.8% as of December 31, 2024 and 2025, respectively. The management believes that it is unlikely that a change within a reasonable range of the growth rate and the discount rate used for the impairment test will result in material impairment loss in the relevant cash generating units. However, in certain subsidiaries where the balance of goodwill is immaterial, the recoverable amount exceeds the carrying amount only slightly and a decrease in the estimated future cash flows may result in impairment loss.

The results of the major impairment tests performed during the fiscal years ended December 31, 2024 and 2025 were as follows.

(Result of the impairment test of goodwill and game copyrights of Embark Studios AB)

We perform an impairment test of goodwill and game copyrights of Embark Studios AB at least annually. In performing the impairment test, the recoverable amount of goodwill and game copyrights are calculated based on the value in use. The value in use is calculated by discounting the estimated future cash flows expected to be generated from a cash-generating unit to the present value. The estimated future cash flows are based on the latest business plan

approved by the management with the projection period of within five years unless there is a justifiable reason to choose otherwise. The pre-tax discount rates used to measure the value in use in the fiscal years ended December 31, 2024 and 2025 were 18.1% and 17.8%, respectively.

For the fiscal years ended December 31, 2024 and 2025, Nexon Group performed an impairment test on goodwill and game copyrights of Embark Studios AB but did not recognize impairment loss as it determined that the value in use exceeded the carrying amount.

Key assumptions in estimation of value in use include the number of monthly active users, average monthly sales per user, and operating expenses used in estimating future cash flows.

While Embark Studios AB launched *ARC Raiders* in October 2025, the business plan incorporates judgment of the management involving uncertainties in revenue estimates at an early stage following launch. Regarding the game copyrights related to *ARC Raiders* held by Embark Studios AB, the Group did not commence amortization for the fiscal year ended December 31, 2024, having determined that the game copyrights were not yet available for use as they remained in the development stage. Following the launch of the title, amortization commenced from the fiscal year ended December 31, 2025.

Goodwill arising from business combination is allocated on the acquisition date to cash generating units that are expected to benefit from the business combination. The carrying amounts of goodwill by reportable segment are as follows:

(Millions of yen)

Reportable segment	As of December 31, 2024	As of December 31, 2025
Japan	—	—
Korea	15,891	16,077
China	—	—
North America	109	—
Other	28,567	33,868
Total	44,567	49,945

Of those, major goodwill by reportable segment of Nexon Group is as follows:

(Millions of yen)

Reportable segment	Company	As of December 31, 2024	As of December 31, 2025
Korea	NEXON Games Co., Ltd.	11,946	12,145
Other	Embark Studios AB	28,567	33,868

Nexon Group recognized impairment losses as realization of profits originally expected was no longer probable. Those impairment losses are included in “Other expenses” in the consolidated statement of profit or loss. The major components of impairment losses are as follows:

Fiscal year ended December 31, 2024

Item	Reportable segment	Company	Impairment loss (¥ million)
Goodwill	Korea	Nitro Studio Co., Ltd.	6,135

Fiscal year ended December 31, 2025

Item	Reportable segment	Company	Impairment loss (¥ million)
Long-Term prepaid expenses	Korea	NEXON Korea Corporation	1,065
Other intangible assets	Korea	NEXON Korea Corporation	1,016

11 Investments accounted for using the equity method

(1) Judgment related to significant influence

(a) Alignment Growth Fund I, LP

Regarding Alignment Growth Fund I, LP, although the Group holds a majority of the ownership interest in the fund, the Group has determined that it does not control Alignment Growth Fund I, LP. This determination reflects the fact that, under the terms of the relevant agreement, the Group is unable to exercise its rights over the fund independently, in accordance with the policies of NXC Corporation, which is the Company's ultimate parent company and another investor in Alignment Growth Fund I, LP. On the other hand, as the Group possesses significant influence over Alignment Growth Fund I, LP due to its majority ownership interest and other factors, the Group has determined that Alignment Growth Fund I, LP qualifies as an associate.

(b) Alignment Growth Fund II, LP

Regarding Alignment Growth Fund II, LP, although the Group holds a majority of the ownership interest in the fund, the Group has determined that it does not control Alignment Growth Fund II, LP. This determination reflects the fact that, under the terms of the relevant agreement, the Group is unable to exercise its rights over the fund independently, in accordance with the policies of NXC Corporation, which is the Company's ultimate parent company and another investor in Alignment Growth Fund II, LP. On the other hand, as the Group possesses significant influence over Alignment Growth Fund II, LP due to its majority ownership interest and other factors, the Group has determined that Alignment Growth Fund II, LP qualifies as an associate.

(c) IGIS Private Real Estate Investment Trust No.35

Regarding "IGIS Private Real Estate Investment Trust No.35," a real estate investment trust in which Nexon Group acquired 50% of the trust beneficiary certificates for real estate, Nexon Group determined that it does not control the REIT because while it has the right to dismiss an asset manager with unanimous consent of all beneficiaries including Nexon Group, it considers the right as a defensive right and it cannot give instructions on the REIT's relevant activities. On the other hand, as the Group possesses significant influence over the REIT due to 50% ownership interest, the Group has determined that IGIS Private Real Estate Investment Trust No.35 qualifies as an associate.

(d) Other

Certain associates other than (a), (b) and (c) above in which the Company holds less than 20% of the voting rights are included in the Company's associates as the Company has significant influence over their financial and management policies through the right to appoint their officers and material business agreements entered into between these associates and Nexon Group.

(2) Investments in associates

The following table shows information on the Company's associates. There are no material associates for the Company.

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Carrying amount of investments accounted for using equity method	63,669	63,740
Nexon Group's share in profit or loss	(3,354)	(13,806)
Nexon Group's share in other comprehensive income	4,641	1,026
Nexon Group's share in total comprehensive income	1,287	(12,780)

(Note) The increase in net loss on investments accounted for using the equity method in the fiscal year ended December 31, 2025 was primarily due to the recognition of an impairment loss on equity method investments of ¥5,879 million on the investment in Brothers International, LLC, and an impairment loss on equity method investments of ¥2,479 million on the investment in SUPERCAT Inc.

Nexon Group did not recognize certain share in loss of investees accounted for using the equity method as the cumulative loss of such investees exceeded their carrying amount. Unrecognized share in such loss was ¥260 million and ¥34 million for the fiscal years ended December 31, 2025 and 2024, respectively. Accumulated unrecognized share in loss was ¥373 million and ¥113 million as of December 31, 2025 and 2024, respectively.

(3) Investments in joint ventures

The following table shows information on the Company's joint ventures. There are no material joint ventures for the Company.

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Carrying amount of investments accounted for using equity method (Note)	—	—
Nexon Group's share in profit or loss	(1,825)	3,508
Nexon Group's share in other comprehensive income	179	67
Nexon Group's share in total comprehensive income	(1,646)	3,575

(Note) As Nexon Group's share in loss of a joint venture exceeded the carrying amount of the investment accounted for using the equity method by ¥4,220 million and ¥644 million in the fiscal years ended December 31, 2024 and 2025, respectively, the excess amount was directly deducted from long-term loans receivable from the joint venture.

(4) Profit (loss) on change in equity

Share of loss of investments accounted for using equity method for the fiscal years ended December 31, 2024 and 2025 includes a loss on change in equity of ¥146 million and a profit on change in equity of ¥223 million, respectively, arising from a decrease in the Group's ownership interest in equity method associates.

(5) Major changes in scope of equity method application

(a) Fiscal year ended December 31, 2024

The disclosure is omitted as the amount is immaterial.

(b) Fiscal year ended December 31, 2025

The disclosure is omitted as the amount is immaterial.

(6) Material commitments

Details of material commitments between Nexon Group and equity method associates are as follows.

(a) Fiscal year ended December 31, 2024

During the fiscal year ended December 31, 2024, Nexon Group made additional investment in response to capital calls based on the investment agreements with equity method associates as follows. Nexon Group had commitments to make additional investment in its equity method associates as of December 31, 2024.

Equity method associates	Amount of additional investment	Uncalled commitments for additional investment (As of December 31, 2024)
Alignment Growth Fund I, LP	USD 25.9 million (¥4,051 million)	USD 82.7 million (¥13,078 million)

(b) Fiscal year ended December 31, 2025

During the fiscal year ended December 31, 2025, Nexon Group made additional investment in response to capital calls based on the investment agreements with equity method associates as follows. Nexon Group had commitments to make additional investment in its equity method associates as of December 31, 2025.

Equity method associates	Amount of additional investment	Uncalled commitments for additional investment (As of December 31, 2025)
Alignment Growth Fund I, LP	USD 71.1 million (¥10,644 million)	USD 11.6 million (¥1,818 million)
Alignment Growth Fund II, LP	USD 20.0 million (¥2,978 million)	USD 80.0 million (¥12,525 million)

12 Other financial assets

Other financial assets consisted of the following:

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Financial assets measured at FVTPL		
Stocks	26,050	23,113
Funds	45,200	64,889
Financial assets measured at FVTOCI		
Stocks	199,569	60,323
Financial assets measured at amortized cost		
Security deposits and guarantees	9,470	9,902
Restricted deposit	16,313	17,164
Loans receivable	7,212	10,973
Accrued interest	4,734	3,230
Long-term deposits	6,583	34
Other	1,360	1,153
Lease receivables	1,290	97
Total	317,781	190,878
Current assets	49,471	44,995
Non-current assets	268,310	145,883
Total	317,781	190,878

Nexon Group designates investments held for maintaining and reinforcing business relationship with investees and investments not held for trading as financial assets measured at FVTOCI.

The following table presents the fair value and dividend income of financial assets measured at FVTOCI that are recorded in other financial assets in the consolidated statement of financial position.

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Fair value		
Listed	194,336	54,275
Unlisted	5,233	6,048
Total	199,569	60,323

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Dividend income		
Listed	4,075	3,359
Unlisted	3	—
Total	4,078	3,359

The following table presents the fair value of major issues of financial assets measured at FVTOCI that are recorded in other financial assets in the consolidated statement of financial position.

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
KONAMI HOLDINGS CORPORATION	52,368	24,417
Bandai Namco Holdings Inc.	37,925	20,047
SEGA SAMMY HOLDINGS INC.	17,352	3,936
Hasbro, Inc.	49,248	—
CD PROJEKT S.A.	21,221	—

Financial assets measured at FVTOCI disposed of during the year are as follows:

(Millions of yen)

Fiscal year ended December 31, 2024			Fiscal year ended December 31, 2025		
Fair value at derecognition	Accumulated gains (losses) on disposal	Dividend income	Fair value at derecognition	Accumulated gains (losses) on disposal	Dividend income
913	(12,672)	3	199,066	140,444	2,607

Nexon Group sells or derecognizes financial assets measured at FVTOCI for streamlining and effective use of assets held. When financial assets measured at FVTOCI are derecognized or their fair value has significantly declined, Nexon Group transfers accumulated gains or losses related to those assets recognized as other comprehensive income to retained earnings. For the fiscal years ended December 31, 2024 and 2025, accumulated gains (losses) (net of tax) transferred from other components of equity to retained earnings were ¥(1,426) million and ¥67,315 million, respectively.

13 Other assets

Other assets consisted of the following:

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Prepaid expenses	10,540	11,611
Long-term prepaid expenses	1,089	3,479
Advance payment	1,080	6,289
Other	1,641	1,703
Total	14,350	23,082
Current assets	13,220	19,449
Non-current assets	1,130	3,633
Total	14,350	23,082

14 Deferred tax assets and deferred tax liabilities

(1) Deferred tax

The following table presents major components of and changes in deferred tax assets and liabilities:

Fiscal year ended December 31, 2024

(Millions of yen)

	January 1, 2024	Recognized in profit or loss	Recognized in other comprehensive income	Other (Note 2)	December 31, 2024
Deferred tax assets					
Securities at FVTPL	512	2,436	—	(45)	2,903
Securities at FVTOCI	12,651	—	(1,700)	(3,346)	7,605
Deferred income	7,641	1,231	—	(220)	8,652
Depreciation and amortization	132	36	—	(3)	165
Provisions	2,354	(27)	—	(58)	2,269
Share acquisition rights	18	(14)	—	(0)	4
Carryforward of unused tax losses	518	625	—	(2)	1,141
Tax credits (Note 1)	33,401	(14,348)	—	(653)	18,400
Other payables and accrued expenses	2,254	4,932	—	1,412	8,598
Other	2,395	1,452	—	2,799	6,646
Total	61,876	(3,677)	(1,700)	(116)	56,383
Deferred tax liabilities					
Securities at FVTPL	509	(17)	—	(2)	490
Securities at FVTOCI	2,785	—	14,652	—	17,437
Valuation difference on intangible assets of subsidiaries	382	—	4,693	3	5,078
Undistributed profits of overseas subsidiaries	51,214	3,443	—	(42)	54,615
Depreciation and amortization	1,010	940	—	(41)	1,909
Other	1,826	1,406	—	4,364	7,596
Total	57,726	5,772	19,345	4,282	87,125

(Notes) 1. It consists mostly of deferred tax assets for carryforward of foreign tax credits of NEOPLE INC.

2. Other includes the effects of exchange differences on translation of foreign operations.

Fiscal year ended December 31, 2025

(Millions of yen)

	January 1, 2025	Recognized in profit or loss	Recognized in other comprehensive income	Other (Note 2)	December 31, 2025
Deferred tax assets					
Securities at FVTPL	2,903	71	—	52	3,026
Securities at FVTOCI	7,605	—	(1,101)	—	6,504
Deferred income	8,652	246	—	151	9,049
Depreciation and amortization	165	47	—	4	216
Provisions	2,269	5,681	—	192	8,142
Share acquisition rights	4	(4)	—	(0)	—
Carryforward of unused tax losses	1,141	977	—	135	2,253
Tax credits (Note 1)	18,400	(4,232)	—	193	14,361
Other payables and accrued expenses	8,598	(3,206)	—	56	5,448
Other	6,646	309	—	132	7,087
Total	56,383	(111)	(1,101)	915	56,086
Deferred tax liabilities					
Securities at FVTPL	490	(1,237)	—	1,022	275
Securities at FVTOCI	17,437	—	14,476	(23,106)	8,807
Valuation difference on intangible assets of subsidiaries	5,078	(12)	(344)	60	4,782
Undistributed profits of overseas subsidiaries	54,615	1,100	—	(7)	55,708
Depreciation and amortization	1,909	(616)	—	15	1,308
Other	7,596	(475)	—	125	7,246
Total	87,125	(1,240)	14,132	(21,891)	78,126

(Notes) 1. It consists mostly of deferred tax assets for carryforward of foreign tax credits of NEOPLE INC.
2. Other includes the effects of exchange differences on translation of foreign operations.

Nexon Group recognizes deferred tax assets taking into consideration the possibility that part or all of deductible temporary differences or carryforward of unused tax losses can be utilized against future taxable profits. Nexon Group assesses recoverability of deferred tax assets taking into consideration scheduled reversal of deferred tax liabilities, projected future taxable profits and tax planning. Nexon Group determined that it is highly likely that tax benefit will be realized for recognized deferred tax assets based on the level of taxable profits in the past and the projected future taxable profits for the periods during which deferred tax assets can be recognized.

The amounts of deductible temporary differences and the carryforwards of unused tax losses and unused tax credits for which no deferred tax asset is recognized are as follows:

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Deductible temporary differences	23,561	26,294
Carryforward of unused tax losses	149,194	146,410
Carryforward of unused tax credits	972	3,195
Total	173,727	175,899

The following table summarizes the amount and expiry date of the carryforward of unused tax losses for which no deferred tax asset is recognized:

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
1st year	1,580	1,213
2nd year	1,187	375
3rd year	471	649
4th year	1,013	2,451
5th year and thereafter	144,943	141,722
Total	149,194	146,410

The following table summarizes the amount and expiry date of the carryforward of unused tax credits for which no deferred tax asset is recognized:

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
1st year	9	7
2nd year	28	22
3rd year	22	35
4th year	34	15
5th year and thereafter	879	3,116
Total	972	3,195

Nexon Group recognized deferred tax assets in excess of deferred tax liabilities of ¥826 million and ¥2,547 million for the fiscal years ended December 31, 2024 and 2025, respectively, relating to certain subsidiaries which recorded losses for the fiscal years ended December 31, 2024 and 2025, where the recoverability of their deferred tax assets are dependent on future taxable profits. This is based on the management assessment that it is highly likely that these subsidiaries will generate taxable profits against which the carryforwards of unused tax losses and unused tax credits and deductible temporary differences can be utilized.

As of December 31, 2024 and 2025, taxable temporary differences associated with investments of subsidiaries and associates for which no deferred tax liability is recognized were ¥10,723 million and ¥18,182 million, respectively.

(2) Income tax expense

Income tax expense consisted of the following:

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Income tax expense - current	50,322	51,881
Income tax expense - deferred	9,449	(1,129)
Total	59,771	50,752

The Company is subject mainly to income tax, inhabitant tax and enterprise tax, and the statutory effective tax rate calculated based on these taxes was 30.6% for the fiscal years ended December 31, 2024 and 2025. Overseas subsidiaries are subject to local income tax, etc. in countries where they are located.

The reconciliation of the statutory effective tax rate to the average actual rate of tax burden in the consolidated statement of profit or loss is as follows:

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
	%	%
Statutory effective tax rate	30.6	30.6
Permanent differences	0.9	1.6
Difference in tax rates of overseas subsidiaries	(7.5)	(5.7)
Changes in temporary differences for which deferred tax assets are not recognized	6.3	1.6
Foreign taxes	12.8	16.7
Tax credits (Note)	(17.8)	(12.1)
Effects of companies accounted for using equity method	0.7	1.9
Impairment loss of goodwill	1.0	0.0
Accumulated earnings tax	0.4	0.1
Undistributed profits of overseas subsidiaries	1.8	0.9
Income taxes for prior years	0.1	(0.3)
Effects of tax rates changes	—	(0.6)
Effects of consolidated tax return	(0.3)	(0.1)
Other	1.5	1.5
Average effective tax rate	30.5	36.1

(Note) The decrease for the fiscal years ended December 31, 2024, and 2025 is mainly due to foreign tax credits of NEOPLE INC.

(3) Adjustments to Deferred Tax Assets and Deferred Tax Liabilities Due to Changes in Income Tax Rates

"Act for Partial Amendment of the Income Tax Act, etc." (Act No. 13 of 2025) was enacted by the National Diet on March 31, 2025, and a "Special Defense Corporation Tax" will be levied for consolidated fiscal years beginning on or after April 1, 2026. Consequently, deferred tax assets and deferred tax liabilities relating to temporary differences and other items expected to reverse in consolidated fiscal years beginning on or after January 1, 2027 have been calculated using the statutory effective tax rate of 31.52% instead of 30.62%.

The impact of this change is immaterial.

15 Trade and other payables

Trade and other payables consisted of the following:

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Accounts payable	4,412	16,667
Other payables and accrued expenses	11,239	25,586
Total	15,651	42,253

16 Deferred income

(1) Contract liabilities

(Millions of yen)

	As of December 31, 2024		As of December 31, 2025	
	Current	Non-current	Current	Non-current
In-game microtransactions and sale of game content (Note 1)	21,325	1,508	53,020	1,865
Royalty (Note 2)	2,524	13,132	2,405	13,918
Other	12	1	12	—
Total	23,861	14,641	55,437	15,783

(Notes) 1. Nexon Group defers revenue from sales of items, digital game contents and other sales in PC online business and mobile business in order to recognize it over the estimated usage period of game items. See "3 Material accounting policies (14) Revenue" for the method of estimating the usage period.

2. Royalty includes royalty income related to licensing out *Dungeon&Fighter* in China and unearned royalty related to development.
Unearned royalty related to development is expected to be recognized as revenue over a certain period after the game is launched.

(2) Revenue recognized from the contract liability balance as of January 1 and performance obligations satisfied in previous periods.

The amount of recognized revenue which was included in the contract liability balance as of January 1 was as follows.

There was no revenue recognized from performance obligations satisfied in previous periods.

(Millions of yen)

	As of December 31, 2024		As of December 31, 2025	
	Current	Non-current	Current	Non-current
Amount included in contract liabilities as of January 1	19,434	53	21,379	6

(3) Total transaction price allocated to unsatisfied performance obligations

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Total transaction price allocated	38,502	71,220
Expected timing of revenue recognition		
1st year	23,861	55,437
2nd year	2,432	3,313
3rd year	38	96
4th year	—	—
5th year	—	—
6th year and thereafter	12,171	12,374

(Note) Unearned royalty related to development is included in 6th year and thereafter.

17 Borrowings

Not applicable.

18 Other financial liabilities

Other financial liabilities consisted of the following:

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Financial liabilities measured at amortized cost		
Deposits	2,231	3,017
Other	1,089	342
Total	3,320	3,359
Current liabilities	2,231	3,073
Non-current liabilities	1,089	286
Total	3,320	3,359

19 Lease transactions

(1) Lease as a lessee

Nexon Group has been leasing assets including buildings and structures, vehicles, tools, furniture and fixtures for its business activities. Many of these lease contracts include extension and cancellation options. The terms and conditions of lease contracts are negotiated individually and those terms and conditions included are wide-ranging and diverse. The extension option (or the term after the cancellation option) is included in the lease term to the extent it is reasonably certain that the lease term will be extended (or will not be canceled).

The carrying amount of right-of-use assets consisted of the following:

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Buildings and structures	34,806	46,047
Vehicles	48	29
Tools, furniture and fixtures	144	659
Total	34,998	46,735

(Note) Nexon Group recognized impairment losses on right-of-use assets of ¥37 million and ¥1,317 million for the fiscal years ended December 31, 2024 and 2025, respectively, as realization of profits originally expected was no longer probable. These impairment losses are included in "Other expenses" in the consolidated statements of income.

During the fiscal years ended December 31, 2024 and 2025, right-of-use assets increased by ¥16,477 million and ¥20,536 million, respectively, and the total amount of cash outflows related to leases was ¥6,651 million and ¥7,679 million, respectively.

Nexon Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases for which the underlying asset is of low-value. Nexon Group recognizes lease payments for these leases as expenses over the lease term on a straight-line basis.

Profits or losses recognized in connection with leases are as follows:

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Depreciation of right-of-use assets		
Buildings and structures	5,076	5,304
Vehicles	32	26
Tools, furniture and fixtures	221	218
Total	5,329	5,548
Interest expense on lease liabilities	2,107	2,052
Cost of short-term leases (excluding the cost of leases with a lease term of one month or less)	54	64
Cost of leases of low-value assets (excluding the cost of short-term leases of low-value assets)	89	426

Refer to "25 Financial Risk Management, (4) Liquidity risk" for details on the maturity analyses of Nexon Group's lease liabilities.

(2) Lease as a lessor

Nexon Group rents out the unused portion of its real estate, including the buildings and structures leased for its business activities, through finance leases. Nexon Group accepts security deposits to secure the collection of lease payments from the lease and costs for the restoration of the real estate.

Maturity analyses of lease payments receivable from finance leases are as follows:

Fiscal year ended December 31, 2024

(Millions of yen)

	Within 1 year	Over 1 year up to 2 years	Over 2 years up to 3 years	Over 3 years up to 4 years	Over 4 years up to 5 years	Over 5 years	Total
Undiscounted lease payments	657	612	283	195	196	123	2,066
Unearned finance income	—	—	—	—	—	—	(132)
Net investment in the lease	—	—	—	—	—	—	1,934

During the fiscal year ended December 31, 2024, finance income recognized for net investment in the lease was ¥82 million.

Fiscal year ended December 31, 2025

(Millions of yen)

	Within 1 year	Over 1 year up to 2 years	Over 2 years up to 3 years	Over 3 years up to 4 years	Over 4 years up to 5 years	Over 5 years	Total
Undiscounted lease payments	292	75	14	4	4	3	392
Unearned finance income	—	—	—	—	—	—	(5)
Net investment in the lease	—	—	—	—	—	—	387

During the fiscal year ended December 31, 2025, finance income recognized for net investment in the lease was ¥38 million.

20 Provisions

The components and changes in provisions are as follows:

(Millions of yen)

	Asset retirement obligations	Provisions for employee benefits	Total
January 1, 2024	420	11,744	12,164
Acquisition through business combinations	36	—	36
Additions	165	34,156	34,321
Utilized for intended purpose	(22)	(14,305)	(14,327)
Reversal	(0)	(2,650)	(2,650)
Increase due to passage of time	11	—	11
Transfers between accounts	—	(33)	(33)
Others	0	—	0
Exchange differences on translation of foreign operations	(12)	(680)	(692)
December 31, 2024	598	28,232	28,830
Additions	50	21,832	21,882
Utilized for intended purpose	(16)	(29,420)	(29,436)
Reversal	—	(2,106)	(2,106)
Increase due to passage of time	17	—	17
Transfer between accounts	—	16	16
Others	(27)	—	(27)
Exchange differences on translation of foreign operations	8	(137)	(129)
December 31, 2025	630	18,417	19,047
Current liabilities	—	18,417	18,417
Non-current liabilities	630	—	630
Total	630	18,417	19,047

Asset retirement obligations are provided for the obligations to restore property that Nexon Group leases, including offices and buildings, to its original state for the amount of estimated future expenditures based on past experience. These expenditures are expected to be paid after the expected period of use determined taking into account the useful lives of the leasehold improvements but will be affected by future business plans.

Provisions for employee benefits consist of provisions for bonuses and are mostly expected to be paid within a year.

21 Other liabilities

Other liabilities consisted of the following:

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Consumption taxes payable	2,771	2,930
Accrued expenses	4,302	13,962
Accrued vacation pay	4,397	5,082
Refund liabilities (Note)	—	12,930
Others	9,986	14,337
Total	21,456	49,241
Current liabilities	11,464	37,093
Non-current liabilities	9,992	12,148
Total	21,456	49,241

(Note) In response to an issue in *MapleStory: Idle RPG* where a discrepancy occurred between the displayed probability and the actual applied probability of certain paid items, Nexon Korea Corporation is offering refunds. Accordingly, the Company has estimated the refund amount based on the historical refund rates of similar past cases, and has recognized ¥12,930 million as refund liability as of December 31, 2025.

22 Equity and other components of equity

(1) Share capital and treasury shares

Total number of authorized shares and issued shares of the Company is as follows:

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
	Shares	Shares
Total number of authorized shares		
Ordinary shares (Note 1)	1,400,000,000	1,400,000,000
Total number of issued shares		
January 1	857,453,260	842,443,413
Increase	2,529,892 (Note 2)	4,629,242 (Note 2)
Decrease	(17,539,739)(Note 3)	(19,911,683)(Note 3)
December 31	842,443,413	827,160,972

(Notes) 1. All shares issued by the Company are no-par value ordinary shares with no restrictions on rights, and issued shares are fully paid.
2. An increase due to exercise of share acquisition rights.
3. A decrease due to cancellation of treasury shares.

The number of shares of treasury shares included in the total number of issued shares above is as follows:

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
	Shares	Shares
Number of treasury shares		
January 1	15,809,545	19,450,212
Increase	21,375,233 (Notes 1, 2)	37,206,300 (Note 6)
Decrease	(17,734,566)(Notes 3, 4)	(20,902,985)(Notes 7, 8)
December 31	19,450,212 (Note 5)	35,753,527 (Note 9)

(Notes) 1. The Company acquired 19,777,200 shares through market purchase on the Tokyo Stock Exchange and 83 shares through purchase demand of shares less than one unit.
2. An increase of 1,597,950 shares due to acquisition of the Company's shares by NEXON Employee Benefit Trust (the "Trust"), a consolidated subsidiary of the Company.
3. A decrease of 17,539,739 shares due to cancellation of treasury shares.
4. A decrease of 194,827 shares due to disposal of the Company's shares owned by Stiftelsen Embark Incentive (the "Foundation"), a consolidated subsidiary of the Company.
5. Includes 404,281 shares and 2,087,348 shares of the Company shares owned by the Foundation and the Trust, respectively, both of which are the Company's consolidated subsidiaries.
6. The Company acquired 37,206,300 shares through market purchase on the Tokyo Stock Exchange.
7. A decrease of 19,911,683 shares due to cancellation of treasury shares.
8. A decrease of 192,002 shares and 799,300 shares due to disposal of the Company's shares owned by the Foundation and the Trust, respectively, both of which are the Company's consolidated subsidiaries.
9. Includes 212,279 shares and 1,288,048 shares of the Company owned by the Foundation and the Trust, respectively, both of which are the Company's consolidated subsidiaries.

(2) Capital surplus

The Companies Act of Japan provides that at least 50% of the amount paid or contributed upon issuance of shares shall be included in share capital with the remainder to be included in legal capital surplus which is a component of capital surplus. The Companies Act also provides that legal capital surplus may be reclassified to share capital based on a resolution at the general meeting of shareholders.

(3) Retained earnings

The Companies Act of Japan provides that an amount equal to 10% of a decrease in surplus due to distribution of surplus shall be appropriated and set aside as legal capital surplus or legal retained earnings until the sum of legal capital surplus and legal retained earnings equals 25% of share capital. The accumulated legal retained earnings may be used to offset losses. Also, legal retained earnings may be reversed based on a resolution at the general meeting of shareholders.

(4) Other components of equity

Changes in other components of equity are as follows:

(Millions of yen)

	Other components of equity					
	Exchange differences on translation of foreign operations	Financial assets measured at FVTOCI	Share-based payments	Revaluation surplus	Other	Total
January 1, 2024	154,634	(17,172)	22,484	—	(89)	159,857
Changes during the year	(11,823)	47,692	363	9,627	(26)	45,833
Transfer to retained earnings	—	1,426	(18)	—	—	1,408
December 31, 2024	142,811	31,946	22,829	9,627	(115)	207,098
Changes during the year	8,329	47,406	(2,622)	(1,532)	23	51,604
Transfer to retained earnings	—	(67,313)	(72)	—	—	(67,385)
December 31, 2025	151,140	12,039	20,135	8,095	(92)	191,317

23 Dividends

The amount of dividends paid during the fiscal years ended December 31, 2024 and 2025 is as follows.

Fiscal year ended December 31, 2024

	Class of shares	Total dividend amount	Dividend per share	Record date	Effective date
		(¥ million)	(¥)		
Resolution of the Board of Directors on February 21, 2024 (Note 1)	Ordinary shares	4,214	5.0	December 31, 2023	March 28, 2024
Resolution of the Board of Directors on August 8, 2024 (Note 2)	Ordinary shares	6,252	7.5	June 30, 2024	September 24, 2024

(Notes) 1. Total dividend amount includes a dividend of ¥3 million and ¥2 million attributable to the Company's shares held by Stiftelsen Embark Incentive (the "Foundation") and NEXON Employee Benefit Trust (the "Trust"), respectively, both of which are consolidated subsidiaries of the Company.

2. Total dividend amount includes a dividend of ¥4 million and ¥6 million attributable to the Company's shares held by the Foundation and the Trust, respectively, both of which are consolidated subsidiaries of the Company.

Fiscal year ended December 31, 2025

	Class of shares	Total dividend amount	Dividend per share	Record date	Effective date
		(¥ million)	(¥)		
Resolution of the Board of Directors on February 19, 2025 (Note 1)	Ordinary shares	12,382	15.0	December 31, 2024	March 27, 2025
Resolution of the Board of Directors on August 13, 2025 (Note 2)	Ordinary shares	12,014	15.0	June 30, 2025	September 25, 2025

(Notes) 1. Total dividend amount includes a dividend of ¥6 million and ¥31 million attributable to the Company's shares held by the Foundation and the Trust, respectively, both of which are consolidated subsidiaries of the Company.

2. Total dividend amount includes a dividend of ¥6 million and ¥19 million attributable to the Company's shares held by the Foundation and the Trust, respectively, both of which are consolidated subsidiaries of the Company.

Dividends with the record date belonging to the fiscal year ended December 31, 2025 and the effective date being in the following fiscal year are as follows:

	Class of shares	Total dividend amount	Dividend per share	Record date	Effective date
		(¥ million)	(¥)		
Resolution of the Board of Directors on February 20, 2026	Ordinary shares	23,787	30.0	December 31, 2025	March 26, 2026

(Note) Total dividend amount includes a dividend of ¥6 million and ¥39 million attributable to the Company's shares held by the Foundation and the Trust, respectively, both of which are consolidated subsidiaries of the Company.

24 Share-based payments

(1) Description of share-based payments plan

Nexon Group has a share option plan with an aim to raise its directors' and employees' motivation and morale to improve Nexon Group's performance and corporate value as well as to secure talented people.

Options are granted to eligible persons approved by the Board of Directors of the Company and its subsidiaries without consideration based on the plan details approved at the general meeting of shareholders of the Company and its subsidiaries. The exercise period is provided by the allotment agreement, and options not exercised during such exercise period will lapse. If eligible persons leave Nexon Group during the vesting period, their options will lapse.

Share option plan No. 19-1 and No. 19-2 include share options that link vesting of share acquisition rights to the term of office and equity-based share options (performance-based) that link vesting of share acquisition rights to consolidated operating profit for the fiscal year ended December 31, 2023 (referred to as "No. 19-1 (Consolidated operating profit)" and "No. 19-2 (Consolidated operating profit)," respectively, in the table below), to relative TSR for the three years from the date of the Annual General Meeting of Shareholders in 2021 to the date of the Annual General Meeting of Shareholders in 2024 (referred to as "No. 19-1 (Relative TSR)" and "No. 19-2 (Relative TSR)," respectively, in the table below), and to EBITDA in the Western markets for the fiscal years ended December 31, 2022 and 2023 (referred to as "No. 19-1 (EBITDA in Western markets)" in the table below).

Share option plan No. 24-2 also includes share options that link vesting of share acquisition rights to the term of office and equity-based share options (performance-based) that link vesting of share acquisition rights to consolidated operating profit for the fiscal year ending December 31, 2025 (referred to as "No. 24-2 (Consolidated operating profit)" in the table below) and to relative TSR for the three years from the date of the Annual General Meeting of Shareholders in 2023 to the date of the Annual General Meeting of Shareholders in 2026 (referred to as "No. 24-2 (Relative TSR)" in the table below).

Share option plan No. 26-2 also includes share options that link vesting of share acquisition rights to the term of office and equity-based share options (performance-based) that link vesting of share acquisition rights to consolidated operating profit for the fiscal years ending December 31, 2026 and 2027 (referred to as "No. 26-2 (Consolidated operating profit)" in the table below) and to relative TSR for the three years from the date of the Annual General Meeting of Shareholders in 2024 to the date of the Annual General Meeting of Shareholders in 2027 (referred to as "No. 26-2 (Relative TSR)" in the table below).

In addition, share option plan No. 28 also includes share options that link vesting of share acquisition rights to the term of office and equity-based share options (performance-based) that link vesting of share acquisition rights to consolidated operating profit for the fiscal years ending December 31, 2027 and 2028 (referred to as "No. 28 (Consolidated operating profit)" in the table below) and to relative TSR for the three years from the date of the Annual General Meeting of Shareholders in 2025 to the date of the Annual General Meeting of Shareholders in 2028 (referred to as "No. 28 (Relative TSR)" in the table below).

Share options granted to eligible persons are accounted for as equity-settled share-based payment, and expenses relating to equity-settled share-based payment transactions for the fiscal years ended December 31, 2024, and 2025 were ¥3,220 million and ¥4,417 million, respectively.

Details of Nexon Group's share option plan in effect during the fiscal years ended December 31, 2025, and 2024 are as follows:

	Number granted	Grant date	Exercise deadline	Exercise price	Fair value on grant date (Note 1)
	Shares			Yen	Yen
No. 6	500,000	May 7, 2013	May 6, 2043	1	472
No. 10	100,000	August 3, 2015	August 2, 2045	1	779
No. 13-3	296,000	February 8, 2018	February 7, 2024	1,685	522
No. 15-1	246,000	July 26, 2018	July 25, 2024	1,699	532
No. 18-2	1,480,000	May 14, 2020	May 13, 2026	2,072	635
No. 18-3	10,020,000	November 9, 2020	November 8, 2026	3,055	1,180
No. 19-1	165,416	April 12, 2021	March 15, 2025	0	3,555
No. 19-1 (Consolidated operating profit)	226,601	April 12, 2021	March 15, 2025	0	3,550
No. 19-1 (Relative TSR)	339,901	April 12, 2021	March 15, 2025	0	2,303
No. 19-1 (EBITDA in Western markets)	940,948	April 12, 2021	March 15, 2025	0	3,550
No. 19-2	3,566	May 27, 2021	March 15, 2025	0	2,572
No. 19-2 (Consolidated operating profit)	5,706	May 27, 2021	March 15, 2025	0	2,567
No. 19-2 (Relative TSR)	8,558	May 27, 2021	March 15, 2025	0	2,303
No. 20-1	1,010,000	July 12, 2021	July 11, 2027	2,325	921
No. 20-2	10,607,000	October 1, 2021	September 30, 2027	1,759	680
No. 20-3	115,000	November 17, 2021	November 16, 2027	2,498	984
No. 22	265,000	May 13, 2022	May 12, 2028	3,065	1,195
No. 23	8,004	April 11, 2023	March 15, 2025	0	3,145
No. 24	12,008	April 11, 2023	March 15, 2027	0	3,135
No. 24-2	168,103	August 24, 2023	March 15, 2027	0	2,805
No. 24-2 (Consolidated operating profit)	139,383	August 24, 2023	March 15, 2027	0	2,795
No. 24-2 (Relative TSR)	209,074	August 24, 2023	March 15, 2027	0	1,244
No. 25	9,230	April 12, 2024	March 15, 2026	0	2,414
No. 26	13,846	April 12, 2024	March 15, 2028	0	2,400
No. 26 - 2	314,529	March 6, 2025	March 15, 2028	0	2,038
No. 26 - 2 (Consolidated operating profit)	274,674	March 6, 2025	March 15, 2028	0	2,023
No. 26 - 2 (Relative TSR)	412,016	March 6, 2025	March 15, 2028	0	634
No. 27	10,732	April 11, 2025	March 15, 2027	0	2,065
No. 28	21,466	April 11, 2025	March 15, 2029	0	2,035
No. 28 (Consolidated operating profit)	8,586	April 11, 2025	March 15, 2029	0	2,021
No. 28 (Relative TSR)	12,880	April 11, 2025	March 15, 2029	0	1,066

(Notes) 1. Share options of No. 13-3, No. 15-1, No. 18-1, No. 18-2 and No. 19-1 (excluding consolidated operating profit, relative TSR, and EBITDA in European and U.S. market), No. 19-2 (excluding consolidated operating profit and relative TSR), No. 20-1, No. 20-2, No. 20-3, No. 22, No. 24, No. 24-2 (excluding

consolidated operating profit and relative TSR) and No. 26 , No. 26-2 (excluding Relative TSR) and No. 28 (excluding Relative TSR) become exercisable in multiple installments in a phased manner over time, and therefore their fair unit values on grant date vary for each start date of the exercise period. The fair value on grant date of these options represents the weighted average of the fair unit value on grant date for each start date of the exercise period calculated using the number of shares that become exercisable on such date.

2. A two-for-one share split was executed as of April 1, 2018. As a result, number granted, exercise price, and fair value on grant date presented above have been adjusted to correspond to the number of shares after the share split.

(2) Option pricing

The weighted average fair value of share options granted during the fiscal years ended December 31, 2024 and 2025 was ¥2,405 and ¥1,474, respectively.

The Monte-Carlo Simulation is used for No. 19-1 (Relative TSR), No. 19-2 (Relative TSR), No. 24-2 (Relative TSR), No. 26-2 (Relative TSR) and, No. 28 (Relative TSR), the binomial model is used for share options other than relative TSR after No. 18-3 and the Black-Scholes model is used for all the other share options to evaluate options in calculating share-based payment expenses.

The assumptions used in the binomial model and the Monte-Carlo Simulation for share options granted during the fiscal years ended December 31, 2024 and 2025 are as follows. Expected volatility is calculated based on the historical share prices for the latest period corresponding to the expected life of options from the grant date, with share information collected on a daily basis.

	Share price on grant date	Exercise price	Expected volatility	Expected life	Expected dividend rate	Risk-free rate
	Yen	Yen	%	Years	%	%
No. 25	2,430	0	37.8	2	0.6	0.3
No. 26	2,430	0	37.8~41.3	2~4	0.6	0.3~0.4
No. 26 - 2	2,070	0	39.7~41.7	1~3	1.5	0.6~0.9
No. 26 - 2 (Consolidated operating profit)	2,070	0	39.7~41.5	2~3	1.5	0.9
No. 26 - 2 (Relative TSR)	2,070	0	23.2~41.1	3	0.0~1.5	0.9~4.0
No. 27	2,093	0	42.5	2	1.4	0.6
No. 28	2,093	0	40.0~42.5	2~4	1.4	0.6~0.7
No. 28 (Consolidated operating profit)	2,093	0	40.0~40.7	3~4	1.4	0.7
No. 28 (Relative TSR)	2,093	0	26.4~43.6	4	0.0~1.4	0.7~4.0

(3) Total number of exercisable shares and average exercise price

	Fiscal year ended December 31, 2024		Fiscal year ended December 31, 2025	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	Shares	Yen	Shares	Yen
Balance at January 1	20,220,746	2,168	15,966,688	2,347
Granted	23,076	0	1,054,883	0
Forfeited	(1,747,242)	1,135	(248,434)	2,848
Exercised	(2,529,892)	1,727	(4,629,242)	2,101
Expired	—	—	(4,002)	0
Balance at December 31	15,966,688	2,347	12,139,893	2,227
Exercisable at end of year	15,198,413	2,460	10,685,361	2,531

The weighted average remaining contractual lives for the fiscal years ended December 31, 2024 and 2025 were 2.4 years and 1.4 years, respectively.

The weighted average share prices at the time of exercise of share options exercised during the fiscal years ended December 31, 2024, and 2025 were ¥2,570 and ¥3,249, respectively.

25 Financial risk management

(1) Capital management

Nexon Group has a basic policy of maintaining adequate level of capital and liabilities/capital composition corresponding to its business risk, with the aim of maintaining financial soundness and efficiencies as well as achieving sustainable growth. Nexon Group focuses on the balance between cash and cash equivalents, interest-bearing liabilities and shareholders' equity, and their balances and the equity-to-asset ratio are as follows:

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Cash and cash equivalents	331,931	498,868
Interest-bearing liabilities (Note 1)	39,998	52,145
Shareholders' equity (Note 2)	1,019,013	1,057,544
Equity-to-asset ratio (%) (Note 3)	81.1	75.0

(Notes) 1. Interest-bearing liabilities include "Lease liabilities (current)" and "Lease liabilities (non-current)."
2. Shareholders' equity represents "Total equity attributable to owners of parent."
3. Equity-to-asset ratio is calculated as "Shareholders' equity at December 31/Total assets at December 31 x 100 (%)."

Nexon Group promotes cash flow-oriented management and maintained cash and cash equivalents in excess of interest-bearing liabilities as of December 31, 2024 and 2025. Nexon Group is not subject to any material capital control.

(2) Financial risk management policy

Nexon Group is exposed to financial risks during the course of its business operations. The Company developed the risk management rules to prevent risks from arising and mitigate risks. Nexon Group also has a policy to use derivative contracts only for the purpose of mitigating financial risks and prohibit the use of derivative contracts for speculative purposes.

(3) Credit risk

Receivables arising from Nexon Group's operating activities are exposed to credit risk of customers.

Trade and other receivables are exposed to credit risk of customers. With regard to the credit risk, the Company and its consolidated subsidiaries, based on the respective receivables management rules, regularly conduct credit reviews of their customers to obtain their credit information and manage due dates and outstanding credit balances by customer, in order to detect signs of deteriorating financial conditions of customers at an early stage and mitigate potential risks regarding collectability.

For trade receivables, we measure lifetime expected credit losses as a practical expedient based on historical credit loss, qualitative factors available to us at this point as well as overall macroeconomic trends. However, delinquent receivables which are overdue and considered to have solvency issues based on the understanding and consideration of financial condition of the debtors are treated as impaired trade receivables. When there are no reasonable expectations of recovering receivables, for example when the legal proceedings of the debtors are completed or if it becomes clear that all of the outstanding balance cannot be recovered based on the debtor's payment ability, the carrying amount of the receivables are directly reduced.

As of December 31, 2024 and 2025, trade and other receivables of Nexon Group from one particular corporate group (Korea segment) amounted to ¥69,824 million (78.7% of trade and other receivables as of December 31, 2024) and ¥27,289 million (31.6% of trade and other receivables as of December 31, 2025), respectively, resulting in concentration of credit risk.

The carrying amounts of financial assets, net of impairment loss, presented in the consolidated financial statements are the maximum exposure to credit risk associated with financial assets of Nexon Group without considering the value of related collaterals.

(4) Liquidity risk

Nexon Group monitors liquidity risk by preparing a funding plan based on the business plan and assessing the positions of cash in hand and interest-bearing liabilities on a regular basis.

The following table summarizes Nexon Group's financial liabilities by maturity dates:

Fiscal year ended December 31, 2024

(Millions of yen)

	Carrying amount	Contractual cash flows	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Trade and other payables	15,651	15,651	15,651	—	—	—	—	—
Lease liabilities (current)	7,120	7,320	7,320	—	—	—	—	—
Other financial liabilities (current)	2,231	2,231	2,231	—	—	—	—	—
Lease liabilities (non-current)	32,878	42,874	—	7,192	6,432	5,299	5,169	18,782
Other financial liabilities (non-current)	1,089	1,089	—	308	169	158	160	294

Fiscal year ended December 31, 2025

(Millions of yen)

	Carrying amount	Contractual cash flows	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Trade and other payables	42,253	42,253	42,253	—	—	—	—	—
Lease liabilities (current)	20,830	21,026	21,026	—	—	—	—	—
Other financial liabilities (current)	3,073	3,073	3,073	—	—	—	—	—
Lease liabilities (non-current)	31,315	39,689	—	6,986	5,979	5,462	5,524	15,738
Other financial liabilities (non-current)	286	292	—	290	—	—	—	2

(5) Foreign exchange risk

Nexon Group operates global business and is exposed to foreign exchange fluctuation risk related mainly to the Korean won, U.S. dollar and Chinese yuan.

Assuming a 1% rise in all foreign currencies against the functional currency for financial instruments held by Nexon Group that are denominated in foreign currencies, profit before tax in the consolidated statement of profit or loss would increase by ¥8,866 million and ¥8,754 million for the fiscal years ended December 31, 2024 and 2025, respectively.

(6) Interest rate risk

The disclosure is omitted as the amount is immaterial.

(7) Market price fluctuation risk

Nexon Group is exposed to price fluctuation risk associated with securities recognized in the consolidated statement of financial position.

Assuming a 1% increase in the fair value of marketable securities held by Nexon Group, other comprehensive profit before tax in the consolidated statement of comprehensive income for the fiscal years ended December 31, 2024 and 2025 would increase by ¥1,943 million and ¥543 million, respectively, and profit before tax in the

consolidated statement of profit or loss for the fiscal years ended December 31, 2024 and 2025 would increase by ¥235 million and ¥204 million, respectively.

(8) Derivatives and hedge accounting

The disclosure is omitted as the amount is immaterial.

26 Fair value of financial instruments

(1) Calculation method of fair value

(Millions of yen)

	As of December 31, 2024					
	Carrying amount					Fair value
	Financial assets/liabilities measured at FVTPL (Note 1)	Financial assets/ liabilities measured at FVTOCI (Note 2)	Financial assets/ liabilities measured at amortized cost	Lease receivables	Total	
Cash and cash equivalents	—	—	331,931	—	331,931	331,931
Trade and other receivables	—	—	88,073	644	88,717	88,717
Other deposits	—	—	268,934	—	268,934	268,934
Other financial assets (current)	23,500	—	25,971	—	49,471	49,471
Other financial assets (non-current)	47,750	199,569	19,701	1,290	268,310	268,310
Trade and other payables	—	—	15,651	—	15,651	15,651
Other financial liabilities (current)	—	—	2,231	—	2,231	2,231
Other financial liabilities (non-current)	—	—	1,089	—	1,089	1,089

(Notes) 1. Financial assets and liabilities measured at fair value through profit or loss

2. Financial assets and liabilities measured at fair value through other comprehensive income

(Millions of yen)

	As of December 31, 2025					
	Carrying amount					Fair value
	Financial assets/liabilities measured at FVTPL (Note 1)	Financial assets/ liabilities measured at FVTOCI (Note 2)	Financial assets/ liabilities measured at amortized cost	Lease receivables	Total	
Cash and cash equivalents	—	—	498,868	—	498,868	498,868
Trade and other receivables	—	—	86,005	290	86,295	86,295
Other deposits	—	—	342,239	—	342,239	342,239
Other financial assets (current)	20,435	—	24,560	—	44,995	44,995
Other financial assets (non-current)	67,567	60,323	17,896	97	145,883	145,883
Trade and other payables	—	—	42,253	—	42,253	42,253
Other financial liabilities (current)	—	—	3,073	—	3,073	3,073
Other financial liabilities (non-current)	—	—	286	—	286	286

(Notes) 1. Financial assets and liabilities measured at fair value through profit or loss
2. Financial assets and liabilities measured at fair value through other comprehensive income

The fair value of financial assets and financial liabilities is determined as follows. The fair value of financial instruments is estimated using their market price or discounting future cash flows, etc. when the market price is not available.

Cash and cash equivalents, other deposits, trade and other payables

They are stated at carrying amount as it approximates fair value because of the short period of time until its maturity or settlement.

Trade and other receivables

The fair value is estimated based on the present value of future cash flows of receivables grouped by category discounted at an appropriate rate such as government bonds yields adjusted with credit risk. Trade and other receivables with short maturities are stated at carrying amount as it approximates fair value.

Other financial assets (current)

Marketable equity instruments and debt instruments are classified as financial assets measured at fair value through profit or loss ("FVTPL") and measured at fair value at the end of the reporting period. Fair values are based on market prices.

Of debt instruments, debt securities are measured at fair value at the end of the reporting period based on the quoted price provided by counterparty financial institutions.

Other items presented in this category are stated at carrying amount as it approximates fair value because of the short period of time until its maturity or settlement.

Other financial assets (non-current)

Stocks included in marketable securities are classified as financial assets measured at fair value through other comprehensive income ("FVTOCI") and measured at fair value at the end of the reporting period. Fair values are based on market prices.

Unlisted stocks classified as financial assets measured at FVTOCI are measured at fair value at the end of reporting period. Fair values are estimated primarily by discounting future cash flows.

Stocks other than the above and funds are classified as financial assets measured at FVTPL and measured at fair value at the end of the reporting period.

For other items presented in this category, fair values are estimated primarily by discounting future cash flows.

Other financial liabilities (current)

They are stated at carrying amount as it approximates fair value because of the short period of time until its maturity or settlement.

Other financial liabilities (non-current)

Derivative liabilities without hedge accounting application are classified as financial liabilities measured at FVTPL and measured at fair value at the end of the reporting period.

For other items presented in this category, fair values are estimated primarily by discounting future cash flows.

(2) Financial instruments measured at fair value

IFRS 13 *Fair Value Measurement* requires fair value measurements to be categorized using the fair value hierarchy based on the significance of the inputs used to measure fair value.

The fair value hierarchy consists of the following three levels:

・Level 1: Quoted prices for identical assets or liabilities in active markets
・Level 2: Inputs made up of prices, other than quoted prices, that are observable, either directly or indirectly
・Level 3: Inputs that include unobservable prices

The level of the fair value hierarchy used to measure fair value is determined based on the lowest level input that is significant to the fair value measurement. Transfers between levels are recognized on the date of the event or change in circumstances that caused the transfer.

The following tables present the financial assets and liabilities recognized at fair value in the consolidated statement of financial position on a recurring basis by fair value hierarchy level.

(Millions of yen)

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Other financial assets (current)				
Financial assets measured at FVTPL				
Stocks	23,500	—	—	23,500
Other financial assets (non-current)				
Financial assets measured at FVTPL				
Stocks	—	—	2,550	2,550
Funds	—	—	45,200	45,200
Financial assets measured at FVTOCI				
Stocks	194,336	—	5,233	199,569
Total financial assets	217,836	—	52,983	270,819

(Millions of yen)

	As of December 31, 2025			
	Level 1	Level 2	Level 3	Total
Other financial assets (current)				
Financial assets measured at FVTPL				
Stocks	20,435	—	—	20,435
Other financial assets (non-current)				
Financial assets measured at FVTPL				
Stocks	—	—	2,678	2,678
Funds	—	—	64,889	64,889
Financial assets measured at FVTOCI				
Stocks	54,275	—	6,048	60,323
Total financial assets	74,710	—	73,615	148,325

The following table presents changes in financial instruments measured at fair value on a recurring basis classified as Level 3:

(Millions of yen)

	Fiscal year ended December 31, 2024			
	Other financial assets			Other financial liabilities
	Stocks	Funds	Total	Derivative liabilities without hedge accounting application
Balance at January 1	10,641	22,686	33,327	0
Gains or losses				
Profit or loss (Note 1)	(0)	9,059	9,059	(0)
Other comprehensive income (Note 2)	(1,402)	—	(1,402)	—
Purchases	—	12,419	12,419	—
Sales	(913)	—	(913)	—
Distribution	—	(1,532)	(1,532)	—
Transfer to equity method investments (Note 3)	(341)	—	(341)	—
Exchange differences on translation of foreign operations	(202)	2,568	2,366	0
Balance at December 31	7,783	45,200	52,983	—
Unrealized gains (losses) recognized in profit or loss relating to assets and liabilities held at the end of the reporting period (Note 1)	—	7,850	7,850	—

(Notes) 1. Gains or losses recognized in profit or loss are presented in finance income or costs.

2. Gains or losses recognized in other comprehensive income are presented in financial assets measured at fair value through other comprehensive income.

3. The transfer to equity method investments represents a reclassification from other financial assets (stocks), following the conversion of redeemable convertible preferred shares of an investee of the Group into ordinary shares during the interim consolidated accounting period, as a result of which Nexon Group obtained significant influence over the investee.

(Millions of yen)

	Fiscal year ended December 31, 2025		
	Other financial assets		
	Stocks	Funds	Total
Balance at January 1	7,783	45,200	52,983
Gains or losses			
Profit or loss (Note 1)	83	11,220	11,303
Other comprehensive income (Note 2)	270	—	270
Purchases	442	9,097	9,539
Sales	(21)	—	(21)
Distribution	—	(1,281)	(1,281)
Exchange differences on translation of foreign operations	169	653	822
Balance at December 31	8,726	64,889	73,615
Unrealized gains (losses) recognized in profit or loss relating to assets and liabilities held at the end of the reporting period (Note 1)	83	10,298	10,381

(Notes) 1. Gains or losses recognized in profit or loss are presented in finance income or costs.
2. Gains or losses recognized in other comprehensive income are presented in financial assets measured at fair value through other comprehensive income.

Fair values of financial instruments classified as Level 3 are measured by the Accounting & Finance Department of the Company and its consolidated subsidiaries in accordance with relevant internal rules. Fair values are measured with reasonably estimated inputs using the most appropriate valuation model determined based on the nature of the assets, etc., and a proper internal approval process is followed in making such decisions to ensure the validity of the measurements.

The valuation technique used to measure fair values of financial instruments measured at fair value on a recurring basis that are classified as Level 3 is mainly the discounted cash flow method, and the significant unobservable input is usually a discount rate. A rise or fall in discount rates results in a decrease or increase in these fair values, respectively. The effect on fair values of using reasonably possible alternative assumptions as inputs is insignificant.

(3) Financial assets and liabilities which are not measured at fair value in the consolidated statement of financial position but whose fair value is disclosed

Classification by hierarchy of financial assets and liabilities which are not measured at fair value in the consolidated statement of financial position but whose fair value is disclosed is as follows. Financial assets and liabilities whose carrying amounts approximate their fair values are excluded.

The valuation technique used to measure fair value of financial assets and liabilities which are not measured at fair value in the consolidated statement of financial position but whose fair value is disclosed as Level 3 is mostly the discounted cash flow method and a significant unobservable input is mostly discount rates.

(Millions of yen)

	As of December 31, 2024				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Other financial assets (non-current)					
Term deposits	6,969	—	6,969	—	6,969
Security deposits and guarantees	4,161	—	—	4,161	4,161
Lease receivables	1,290	—	—	1,290	1,290
Long-term loans receivable	7,212	—	—	7,212	7,212
Other	1,359	—	—	1,359	1,359
Total other financial assets (non-current)	20,991	—	6,969	14,022	20,991
Other financial liabilities (non-current)					
Other	1,089	—	—	1,089	1,089
Total other financial liabilities (non-current)	1,089	—	—	1,089	1,089

(Millions of yen)

	As of December 31, 2025				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Other financial assets (non-current)					
Term deposits	352	—	352	—	352
Security deposits and guarantees	5,317	—	—	5,317	5,317
Lease receivables	97	—	—	97	97
Long-term loans receivable	10,973	—	—	10,973	10,973
Other	1,254	—	—	1,254	1,254
Total other financial assets (non-current)	17,993	—	352	17,641	17,993
Other financial liabilities (non-current)					
Other	286	—	—	286	286
Total other financial liabilities (non-current)	286	—	—	286	286

(4) Material commitment

Nexon Group has commitments to make additional investment in the following investee.

Company name	As of December 31, 2024	As of December 31, 2025
Smash Capital Fund I L.P.	USD 95.5 million (¥15,106 million)	USD 50.5 million (¥7,906 million)

27 Revenue

Revenue is generated mostly by provision of services and royalty. See “5 Segment Information” for details of revenue.

28 Cost of sales

Cost of sales consisted of the following:

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Outsourcing expenses	6,312	11,690
HR costs	89,832	96,104
Data center usage fee	15,733	5,974
Royalty	40,771	54,951
Depreciation and amortization	4,466	5,574
Rent	70	629
Other costs	7,654	18,166
Total	164,838	193,088

HR costs consisted of the following:

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Salaries and bonuses	74,328	76,358
Share-based payment expenses	646	1,123
Retirement benefit expenses	4,007	4,119
Employee benefit expenses	4,732	5,437
Statutory welfare expenses	6,119	9,067
Total	89,832	96,104

29 Selling, general and administrative expenses

Selling, general and administrative expenses consisted of the following:

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
HR costs	35,421	31,965
PG fees	11,830	9,912
Marketing expenses	28,713	36,181
Depreciation and amortization	4,538	4,518
Research and development expenses	24,944	26,429
Platform usage fees	21,316	36,281
Other	15,414	16,642
Total	142,176	161,928

HR costs consisted of the following:

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Officers' compensation (Note)	872	1,534
Salaries and bonuses	24,913	19,723
Share-based payment expenses	2,605	3,227
Retirement benefit expenses	1,342	1,563
Employee benefit expenses	2,785	2,978
Statutory welfare expenses	2,904	2,940
Total	35,421	31,965

(Note) Officers' compensation includes officers' share-based payment expenses.

30 Other income and other expenses

(1) Other income

Other income consisted of the following:

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Gain on cancellation of points	94	131
Gain on liquidation of subsidiaries	—	8,712
Gain on sale of subsidiaries' shares	29	—
Other	916	1,830
Total	1,039	10,673

(2) Other expenses

Other expenses consisted of the following:

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Impairment loss (Note)	13,432	4,559
Loss on sale or disposal of fixed assets	168	21
Loss on liquidation of subsidiaries	—	252
Loss on sale of subsidiaries' shares	626	—
Other	1,834	1,915
Total	16,060	6,747

(Note) Includes impairment loss on prepaid expenses (prepaid royalty) and long-term prepaid expenses recorded in other current assets and other non-current assets of ¥6,695 million and ¥781 million for the fiscal years ended December 31, 2024, and 2025, respectively.

31 Finance income and finance costs

(1) Finance income

Finance income consisted of the following:

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Interest income		
Financial assets measured at amortized cost	19,725	18,468
Financial income related to sublease	82	38
Dividend income		
Financial assets measured at FVTPL	149	132
Financial assets measured at FVTOCI	4,078	3,359
Gain on valuation of securities		
Financial assets measured at FVTPL	14,991	13,442
Gain on sale of securities		
Financial assets measured at FVTPL	2,550	141
Gain on redemption of securities		
Financial assets measured at FVTPL	1,209	921
Gain on sale of investments accounted for equity method	—	70
Gain on reversal of loss allowance		
Financial assets measured at amortized cost (Note)	5,665	—
Foreign exchange gain	30,889	—
Other	360	679
Total	79,698	37,250

(Note) Gain on reversal of loss allowance in the fiscal year ended December 31, 2024 represents reversal of provision for loss allowance recorded for joint ventures accounted for using equity method in the fiscal year ended December 31, 2023.

(2) Finance costs

Finance costs consisted of the following:

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Interest expense		
Financial liabilities measured at amortized cost	0	5
Lease liabilities	2,107	2,052
Commission fees	1,195	869
Provision for loss allowance		
Financial assets measured at amortized cost	51	521
Foreign exchange loss	—	2,734
Other	47	4,332
Total	3,400	10,513

32 Other comprehensive income

The amounts recorded during the year and reclassified to profit or loss and income tax effect by other comprehensive income items are as follows:

Fiscal year ended December 31, 2024

(Millions of yen)

	Recorded	Reclassified	Before tax	Income tax	After tax
Items that will not be reclassified to profit or loss					
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	61,983	—	61,983	(16,352)	45,631
Remeasurements of defined benefit plans	(26)	—	(26)	—	(26)
Gain on revaluation of intangible assets	14,320	—	14,320	(4,693)	9,627
Share of other comprehensive income of investments accounted for using equity method	2,062	—	2,062	—	2,062
Total of items that will not be reclassified to profit or loss	78,339	—	78,339	(21,045)	57,294
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations	(12,534)	425	(12,109)	—	(12,109)
Total of items that may be reclassified to profit or loss	(12,534)	425	(12,109)	—	(12,109)
Total other comprehensive income	65,805	425	66,230	(21,045)	45,185

Fiscal year ended December 31, 2025

(Millions of yen)

	Recorded	Reclassified	Before tax	Income tax	After tax
Items that will not be reclassified to profit or loss					
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	61,483	—	61,483	(15,579)	45,904
Remeasurements of defined benefit plans	21	—	21	—	21
Gain on revaluation of intangible assets	(1,876)	—	(1,876)	346	(1,530)
Share of other comprehensive income of investments accounted for using equity method	1,504	—	1,504	—	1,504
Total of items that will not be reclassified to profit or loss	61,132	—	61,132	(15,233)	45,899
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations	17,891	(9,546)	8,345	—	8,345
Total of items that may be reclassified to profit or loss	17,891	(9,546)	8,345	—	8,345
Total other comprehensive income	79,023	(9,546)	69,477	(15,233)	54,244

33 Earnings per share

Basic and diluted earnings per share attributable to owners of parent are calculated based on the following information:

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Profit attributable to owners of parent (millions of yen)	134,848	92,052
Adjustments of profit used for the calculation of diluted earnings per share		
Adjustments due to dilutive shares of consolidated subsidiaries (millions of yen)	(45)	—
Diluted profit attributable to owners of parent (millions of yen)	134,803	92,052
Number of basic weighted-average ordinary shares (shares) (Note 1)	833,468,361	804,115,420
Dilution: Share option (shares)	3,340,830	2,606,918
Number of dilutive weighted-average ordinary shares (shares)	836,809,191	806,722,338
Earnings per share (attributable to owners of parent)		
Basic earnings per share	¥161.79	¥114.48
Diluted earnings per share (Note 2)	¥161.09	¥114.11

(Notes) 1. The Company's ordinary shares held by our consolidated subsidiaries, the Foundation and the Trust, are included in the treasury shares deducted in the calculation of the number of basic weighted-average ordinary shares. As for the deducted treasury shares, the average number of shares during the period was 543,596 shares and 941,839 shares, respectively, for the fiscal year ended December 31, 2024 and 347,549 shares and 1,595,471 shares, respectively, for the fiscal year ended December 31, 2025.

2. Certain share acquisition rights issued by the Company do not have any dilutive effect and thus are not included in the calculation of diluted earnings per share.

34 Non-cash transactions

Material non-cash transactions (investments and financing transactions not needing the use of cash and cash equivalents) executed during the fiscal years ended December 31, 2024 and 2025 were increases in right-of-use assets associated with leases.

Refer to "19 Lease transactions (1) Lease as a lessee" for increases in right-of-use assets associated with leases.

35 Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities are as follows:

Fiscal year ended December 31, 2024

(Millions of yen)

	Lease liabilities (current)	Lease liabilities (non-current)	Total liabilities arising from financing activities
January 1, 2024	5,634	24,090	29,724
Cash flows			
Repayment	(4,400)	—	(4,400)
Non-cash activities			
Acquisition through business combinations	60	369	429
Decrease due to change in scope of consolidation	(181)	(24)	(205)
New lease	323	13,662	13,985
Impact of remeasurement of lease liabilities	(1,969)	3,728	1,759
Transfers between accounts	7,930	(7,930)	—
Termination of lease contracts	(224)	(249)	(473)
Exchange differences on translation of foreign operations	(53)	(768)	(821)
December 31, 2024	7,120	32,878	39,998

Fiscal year ended December 31, 2025

(Millions of yen)

	Lease liabilities (current)	Lease liabilities (non-current)	Total liabilities arising from financing activities
January 1, 2025	7,120	32,878	39,998
Cash flows			
Repayment	(5,137)	—	(5,137)
Non-cash activities			
New lease	13,328	3,383	16,711
Impact of remeasurement of lease liabilities	(3,302)	4,775	1,473
Transfers between accounts	9,175	(9,175)	—
Termination of lease contracts	(896)	(1,181)	(2,077)
Exchange differences on translation of foreign operations	542	635	1,177
December 31, 2025	20,830	31,315	52,145

36 Subsidiaries

(1) Composition of the corporate group

Composition of Nexon Group is as follows:

Reportable segment	As of December 31, 2024		As of December 31, 2025	
	Wholly-owned subsidiaries	Subsidiaries with non-controlling interests	Wholly-owned subsidiaries	Subsidiaries with non-controlling interests
	Number of companies	Number of companies	Number of companies	Number of companies
Japan	—	—	—	—
Korea	15	2	15	3
China	1	—	1	—
North America	6	—	6	—
Other	21	—	11	—
Total	43	2	33	3

(2) Major subsidiaries

Major subsidiaries as of December 31, 2025 are as follows:

Company	Reportable segment	Location	Share capital	Ownership ratio (%)	
				FY2024	FY2025
NEXON Korea Corporation	Korea	Seongnam, Gyeonggi-do, South Korea	KRW 32,500 million	100.0	100.0
Lexian Software Development (Shanghai) Co., Ltd.	China	Shanghai, PRC	USD 4,100 thousand	100.0	100.0
Nexon America, Inc.	North America	California, USA	USD 210	100.0	100.0
NEOPLE INC.	Korea	Jeju Self-Governing Province, South Korea	KRW 181 million	100.0	100.0
NEXON Games Co., Ltd.	Korea	Seoul, South Korea	KRW 32,930 million	61.8	62.9
Embark Studios AB	Other	Stockholm, Sweden	SEK 67 thousand	100.0	100.0

(3) Subsidiaries with non-controlling interests

The Company's subsidiaries with material non-controlling interests are as follows:

(Millions of yen)

Company name	Location of subsidiaries	Ratio of non-controlling interests		Profit/loss allocated to non-controlling interests		Cumulative amount of non-controlling interests	
		FY2024	FY2025	FY2024	FY2025	FY2024	FY2025
NEXON Games Co., Ltd.	Korea	38.2%	37.2%	1,281	(2,437)	11,362	8,139

The condensed financial statements of NEXON Games Co., Ltd. are as follows.

(Millions of yen)

Statement of financial position	As of December 31, 2024	As of December 31, 2025
Total assets	50,976	42,659
Total liabilities	17,601	15,314
Total equity	33,375	27,345

(Millions of yen)

Statement of comprehensive income	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Revenue	27,981	18,402
Profit	3,246	(6,764)
Comprehensive income	3,246	(6,764)

(Millions of yen)

Statement of cash flows	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Cash flows from operating activities	7,026	(4,822)
Cash flows from investing activities	(10,806)	7,152
Cash flows from financing activities	(595)	(2,601)
Net decrease in cash and cash equivalents	(4,375)	(271)
Cash and cash equivalents at the beginning of the year	10,690	6,143
Effects of exchange rate changes on cash and cash equivalents	(172)	49
Cash and cash equivalents at the end of the year	6,143	5,921

(4) Outcome of changes in parent company's ownership interest in subsidiaries that do not result in a loss of control

The impact on capital surplus of changes in parent company's ownership interest in subsidiaries that do not result in a loss of control is as follows:

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Amount of impact of capital transaction with non-controlling interest	125	(748)

37 Related party transactions

(1) Transactions with related parties

Nexon Group conducts transactions with the following related parties:

Fiscal year ended December 31, 2024

(a) Associates and joint venture

(Millions of yen)

Attribute	Description of transactions	Transaction volume	Account with outstanding balance	Outstanding balance	Loss allowance for outstanding balance (Note 2)
Associate	Lease transaction	1,543 (KRW 13,898 million)	Lease liability	13,813 (KRW 128,370 million)	—
Joint venture	Loan made (Note 1)	5,102 (KRW 46,000 million)	Other financial assets (long-term loans receivable)	11,190 (KRW 104,000 million)	—
	Interest received	452 (KRW 4,062 million)	Other financial assets (accrued interest)	0 (KRW 3 million)	—
	Interest collected	531 (KRW 4,842 million)			

(Notes) 1. The interest rate on loan is reasonably determined in consideration of market rates.

2. No provision for loss allowance was recorded in the fiscal year ended December 31, 2024.

(b) Officers

(Millions of yen)

Attribute	Name	Relationship	Description of transactions	Transaction volume	Account with outstanding balance	Outstanding balance
Officer	Junghun Lee	Representative Director, President and Chief Executive Officer	Exercise of share option (Note)	616	—	—

(Note) This reflects the exercise of share acquisition rights as the 2021 Share Option (No. 20-2) during the fiscal year ended December 31, 2024.

Fiscal year ended December 31, 2025

(a) Associates and joint ventures

(Millions of yen)

Attribute	Description of transactions	Transaction volume	Account with outstanding balance	Outstanding balance	Loss allowance for outstanding balance
Associate	Lease transaction	2,357 (KRW 22,346 million)	Lease liability	14,666 (KRW 134,061 million)	—
Joint venture	Loan made (Note)	948 (KRW 9,000 million)	Other financial assets (long-term loans receivable)	11,378 (KRW 104,000 million)	—
	Interest received	538 (KRW 5,107 million)	Other financial assets (accrued interest)	172 (KRW 1,572 million)	—
	Interest collected	390 (KRW 3,710 million)			

(Note) The interest rate on loan is reasonably determined in consideration of market rates.

(b) Officers

(Millions of yen)

Attribute	Name	Relationship	Description of transactions	Transaction volume	Account with outstanding balance	Outstanding balance
Officer	Junghun Lee	Representative Director, President and Chief Executive Officer	Exercise of share option (Note)	1,077	—	—
Officer	Daehyun Kang	Director	Exercise of share option (Note)	170	—	—

(Note) This reflects the exercise of share acquisition rights as the 2020 Share Option (No. 18-2) during the fiscal year ended December 31, 2025.

(2) Compensation to key management personnel

Compensation to key management personnel of Nexon Group is as follows:

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Compensation and bonus	705	824
Share-based payments	470	1,024
Total	1,175	1,848

(3) Information on the parent company

The parent company of the Company is NXC Corporation, which is the ultimate controlling party of Nexon Group.

38 Business combination

(1) Fiscal year ended December 31, 2024

The disclosure is omitted as the amount is immaterial.

(2) Fiscal year ended December 31, 2025

Not applicable.

39 Loss of Control

(1) Fiscal year ended December 31, 2024

The disclosure is omitted as the amount is immaterial.

(2) Fiscal year ended December 31, 2025

(a) Overview of loss of control

Nexon Group lost control of Foreign Currency Specified Money Trust, a consolidated subsidiary of the Company, following the completion of its liquidation.

(b) Gains or losses associated with loss of control

Gain on liquidation of a subsidiary of ¥8,704 million is included in "Other income" in the consolidated statement of profit or loss.

40 Contingent liabilities

The disclosure is omitted as the amount is immaterial.

41 Subsequent events

(Cancellation of treasury shares)

Nexon's Board of Directors has approved on February 12, 2026, the cancellation of treasury shares pursuant to the provisions of Article 178 of the Companies Act.

(a) Reasons for the cancellation of treasury shares

To improve capital efficiency and return profits to shareholders.

(b) Details of matters related to the cancellation

(i)	Method of cancellation:	To be reduced from the amount of other retained earnings
(ii)	Class of shares to be canceled:	Ordinary shares of Nexon
(iii)	Number of shares to be canceled:	36,487,500 shares (4.4% of the total number of shares issued as of January 31, 2026)
(iv)	Date of scheduled cancellation:	February 27, 2026

(2) 【Other】

Semi-annual information, etc. for the fiscal year ended December 31, 2025

	First three months	First six months	First nine months	Full-year
Revenue (millions of yen)	113,934	232,784	351,503	475,102
Profit before tax (millions of yen)	38,701	67,545	121,963	140,451
Profit attributable to owners of parent (millions of yen)	26,272	43,030	81,195	92,052
Basic earnings per share (yen)	32.12	53.04	100.56	114.48

	First quarter	Second quarter	Third quarter	Fourth quarter
Basic earnings per share (yen)	32.12	20.82	47.78	13.67

(Note) Review of the financial information for the first three months ended March 31 and nine months ended September 30: N/A

2 【Non-Consolidated Financial Statements, etc.】

(1) 【Non-consolidated financial statements】

(a) 【Non-consolidated balance sheet】

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Assets		
Current assets		
Cash and deposits	118,932	174,695
Accounts receivable - trade	*1 969	*1 937
Accounts receivable - other	*1 421	*1 168
Prepaid expenses	38	57
Income taxes refund receivable	927	—
Other	211	233
Total current assets	121,498	176,090
Non-current assets		
Property, plant and equipment		
Buildings	163	163
Facilities attached to buildings	85	88
Tools, furniture and fixtures	105	112
Accumulated impairment	(330)	(340)
Accumulated depreciation	(23)	(23)
Total property, plant and equipment	—	—
Investments and other assets		
Investment securities	814	681
Shares of subsidiaries and associates	88,971	103,506
Long-term loans receivable from subsidiaries and associates	36,025	35,656
Other	*1 1,292	*1 1,075
Allowance for doubtful accounts	(36,287)	(35,656)
Total investments and other assets	90,815	105,262
Total non-current assets	90,815	105,262
Total assets	212,313	281,352

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	*1 373	*1 339
Accounts payable - other	*1 673	*1 554
Accrued expenses	190	166
Income taxes payable	—	1,083
Consumption taxes payable	—	79
Deposits received	27	84
Unearned revenue	360	313
Provision for bonuses	261	40
Other	1,073	1,260
Total current liabilities	2,957	3,918
Non-current liabilities		
Long-term unearned revenue	106	64
Provision for retirement benefits	195	208
Asset retirement obligations	167	167
Deferred tax liabilities	247	215
Other	344	499
Total non-current liabilities	1,059	1,153
Total liabilities	4,016	5,071
Net assets		
Shareholders' equity		
Share capital	50,633	57,759
Capital surplus		
Legal capital surplus	49,883	57,009
Total capital surplus	49,883	57,009
Retained earnings		
Legal retained earnings	217	217
Other retained earnings		
Retained earnings brought forward	140,069	242,856
Total retained earnings	140,286	243,073
Treasury shares	(48,302)	(93,370)
Total shareholders' equity	192,500	264,471
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	559	486
Total valuation and translation adjustments	559	486
Share acquisition rights	15,238	11,324
Total net assets	208,297	276,281
Total liabilities and net assets	212,313	281,352

(b) 【Non-consolidated statement of income】

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Net sales	*1 7,303	*1 6,427
Cost of sales	*1 3,605	*1 3,193
Gross profit	3,698	3,234
Selling, general and administrative expenses	*1, *2 7,311	*1, *2 7,304
Operating loss	(3,613)	(4,070)
Non-operating income		
Interest income	1,616	863
Foreign exchange gains	3,977	—
Dividend income	*1 103,980	*1 194,731
Other	*1 30	*1 44
Total non-operating income	109,603	195,638
Non-operating expenses		
Foreign exchange losses	—	3,612
Share issuance costs	24	43
Commission for purchase of treasury shares	40	40
Other	34	40
Total non-operating expenses	98	3,735
Ordinary profit	105,892	187,833
Extraordinary income		
Gain on reversal of share acquisition rights	581	287
Total extraordinary income	581	287
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	840	366
Loss on sale of shares of subsidiaries and associates	*1, *3 18,812	—
Impairment losses	119	13
Total extraordinary losses	19,771	379
Profit before income taxes	86,702	187,741
Income taxes - current	5,202	10,557
Total income taxes	5,202	10,557
Profit	81,500	177,184

【Detailed schedule of cost of sales】

Category	Note	Fiscal year ended December 31, 2024		Fiscal year ended December 31, 2025	
		Amount (¥ million)	Ratio (%)	Amount (¥ million)	Ratio (%)
I Outsourcing expenses		192	5.3	365	11.4
II Labor cost		1,134	31.5	829	26.0
III Other costs	*1	2,279	63.2	1,999	62.6
Cost of sales		3,605	100.0	3,193	100.0

(Note) *1. Major components are as follows:

Item	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Royalty (millions of yen)	1,821	1,545
AWS usage fee (millions of yen)	234	257
Rent expenses (millions of yen)	135	123

(c) 【Non-consolidated statement of changes in equity】

Fiscal year ended December 31, 2024

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of period	47,412	46,662	—	46,662	217	119,034	119,251
Changes during period							
Issuance of new shares	3,221	3,221	—	3,221	—	—	—
Dividends of surplus	—	—	—	—	—	(10,465)	(10,465)
Profit	—	—	—	—	—	81,500	81,500
Purchase of treasury shares	—	—	—	—	—	—	—
Cancellation of treasury shares	—	—	—	—	—	(50,000)	(50,000)
Disposal of treasury shares	–	–	–	–	–	–	–
Net changes in items other than shareholders' equity	—	—	—	—	—	—	—
Total changes during period	3,221	3,221	—	3,221	—	21,035	21,035
Balance at end of period	50,633	49,883	—	49,883	217	140,069	140,286

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(43,779)	169,546	525	525	16,314	186,385
Changes during period						
Issuance of new shares	—	6,442	—	—	—	6,442
Dividends of surplus	—	(10,465)	—	—	—	(10,465)
Profit	—	81,500	—	—	—	81,500
Purchase of treasury shares	(54,523)	(54,523)	—	—	—	(54,523)
Cancellation of treasury shares	50,000	—	—	—	—	—
Disposal of treasury shares	–	–	–	–	–	–
Net changes in items other than shareholders' equity	—	—	34	34	(1,076)	(1,042)
Total changes during period	(4,523)	22,954	34	34	(1,076)	21,912
Balance at end of period	(48,302)	192,500	559	559	15,238	208,297

Fiscal year ended December 31, 2025

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of period	50,633	49,883	—	49,883	217	140,069	140,286
Changes during period							
Issuance of new shares	7,126	7,126	—	7,126	—	—	—
Dividends of surplus	—	—	—	—	—	(24,397)	(24,397)
Profit	—	—	—	—	—	177,184	177,184
Purchase of treasury shares	—	—	—	—	—	—	—
Cancellation of treasury shares	—	—	—	—	—	(50,000)	(50,000)
Disposal of treasury shares	—	—	—	—	—	—	—
Net changes in items other than shareholders' equity	—	—	—	—	—	—	—
Total changes during period	7,126	7,126	—	7,126	—	102,787	102,787
Balance at end of period	57,759	57,009	—	57,009	217	242,856	243,073

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(48,302)	192,500	559	559	15,238	208,297
Changes during period						
Issuance of new shares	—	14,252	—	—	—	14,252
Dividends of surplus	—	(24,397)	—	—	—	(24,397)
Profit	—	177,184	—	—	—	177,184
Purchase of treasury shares	(96,845)	(96,845)	—	—	—	(96,845)
Cancellation of treasury shares	50,000	—	—	—	—	—
Disposal of treasury shares	1,777	1,777	—	—	—	1,777
Net changes in items other than shareholders' equity	—	—	(73)	(73)	(3,914)	(3,987)
Total changes during period	(45,068)	71,971	(73)	(73)	(3,914)	67,984
Balance at end of period	(93,370)	264,471	486	486	11,324	276,281

【Notes to non-consolidated financial statements】

(Notes on going concern assumption)

Not applicable.

(Significant accounting policies)

1. Valuation basis and method for securities

(1) Shares of subsidiaries and associates

Stated at cost based on the moving-average method.

(2) Available-for-sale securities

(a) Securities other than stocks without fair value

Stated at fair market value (Unrealized gains and losses, net of applicable taxes, are directly recorded in net assets and cost of securities sold is calculated using the moving-average method)

(b) Stocks without fair value

Stated at cost based on the moving-average method.

2. Depreciation method for non-current assets

(1) Property, plant and equipment, excluding leased assets

Straight-line method

Useful lives of major assets are as follows:

Buildings:	5 ~ 50 years
Facilities attached to buildings:	10 ~ 15 years
Tools, furniture and fixtures:	4 ~ 5 years

(2) Intangible assets, excluding leased assets

Software for internal use is amortized using the straight-line method over the expected useful life (five years).

(3) Leased assets

Finance lease transactions that do not transfer ownership

Finance leased assets without ownership transfer are depreciated using the straight-line method over the lease period, assuming no residual value.

3. Accounting for allowance

(1) Allowance for doubtful accounts

Allowance for performing receivables is provided based on the actual credit loss ratio. Allowance for specific receivables such as those with doubtful collectability is provided for the expected uncollectable amount based on the individual assessment for collectability.

(2) Provision for retirement benefits

Provision for employees' retirement benefits is provided for the amount of obligation expected to have been incurred at year-end based on the estimated retirement benefit obligation as of year-end.

4. Revenue recognition

The Company has applied *Accounting Standard for Revenue Recognition* (Accounting Standards Board of Japan (ASBJ) Statement No. 29) and *Implementation Guidance on Accounting Standard for Revenue Recognition* (ASBJ Guidance No. 30) and recognizes revenue from contracts with customers for transactions involving provision of services based on the following five-step approach.

Step 1: Identify contracts with customers
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations
Step 5: Recognize revenue when (or as) performance obligations are satisfied

The Company is engaged in PC online business, mobile business, and online game publishing support for subsidiaries in Japan ("Support Business"). The Company identifies different assets or services included in contracts with customers and uses them as transactional units in the identification of our performance obligations. As we

identify our performance obligations, we conduct a review as to whether we are a principal or an agent. Revenue recognition criteria and basis for gross versus net presentation of revenue for major revenue categories are as follows.

(1) Revenue recognition criteria by major revenue category

The Company generates revenue primarily from (a) sales of items used in PC online business and mobile business (revenue from microtransactions) and (b) sales from contract services provided in the Support Business.

(a) Sales of items used in PC online business and mobile business (revenue from microtransactions)

PC online business publishes PC online games developed by our subsidiaries. The Company's PC online games are basically free to play, but certain fees are charged to purchase necessary items or use certain services. In PC online games, revenue is recognized over the estimated usage period during which the game items purchased in exchange for game points are expected to be used.

Mobile business publishes mobile games developed by our subsidiaries or other companies through mobile devices such as smartphones and tablets. Mobile games are basically free to play, but certain fees are charged to purchase necessary items or use certain services. In mobile games, revenue is recognized over the estimated usage period during which the game items purchased in exchange for game points are expected to be used.

In our PC online and mobiles businesses, we mostly provide services as a principal, but we also provide some services as an agent.

(b) Sales from contract services provided in the Support Business

The Company recognizes revenue for considerations received by undertaking services including QA, marketing and payment services when our subsidiaries directly service, in Japan, games developed by our subsidiaries or other companies.

Consideration for the Support Business is determined by multiplying man-hours of employees who have rendered services in the Support Business by prescribed contract unit price. Performance obligations are considered to be satisfied at a point in time when services in the Support Business are rendered.

(2) Revenue recognition based on satisfaction of performance obligations

The Company recognizes revenue when, or as, we satisfy our performance obligations by transferring services to customers.

We recognize that performance obligations are satisfied over a period of time in our PC online business and mobile business and at a point in time in the Support Business.

We recognize performance obligations for revenue from microtransactions by estimating the service period of items sold for each game. We assume the period for satisfying performance obligations to be the same as the estimated service period, which is calculated by classifying the items sold into three types (i.e. consumable, temporary, permanent) according to their specifications.

For permanent items for which our performance obligations continue on a permanent basis, we have adopted a method of calculating users' average service usage periods.

5. Basis for translation of assets and liabilities denominated in foreign currencies to Japanese yen

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen using spot foreign exchange rates at year-end, with resulting gains and losses included in profit or loss.

6. Hedge accounting

The Company hedges risks arising from fluctuations in interest rates and foreign exchange rates, in accordance with the Company's internal regulation "Derivative Transaction Management Rules."

7. Other significant basis in preparation of the financial statements

Principles and procedures of accounting treatments adopted when the provisions of related accounting standards, etc. are not clear

・ Accounting treatment of a trust

The gross method is applied to account for the trust in accordance with *Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts* (PITF No. 30, March 26, 2015).

(Changes in Accounting Policies)

(Application of Accounting Standard for Corporate Income Taxes, Inhabitants Taxes and Enterprise Taxes etc.)

The Company has applied the "Accounting Standard for Corporate Income Taxes, Inhabitants Taxes and Enterprise Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the "2022 Revised Accounting Standard") and other standards from the beginning of the fiscal year ended December 31, 2025.

With regard to the revision regarding the classification of corporate income taxes, the Company has followed the transitional treatment set forth in the proviso of Paragraph 20-3 of the 2022 Revised Accounting Standard. This change in accounting policy has no impact on the financial statements.

(Significant accounting estimates)

Valuation of shares of subsidiaries and associates

(1) Amount recognized on the financial statements for the fiscal year ended December 31, 2025

	As of December 31, 2024	As of December 31, 2025
Shares of subsidiaries and associates:	¥88,971 million	¥103,506 million
Loss on valuation of shares of subsidiaries and associates:	¥840 million	¥366 million

Shares of subsidiaries and associates recognized on the financial statements as of December 31, 2025 mostly consist of shares of NEXON Korea Corporation amounting to ¥88,303 million. With respect to the revaluation of such shares, no significant decline in substantial value was recognized as of December 31, 2025, and therefore no loss on valuation of shares of subsidiaries and associates was recognized for the shares of NEXON Korea Corporation. However, future changes in uncertain economic conditions may have a material impact on the valuation of shares of subsidiaries and associates in the future periods.

(2) Other information that enables users of the financial statements to understand the valuation of share of subsidiaries and associates

(a) Calculation method

Shares of subsidiaries and associates without a market price are presented at cost on the non-consolidated balance sheet, however, when the substantial value of such shares has significantly declined due to deterioration of financial position of the issuer, their carrying amounts are reduced accordingly unless there is sufficient evidence to support the possibility of recovery.

(b) Key assumptions

A significant decline in substantial value is defined as a case where the net asset value has fallen by approximately 50% or more compared to its book value due to the deterioration of the issuing company's financial condition.

(c) Impact on the financial statements for the fiscal year ending December 31, 2026

The above assumptions may have a material impact on the valuation of shares of subsidiaries and associates in the future periods due to future changes in uncertain economic conditions.

(Additional information)

The Company's shares remaining in the trust

The Company's shares remaining in the trust are recorded as treasury shares in net assets at the carrying amount at the trust (excluding ancillary expenses). The carrying amount and number of treasury shares as of December 31, 2024, and 2025 were ¥4,640 million and 2,087,348 shares, and ¥2,864 million and 1,288,048 shares, respectively.

(Notes to non-consolidated balance sheet)

*1 Assets and liabilities related to subsidiaries and associates (excluding those presented separately)

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Short-term monetary claims	639	298
Long-term monetary claims	272	17
Short-term monetary debts	705	547

2 Contingent liabilities

Debt guarantee

The Company provides guarantee for the following subsidiaries as follows:

(Millions of yen)

As of December 31, 2024		As of December 31, 2025	
Nexon America Inc.		Nexon America Inc.	
Joint and several guarantee for rent agreement	1,069	Joint and several guarantee for rent agreement	1,881
Nexon US Holding Inc.			
Guarantee for licensing agreement	949		

(Notes to non-consolidated statement of income)

*1 Transactions with subsidiaries and associates

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Operating transactions		
Net sales	1,228	821
Purchases	1,721	1,896
Selling, general and administrative expenses	385	568
Non-operating transactions	124,106	194,695

*2 The ratio of selling expenses is approximately 43.5% and 37.2% for the fiscal year ended December 31, 2024 and December 31, 2025, respectively. The ratio of general and administrative expenses is approximately 56.5% and 62.8% for the fiscal year ended December 31, 2024 and December 31, 2025, respectively.

Major components and amounts are as follows:

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Sales commission	357	158
Marketing expenses	852	593
PG fees	387	329
Salaries and bonuses	1,304	1,421
Provision for bonuses	98	25
Share-based payment expenses	2,374	1,550
Officers' share-based payment expenses	(206) (Note)	864

(Note) The amount for the fiscal year ended December 31, 2024 includes a reversal of ¥(647) million, representing officers' share-based payment expenses previously recognized for unvested share options granted to directors that lapsed during the period.

*3 Loss on sale of shares of subsidiaries and associates consisted of the following:

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Embark Studios AB	18,812 (Note)	—
Total	18,812	—

(Note) The loss arose from the transfer of all shares held of Embark Studios AB, a subsidiary of the Company, to NEXON Korea Corporation, a subsidiary of the Company at the selling price of ¥20,123 million. The selling price was determined based on the stock valuation report obtained from a third-party appraiser and negotiations between the parties.

(Securities)

Fiscal year ended December 31, 2024

The fair values of shares of subsidiaries (the carrying amount on the balance sheet was ¥88,971 million as of December 31, 2024) are not disclosed as they are shares without fair value.

Fiscal year ended December 31, 2025

The fair values of shares of subsidiaries (the carrying amount on the balance sheet was ¥103,506 million as of December 31, 2025) are not disclosed as they are shares without fair value.

(Deferred tax accounting)

1. Major components of deferred tax assets and liabilities are as follows:

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Deferred tax assets		
Loss on valuation of shares of subsidiaries and associates	1,005	1,150
Unearned revenue	143	115
Share acquisition rights	241	227
Impairment loss	157	127
Allowance for doubtful accounts	11,111	11,239
Carryforward of unused tax losses	13,358	12,829
Other	2,471	3,113
Deferred tax assets – subtotal	28,486	28,800
Valuation allowance for carryforward of unused tax losses	(13,358)	(12,829)
Valuation allowance for deductible temporary differences	(15,128)	(15,971)
Valuation allowances – subtotal	(28,486)	(28,800)
Total deferred tax assets	—	—
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(247)	(215)
Total deferred tax liabilities	(247)	(215)
Deferred tax assets (liabilities), net	(247)	(215)

2. Major components of significant differences between the statutory effective tax rate and the income tax burden rate after adoption of tax effect accounting

	As of December 31, 2024	As of December 31, 2025
Statutory effective tax rate	30.62 %	30.62 %
(Adjustments)		
Permanent differences arising from non-deductible expenses such as entertainment expenses	0.64 %	0.27 %
Permanent differences arising from nontaxable income such as dividend income	(34.89)%	(30.17)%
Controlled foreign corporation taxation	— %	0.03 %
Valuation allowances	3.63 %	(0.26)%
Foreign taxes	6.00 %	5.19 %
Per capita inhabitant tax	0.00 %	0.00 %
Other	0.00 %	(0.06)%
Income tax burden rate after adoption of tax effect accounting	6.00 %	5.62 %

3. Adjustment to deferred tax assets and deferred tax liabilities due to changes in income tax rates

"Act for Partial Amendment of the Income Tax Act, etc." (Act No. 13 of 2025) was enacted by the National Diet on March 31, 2025, and a "Special Defense Corporation Tax" will be levied for fiscal years beginning on or after April 1, 2026. Consequently, deferred tax assets and deferred tax liabilities relating to temporary differences and other items expected to reverse in fiscal years beginning on or after January 1, 2027 have been calculated using the statutory effective tax rate of 31.52% instead of 30.62%.

The impact of this change is immaterial.

(Revenue recognition)

Information that serves as the basis for understanding revenue

Refer to “Significant accounting policies, 4. Revenue recognition.”

(Material subsequent events)

Cancellation of treasury shares

The Company’s Board of Directors has approved the cancellation of treasury shares at its meeting on February 12, 2026. Refer to Notes to Consolidated Financial Statements, “41 Subsequent events” for details.

(d) 【Annexed detailed schedules】

【Annexed detailed schedule of property, plant and equipment, etc.】

(Millions of yen)

Category	Asset type	Beginning balance	Increase	Decrease	Depreciation	Ending balance	Accumulated depreciation /impairment
Property, plant and equipment	Buildings	163	—	—	— (—)	163	163
	Facilities attached to buildings	85	3	—	3 (3)	88	88
	Tools, furniture and fixtures	105	9	2	9 (9)	112	112
	Total	353	12	2	12 (12)	363	363
Intangible assets	Software	105	—	—	— (—)	105	105
	Total	105	—	—	— (—)	105	105

(Notes) 1. Beginning and ending balances are based on cost.

2. Figures in parentheses in “Depreciation” represent impairment loss.

【Annexed detailed schedule of provisions】

(Millions of yen)

Account	Beginning balance	Increase	Decrease	Ending balance
Allowance for doubtful accounts	36,287	—	631	35,656
Provision for bonuses	261	40	261	40

(2) 【Components of major assets and liabilities】

The disclosure is omitted as the Company prepares the consolidated financial statements.

(3) 【Other information】

Not applicable.

VI. 【Outline of Share-related Administration of Reporting Company】

Fiscal year	From January 1 to December 31 of each year
Annual General Meeting of Shareholders	March of each year
Record date	December 31
Record date of distribution of surplus	June 30 December 31
Number of shares per trading unit	100 shares
Purchase of shares less than one unit Place of business Administrator of shareholder registry Contact place Purchase fee	 Stock Transfer Agency Business Planning Department of Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo － None
Method of public notice	By way of electronic public notice. However, in cases where electronic public notice is not available due to accidents or any other unavoidable circumstances, public notice will be given in the Nihon Keizai Shimbun. URL for public notice: https://www.nexon.co.jp/ir/kokoku/
Privileges to shareholders	Not applicable

(Notes) It is stipulated in the Articles of Incorporation that shareholders of the Company may not exercise any rights other than those listed below with regard to their shares less than one unit.

(1) Right under each item of Article 189, Paragraph 2 of the Companies Act

(2) Rights to demand under provisions of Article 166, Paragraph 1 of the Companies Act

(3) Rights to receive an allotment of shares to be offered and share acquisition rights according to the number of shares held by shareholders

(4) Rights to demand sale of shares less than one unit

VII. 【Reference Information of Reporting Company】

1 【Information about Parent of Reporting Company】

The Company does not have a parent company, etc. as defined in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

2 【Other Reference Information】

The Company has filed the following documents during the period from the beginning of the current fiscal year to the filing date of the annual securities report.

(1) Annual Securities Report and its accompanying document and Confirmation Letter

Fiscal year (The 23rd FY) (From January 1, 2024 to December 31, 2024): Filed with the Director of the Kanto Local Finance Bureau on March 27, 2025

(2) Internal Control Report and its accompanying document

Filed with the Director of the Kanto Local Finance Bureau on March 27, 2025

(3) Semi-Annual Securities Report and Confirmation Letter

(First six months of the 24th FY) (From January 1, 2025 to June 30, 2025): Filed with the Director of the Kanto Local Finance Bureau on August 13, 2025

(4) Extraordinary Report

Filed with the Director of the Kanto Local Finance Bureau on February 13, 2025.

This is an Extraordinary Report based on the provisions of Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 19 of the Cabinet Office Ordinance on Disclosure of Corporate Information etc.

Filed with the Director of the Kanto Local Finance Bureau on February 19, 2025.

This is an Extraordinary Report based on the provisions of Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 2-2 of the Cabinet Office Ordinance on Disclosure of Corporate Information etc.

Filed with the Director of the Kanto Local Finance Bureau on March 13, 2025.

This is an Extraordinary Report based on the provisions of Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 12 of the Cabinet Office Ordinance on Disclosure of Corporate Information etc.

Filed with the Director of the Kanto Local Finance Bureau on March 27, 2025.

This is an Extraordinary Report based on the provisions of Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 2-2 of the Cabinet Office Ordinance on Disclosure of Corporate Information etc.

Filed with the Director of the Kanto Local Finance Bureau on March 27, 2025.

This is an Extraordinary Report based on the provisions of Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Ordinance on Disclosure of Corporate Information etc.

Filed with the Director of the Kanto Local Finance Bureau on September 26, 2025.

This is an Extraordinary Report based on the provisions of Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 12 of the Cabinet Office Ordinance on Disclosure of Corporate Information etc.

Filed with the Director of the Kanto Local Finance Bureau on January 23, 2026.

This is an Extraordinary Report based on the provisions of Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 4 of the Cabinet Office Ordinance on Disclosure of Corporate Information etc.

(5) Amendments to the Extraordinary Report

Filed with the Director of the Kanto Local Finance Bureau on March 7, 2025.

This is an Amendment to the Extraordinary Report filed on February 19, 2025 based on the provisions of Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 2-2 of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.

Filed with the Director of the Kanto Local Finance Bureau on April 14, 2025.

This is an Amendment to the Extraordinary Report filed on March 27, 2025, based on the provisions of Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 2-2 of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.

(6) Status Report on Share Buyback Program

Filed with the Director of the Kanto Local Finance Bureau on April 9, May 9, June 6, July 9, September 5, October 8, November 7, and December 5, 2025, and on January 9 and February 6, 2026.

Part II 【Information about Reporting Company's Guarantor, etc.】

Not applicable.