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Consolidated Financial Results
for the Six Months Ended June 30, 2024
[IFRS]

August 8, 2024

Company name: NEXON Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Stock code: 3659

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

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Scheduled date for filing of semi-annual securities report: August 9, 2024

Scheduled date of commencing dividend payments: September 24, 2024

Supplementary briefing material on financial results: Yes

Financial results briefing: Yes (online earnings presentation for institutional investors, analysts and media)

(Amounts are rounded to nearest million yen)

1. Consolidated Financial Results for the Six Months Ended June 30, 2024 (from January 1, 2024 to June 30, 2024)

(1) Consolidated Operating Results (cumulative)

(% changes year-over-year)

(Millions of yen)

	Revenue		Operating Profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Amount	% change	Amount	% change	Amount	% change	Amount	% change	Amount	% change	Amount	% change
Six months ended June 30, 2024	230,892	5.7%	74,370	(11.3)%	115,673	0.8%	75,339	(3.1)%	75,796	(2.0)%	149,871	11.7%
Six months ended June 30, 2023	218,523	24.8%	83,889	37.1%	114,730	14.0%	77,721	17.2%	77,329	15.9%	134,150	18.0%

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2024	90.44		90.06	
Six months ended June 30, 2023	90.49		89.77	

(2) Consolidated Financial Position

(Millions of yen)

	Total assets	Total equity	Total equity attributable to owners of parent	Ratio of equity attributable to owners of parent
As of June 30, 2024	1,251,699	1,027,962	1,017,484	81.3%
As of December 31, 2023	1,098,103	906,575	896,267	81.6%

2. Dividends

(Yen)

	Annual Dividends				
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	End of Year	Total
FY 2023	—	5.00	—	5.00	10.00
FY 2024	—	7.50			
FY 2024 (Forecast)			—	7.50	15.00

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

Please see “Notice of Interim Dividends of Surplus” announced today for details on the interim dividend for FY2024.

3. Consolidated Financial Results Forecast for the Nine Months Ending September 30, 2024 (from January 1, 2024 to September 30, 2024)

(% changes year-over-year)

(Millions of yen)

	Revenue		Operating Profit		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings per share
3rd Quarter (cumulative)	368,680	8.8%	120,375	(7.5)%	166,824	(0.5)%	112,782	(0.4)%	110,391	(1.9)%	Yen 132.14
	~	~	~	~	~	~	~	~	~	~	~
	382,938	13.0%	131,657	1.1%	178,115	6.3%	121,726	7.5%	118,839	5.6%	142.25

(Notes) As it is difficult to reasonably estimate financial results for the year ending December 31, 2024 at the moment, only the financial results forecast for the nine months ending September 30, 2024 is disclosed. Also, as it is difficult to estimate specific figures, disclosure is made with a range. For details, please refer to "1. Qualitative Information on Consolidated Financial Results for the Period (3) Explanation on Future Forecast Information including Consolidated Financial Results Forecast" on page 4 of the Appendix.

*(Notes)

(1) Significant Changes in the Scope of Consolidation during the Period : No

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

1) Changes in accounting policies required by IFRS: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

(3) Number of Shares Issued (ordinary shares)

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

As of June 30, 2024: 841,160,548 shares

As of December 31, 2023: 857,453,260 shares

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

As of June 30, 2024: 9,031,130 shares

As of December 31, 2023: 15,809,545 shares

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

Six months ended June 30, 2024: 838,090,620 shares

Six months ended June 30, 2023: 854,586,323 shares

(Note) “Total number of treasury shares at the end of the period” includes Nexon’s shares held by our consolidated subsidiaries, Stiftelsen Embark Incentive and NEXON Employee Benefit Trust (as of June 30, 2024: 1,405,294 shares; as of December 31, 2023: 1,088,506 shares). The number of treasury shares deducted in the calculation of the average number of shares during the period includes Nexon’s shares held by the consolidated subsidiaries (as of June 30, 2024: 1,270,500 shares; as of June 30, 2023: 996,765 shares).

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

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

(Caution Concerning Forward-Looking Statements)

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

(Method of Obtaining Supplementary Briefing Material on Financial Results)

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

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1. Qualitative Information on Consolidated Financial Results for the Period

(1) Explanation on Operating Results

As for the global economy during the consolidated interim period ended June 30, 2024, the outlook remained uncertain primarily due to global monetary tightening, downside risks from the effects of a stagnant real estate market in China and the prolonged conflict in the Middle East. In Japan, while we experienced soaring resource and energy prices due to the uncertain international situation and inflation attributable to changes in foreign exchange rates, the economy continued to gradually recover due in part to the effects of various political measures as employment and income environments improved.

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

For this consolidated interim period, total revenues of our three biggest franchises, *Dungeon&Fighter*, *MapleStory*, and *EA SPORTS FC™*, grew driven by a contribution from *Dungeon&Fighter Mobile*, which launched in China on May 21. Revenues by key franchises are as follows:

Dungeon&Fighter successfully attracted many new players and re-energized dormant players of the game's PC version by expanding the franchise to the mobile market in China. Accordingly, the overall revenue of the franchise grew year over year. For *Dungeon&Fighter Mobile*, which launched in China on May 21, our efforts in localizing content to suit the tastes of Chinese players drove player engagement and revenue that exceeded our expectations. As for the PC version of *Dungeon&Fighter*, since late December 2023, when an imbalance in the in-game economy was found, we have continued to focus on improving that balance for the recovery of its revenue and the number of active users. However, we expect to take more time to return to a growth trajectory and it decreased year over year.

For *MapleStory*, the overall revenue of the franchise increased year over year driven by our efforts of improving live operations in existing games and extending its IP to new regions and new formats. In Korea, while we have focused on improving player engagement since January, including changes in the monetization policy of some items, and saw improvement in the Net Promoter Score, an indicator of player satisfaction, revenue decreased year over year. On the other hand, *MapleStory* outside Korea grew year over year driven by our efforts in localization by expanding local dedicated development resources. *MapleStory M* also grew year over year worldwide driven by the expansion into the China market in 2023. In addition, *MapleStory Worlds* officially launched in Korea in April, which contributed to the expansion of the *MapleStory* IP's fan base.

For *EA SPORTS FC™ ONLINE* and *EA SPORTS FC™ MOBILE*, revenues decreased year over year due to tough comparisons with Q2 2023 when they marked record-breaking consolidated interim revenues.

As for other key titles, *Blue Archive*'s animation started airing in April and expanded its fan base. The global revenue grew year over year driven by the growth in Japan and a contribution from the China service. *THE FINALS*, which launched in December 2023, also contributed to revenue.

In terms of expenses, cost of sales increased year over year due to increased HR costs due to higher headcount, annual salary hike and performance-linked bonuses for contributions for great performances, as well as increased cloud service costs and fees to creators in *MapleStory Worlds*. Selling, general and administrative expenses decreased year over year due to decreases in platform fees and marketing expenses, despite increased HR costs due to higher headcount. Other expenses increased year over year due to consolidation of an equity-method company with net capital deficiency in the six months ended June 30, 2024, and recognition of an impairment loss on goodwill.

Finance income increased year-over-year as the foreign exchange gain primarily on foreign currency-denominated cash deposits was larger than that recorded in 1H 2023, and as we recognized a gain on reversal of loss allowances on our loans, and accrued interests, to an equity-method company due to its consolidation.

As a result, for the six months ended June 30, 2024, Nexon Group recorded revenue of ¥230,892 million (up 5.7% year-over-year), operating profit of ¥74,370 million (down 11.3% year-over-year), profit before tax of ¥115,673 million (up 0.8% year-over-year) and profit attributable to owners of parent of ¥75,796 million (down 2.0% year-over-year).

Business results by reportable segments for the six months ended June 30, 2024 are as follows:

(a) Japan

Revenue for the six months ended June 30, 2024 amounted to ¥2,899 million (up 24.4% year-over-year), and

segment loss amounted to ¥1,386 million (segment loss of ¥2,152 million for the six months ended June 30, 2023).

(b) Korea

Revenue for the six months ended June 30, 2024 amounted to ¥212,290 million (up 2.3% year-over-year), and segment profit amounted to ¥88,356 million (down 5.3% year-over-year). Revenue in Korea includes royalty income of NEOPLE INC. (a subsidiary of NEXON Korea Corporation, our consolidated subsidiary) attributable to license agreements in China.

(c) China

Revenue for the six months ended June 30, 2024 amounted to ¥1,861 million (up 7.8% year-over-year), and segment profit amounted to ¥861 million (up 4.7% year-over-year).

(d) North America

Revenue for the six months ended June 30, 2024 amounted to ¥9,693 million (up 51.9% year-over-year), and segment loss amounted to ¥2,193 million (segment loss of ¥4,267 million for the six months ended June 30, 2023).

(e) Other

Revenue for the six months ended June 30, 2024 amounted to ¥4,149 million (up 571.1% year-over-year), and segment loss amounted to ¥4,654 million (segment loss of ¥3,459 million for the six months ended June 30, 2023).

(2) Explanation on Financial Position

(a) Assets, liabilities and equity

(Assets)

Total assets as of June 30, 2024 amounted to ¥1,251,699 million, an increase of ¥153,596 million from December 31, 2023. Major components include an increase of ¥72,775 million in other financial assets, an increase of ¥61,017 million in other deposits, an increase of ¥45,463 million in trade and other receivables and a decrease of ¥50,493 million in cash and cash equivalents.

(Liabilities)

Total liabilities as of June 30, 2024 amounted to ¥223,737 million, an increase of ¥32,209 million from December 31, 2023. Major components include an increase of ¥11,330 million in deferred tax liabilities, an increase of ¥11,868 million in lease liabilities and an increase of ¥4,727 million in income taxes payable.

(Equity)

Equity as of June 30, 2024 totaled ¥1,027,962 million, an increase of ¥121,387 million from December 31, 2023. Major components of changes in equity include an increase of ¥75,796 million in retained earnings due to recording of profit attributable to owners of parent, an increase of ¥76,118 million in other components of equity primarily due to recording of exchange differences on translation of foreign operations, and a decrease of ¥28,332 million in purchase of treasury shares.

As a result, ratio of equity attributable to owners of parent was 81.3% (81.6% as of December 31, 2023).

(b) Cash flows

Cash and cash equivalents (collectively, “cash”) as of June 30, 2024 was ¥230,022 million, a decrease of ¥50,493 million from December 31, 2023. The decrease includes ¥15,475 million in effects of an increase due to exchange rate changes on cash.

Cash flows from each activity for the six months ended June 30, 2024 and their significant components are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities was ¥34,309 million, compared to ¥57,662 million for the six months ended June 30, 2023. Major components of the increase include profit before tax of ¥115,673 million. Major components of the decrease include an increase in trade and other receivables of ¥41,718 million, and income taxes paid of ¥24,202 million.

Net cash provided by operating activities decreased year over year due to an increase in trade and other receivables.

(Cash flows from investing activities)

Net cash used in investing activities was ¥67,856 million, compared to ¥179,715 million for the six months ended June 30, 2023. Major cash outflows include a net increase in time deposits of ¥46,188 million and purchase of securities of ¥8,910 million.

Net cash used in investing activities decreased year over year due to decreases in time deposits.

(Cash flows from financing activities)

Net cash used in financing activities was ¥32,421 million, compared to ¥35,686 million for the six months ended June 30, 2023. Major cash outflows include purchases of treasury shares of ¥28,339 million.

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

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

In our consolidated business outlook, we disclose our expectations for the following quarter as a range to provide more accurate information to our shareholders and investors, since it is difficult to derive full-year consolidated forecasts due to uncertainties in projecting the speed of growth of PC online game and mobile game markets in which Nexon Group's main businesses operate, and because our revenue is largely dependent on such uncertain factors as users' preferences and whether or not we have any hit titles. "Consolidated Financial Results Forecast for the Nine Months Ending September 30, 2024" is the sum of our actual consolidated financial results for the six months ended June 30, 2024 and our consolidated business outlook for the three months ending September 30, 2024. Please refer to the table below for our consolidated financial results forecast for the three months ending September 30, 2024.

For the nine months ending September 30, 2024, Nexon Group expects consolidated revenue in the range of ¥368,680~382,938 million (up 8.8%~13.0% year-over-year), operating profit in the range of ¥120,375~131,657 million (down 7.5%~up 1.1% year-over-year), profit before tax in the range of ¥166,824~178,115 million (down 0.5%~up 6.3% year-over-year), profit in the range of ¥112,782~121,726 million (down 0.4%~up 7.5% year-over-year), profit attributable to owners of parent in the range of ¥110,391~118,839 million (down 1.9%~up 5.6% year-over-year), and basic earnings per share in the range of ¥132.14~142.25. Nexon Group operates its businesses around the world, in Japan, South Korea, China, the United States and other countries. Major exchange rates for Q3 2024 are expected to be 1 U.S. dollar=¥158.73, 100 South Korean Won=¥11.45 and 1 Chinese Yuan=¥21.98. In general, the exchange rates of the Korean Won and the Chinese Yuan to Japanese Yen are assumed to be linked to the exchange rate of U.S. Dollar to Japanese Yen. Based on this assumption, we expect that every one Japanese Yen move against the U.S. Dollar will have an impact of approximately ¥900 million on revenue and approximately ¥325 million on operating profit for the three months ending September 30, 2024.

In the three months ending September 30, 2024, we expect *Dungeon&Fighter Mobile* to continue with a strong contribution. Additionally, *The First Descendant* launched in July and we expect a significant contribution from this title in the quarter. On the other hand, we expect *MapleStory* to decrease year over year due to a challenging comparison with the record-breaking performance of Q3 2023. Outlook by key franchise is as follows.

For *Dungeon&Fighter*, following the strong Q2 performance, we expect overall franchise revenues to significantly grow year over year. We foresee strong contributions in Q3 from *Dungeon&Fighter Mobile* as its revenue begins to normalize following the extremely strong launch. For *Dungeon&Fighter* (PC) in China, we will continue to focus on improving the in-game economy and preparing appealing content including the National Day update in September. We expect its Q3 revenue to grow sequentially and the year-over-year rate of decline to improve.

For *MapleStory*, we expect overall franchise revenues to decrease year over year due to a challenging comparison with a year-ago quarter when the franchise achieved record quarterly revenue driven by a successful major PC-version update in Korea and the launch of the mobile version in China. In Korea, we expect *MapleStory*'s revenue to increase quarter over quarter but to decrease significantly year over year due to a tough comparison with the record-breaking quarterly revenue driven by the transformational update released in Q3 2023. Outside Korea, Q3 revenues are expected to increase slightly year over year. *MapleStory M*'s revenue for the overall Nexon Group is expected to decrease year over year due to a tough comparison with Q3 2023 when its China service launched. *MapleStory Worlds*' revenue is expected to increase quarter over quarter.

For *EA SPORTS FC™ ONLINE* and *EA SPORTS FC™ MOBILE*, revenues are expected to decrease slightly year over year, due to a tough comparison to record-setting Q3 in 2023.

As for other major titles, while we expect *The First Descendant*, which launched on July 2, to generate significant bookings in Q3, our revenue guidance reflects the expected deferral of slightly over 50% of its bookings. For *Blue*

Archive, we expect the franchise to grow quarter over quarter but to decrease year over year due to a tough comparison with 2023 when the franchise achieved record-high Q3 revenues driven by successful sale promotions of popular characters and the launch of a China service.

On the cost side in Q3, we expect increased HR costs year over year primarily due to performance-based bonuses for contributions to great performances. We also anticipate increased marketing expenses year over year primarily associated with promotions for new titles including *The First Descendant*. In addition, we expect increased platform fees – in particular, fees related to sales on Steam, as well as increased cloud service costs and fees to creators in *MapleStory Worlds*. As a result, we expect a year-over-year increase in costs for the three months ending September 30, 2024.

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

(Reference)

Consolidated financial results forecast for the three months ending September 30, 2024 (from July 1, 2024 to September 30, 2024)

(% changes from the previous fiscal year)

(Millions of yen)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings per share
											Yen
3rd Quarter	137,787	14.6%	46,005	(0.7)%	51,151	(3.2)%	37,443	5.5%	34,595	(1.6)%	41.68
	~ 152,046	~ 26.4%	~ 57,287	~ 23.7%	~ 62,441	~ 18.1%	~ 46,387	~ 30.7%	~ 43,044	~ 22.4%	~ 51.86

2. Matters Related to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period

Not applicable.

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

(Changes in accounting policies required by IFRS)

The material accounting policies used to prepare these condensed semi-annual consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2023 unless otherwise noted, except for the new standards applied as listed below. Nexon Group calculated income taxes for the six months ended June 30, 2024, based on the estimated average annual effective tax rate.

Nexon Group has applied the following standards since the six months ended June 30, 2024, but the application of these standards did not have material impacts on the six months ended June 30, 2024.

Standards	Title	Overview of New or Revised Standard
IAS 1	Presentation of Financial Statements	<ul style="list-style-type: none">• Clarified how to classify debt and other liabilities as current or non-current• Improve information an entity provides about non-current liabilities with covenants
IFRS 16	Leases	<ul style="list-style-type: none">• Added subsequent measurement requirements for sale and leaseback transactions
IAS 7 IFRS 7	Statement of Cash Flows Financial Instruments: Disclosures	<ul style="list-style-type: none">• Requires disclosures to enhance the transparency of supplier finance arrangements

3. Condensed Semi-annual Consolidated Financial Statements and Major Notes

(1) Condensed Semi-annual Consolidated Statement of Financial Position

(Millions of yen)

	As of December 31, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and cash equivalents	280,515	230,022
Trade and other receivables	37,873	83,336
Other deposits	316,243	377,260
Other financial assets	41,582	53,970
Other current assets	13,293	15,960
Total current assets	689,506	760,548
Non-current assets		
Property, plant and equipment	28,854	30,483
Goodwill	43,924	47,357
Intangible assets	17,847	25,634
Right-of-use assets	24,000	36,711
Investments accounted for using equity method	58,120	62,999
Other financial assets	179,199	239,586
Other non-current assets	754	1,190
Deferred tax assets	55,899	47,191
Total non-current assets	408,597	491,151
Total assets	1,098,103	1,251,699

(Millions of yen)

	As of December 31, 2023	As of June 30, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	16,332	19,966
Deferred income	21,065	20,540
Income taxes payable	17,932	22,659
Lease liabilities	5,634	7,194
Provisions	11,839	14,752
Other current liabilities	16,572	14,892
Total current liabilities	89,374	100,003
Non-current liabilities		
Deferred income	15,207	15,305
Lease liabilities	24,090	34,398
Other financial liabilities	1,072	1,292
Provisions	325	524
Other non-current liabilities	9,711	9,136
Deferred tax liabilities	51,749	63,079
Total non-current liabilities	102,154	123,734
Total liabilities	191,528	223,737
Equity		
Share capital	47,510	49,132
Capital surplus	26,719	28,394
Treasury shares	(45,046)	(23,371)
Other components of equity	159,857	235,975
Retained earnings	707,227	727,354
Total equity attributable to owners of parent	896,267	1,017,484
Non-controlling interests	10,308	10,478
Total equity	906,575	1,027,962
Total liabilities and equity	1,098,103	1,251,699

(2) Condensed Semi-annual Consolidated Statement of Profit or Loss

For the six months ended June 30, 2023 and 2024

(Millions of yen)

	Six months ended June 30	
	2023 (From January 1, 2023 to June 30, 2023)	2024 (From January 1, 2024 to June 30, 2024)
Revenue	218,523	230,892
Cost of sales	(67,037)	(84,744)
Gross profit	151,486	146,148
Selling, general and administrative expenses	(67,166)	(65,145)
Other income	927	494
Other expenses	(1,358)	(7,127)
Operating profit	83,889	74,370
Finance income	30,838	45,005
Finance costs	(744)	(1,126)
Reversal of loss on revaluation	3,182	692
Share of loss of investments accounted for using equity method	(2,435)	(3,268)
Profit before tax	114,730	115,673
Income tax expense	(37,009)	(40,334)
Profit	77,721	75,339
Profit attributable to:		
Owners of parent	77,329	75,796
Non-controlling interests	392	(457)
Profit	77,721	75,339
Earnings per share (attributable to owners of parent)	(Yen)	(Yen)
Basic earnings per share	90.49	90.44
Diluted earnings per share	89.77	90.06

For the three months ended June 30, 2023 and 2024

(Millions of yen)

	Three months ended June 30	
	2023 (From April 1, 2023 to June 30, 2023)	2024 (From April 1, 2024 to June 30, 2024)
Revenue	94,436	122,474
Cost of sales	(32,804)	(44,187)
Gross profit	61,632	78,287
Selling, general and administrative expenses	(34,283)	(32,422)
Other income	583	295
Other expenses	(318)	(936)
Operating profit	27,614	45,224
Finance income	16,763	19,325
Finance costs	(322)	(608)
Reversal of loss on revaluation	463	—
Share of loss of investments accounted for using equity method	(1,691)	(2,507)
Profit before tax	42,827	61,434
Income tax expense	(18,372)	(22,046)
Profit	24,455	39,388
Profit attributable to:		
Owners of parent	24,538	39,878
Non-controlling interests	(83)	(490)
Profit	24,455	39,388
Earnings per share (attributable to owners of parent)	(Yen)	(Yen)
Basic earnings per share	28.80	47.66
Diluted earnings per share	28.60	47.49

(3) Condensed Semi-annual Consolidated Statement of Comprehensive Income
For the six months ended June 30, 2023 and 2024

(Millions of yen)

	Six months ended June 30	
	2023 (From January 1, 2023 to June 30, 2023)	2024 (From January 1, 2024 to June 30, 2024)
Profit	77,721	75,339
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	20,681	27,075
Remeasurements of defined benefit plans	(3)	(5)
Gain on revaluation of intangible assets	—	6,452
Share of other comprehensive income of investments accounted for using equity method	(281)	840
Income taxes	(5,436)	(9,924)
Total of items that will not be reclassified to profit or loss	14,961	24,438
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	41,468	50,094
Total of items that may be reclassified to profit or loss	41,468	50,094
Total other comprehensive income	56,429	74,532
Comprehensive income	134,150	149,871
Comprehensive income attributable to:		
Owners of parent	133,331	149,777
Non-controlling interests	819	94
Comprehensive income	134,150	149,871

For the three months ended June 30, 2023 and 2024

(Millions of yen)

	Three months ended June 30	
	2023 (From April 1, 2023 to June 30, 2023)	2024 (From April 1, 2024 to June 30, 2024)
Profit	24,455	39,388
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	22,239	13,061
Remeasurements of defined benefit plans	(4)	(3)
Gain on revaluation of intangible assets	—	(585)
Share of other comprehensive income of investments accounted for using equity method	22	45
Income taxes	(5,834)	(3,216)
Total of items that will not be reclassified to profit or loss	16,423	9,302
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	54,718	33,051
Total of items that may be reclassified to profit or loss	54,718	33,051
Total other comprehensive income	71,141	42,353
Comprehensive income	95,596	81,741
Comprehensive income attributable to:		
Owners of parent	95,037	81,872
Non-controlling interests	559	(131)
Comprehensive income	95,596	81,741

(4) Condensed Semi-annual Consolidated Statement of Changes in Equity

For the six months ended June 30, 2023 (From January 1, 2023 to June 30, 2023)

(Millions of yen)

	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	38,972	18,331	(16,464)	114,012	703,342	858,193	9,353	867,546
Profit	—	—	—	—	77,329	77,329	392	77,721
Other comprehensive income	—	—	—	56,002	—	56,002	427	56,429
Comprehensive income	—	—	—	56,002	77,329	133,331	819	134,150
Issuance of new shares	4,782	4,782	—	—	—	9,564	—	9,564
Share issuance costs	—	(33)	—	—	—	(33)	—	(33)
Dividends	—	—	—	—	(4,308)	(4,308)	—	(4,308)
Share-based payment transactions	—	—	—	(733)	—	(733)	—	(733)
Changes in ownership interest in subsidiaries	—	43	—	—	—	43	47	90
Purchase of treasury shares	—	(33)	(36,734)	—	—	(36,767)	—	(36,767)
Cancellation of treasury shares	—	—	50,001	—	(50,001)	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	629	(629)	—	—	—
Other	—	(0)	—	—	—	(0)	—	(0)
Total transactions with owners, etc.	4,782	4,759	13,267	(104)	(54,938)	(32,234)	47	(32,187)
Balance at end of period	43,754	23,090	(3,197)	169,910	725,733	959,290	10,219	969,509

For the six months ended June 30, 2024 (From January 1, 2024 to June 30, 2024)

(Millions of yen)

	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	—	—	—	—	75,796	75,796	(457)	75,339
Other comprehensive income	—	—	—	73,981	—	73,981	551	74,532
Comprehensive income	—	—	—	73,981	75,796	149,777	94	149,871
Issuance of new shares	1,622	1,622	—	—	—	3,244	—	3,244
Share issuance costs	—	(13)	—	—	—	(13)	—	(13)
Dividends	—	—	—	—	(4,214)	(4,214)	—	(4,214)
Share-based payment transactions	—	—	—	684	—	684	—	684
Forfeiture of share acquisition rights	—	—	—	(10)	8	(2)	2	—
Changes in ownership interest in subsidiaries	—	71	—	—	—	71	74	145
Purchase of treasury shares	—	(7)	(28,332)	—	—	(28,339)	—	(28,339)
Disposal of treasury shares	—	2	7	—	—	9	—	9
Cancellation of treasury shares	—	—	50,000	—	(50,000)	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	1,463	(1,463)	—	—	—
Total transactions with owners, etc.	1,622	1,675	21,675	2,137	(55,669)	(28,560)	76	(28,484)
Balance at end of period	49,132	28,394	(23,371)	235,975	727,354	1,017,484	10,478	1,027,962

(5) Condensed Semi-annual Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended June 30	
	2023 (From January 1, 2023 to June 30, 2023)	2024 (From January 1, 2024 to June 30, 2024)
Cash flows from operating activities		
Profit before tax	114,730	115,673
Depreciation and amortization	4,308	4,896
Share-based payment expenses	2,066	1,720
Interest and dividend income	(11,870)	(12,724)
Interest expenses	608	988
Impairment losses	1,313	6,375
Reversal of loss on revaluation	(3,182)	(692)
Share of loss of investments accounted for using equity method	2,435	3,268
Gain on sale of investments accounted for using equity method	(7)	—
Gain on valuation of securities	(4,269)	(6,667)
Gain on sales and redemption of securities	(752)	(778)
Foreign exchange gain	(10,146)	(13,804)
Increase in trade and other receivables	(7,777)	(41,718)
Increase in other current assets	(1,034)	(2,616)
Increase (decrease) in trade and other payables	(2,197)	2,652
Increase (decrease) in deferred income	821	(1,441)
Increase (decrease) in provisions	(5,760)	2,382
Increase (decrease) in other current liabilities	448	(2,795)
Decrease in loss allowances	(32)	(5,780)
Other	181	(1,201)
Subtotal	79,884	47,738
Interest received	7,773	9,137
Dividends received	2,394	2,620
Interest paid	(606)	(984)
Income taxes paid	(31,783)	(24,202)
Net cash provided by operating activities	57,662	34,309
Cash flows from investing activities		
Net Increase in restricted deposit	(2,297)	(6,925)
Net Increase in time deposits	(146,279)	(46,188)
Purchases of property, plant and equipment	(1,333)	(1,810)
Proceeds from sales of property, plant and equipment	21	53
Purchases of intangible assets	(1,994)	(1,164)
Payments associated with increase in long-term prepaid expenses	(189)	(743)
Purchases of securities by investment funds under consolidated subsidiaries	(11,138)	(5,678)
Proceeds from sale of securities by investment funds under consolidated subsidiaries	13,743	7,416
Purchase of securities	(5,287)	(8,910)
Proceeds from sales and redemption of securities	1,892	878
Purchase of investments accounted for using equity method	(23,506)	(2,016)
Proceeds from sale of investments accounted for using equity method	7	—
Payments for short-term loans receivable	—	(1,468)
Collection of short-term loans receivable	10	—

	(Millions of yen)	
	Six months ended June 30	
	2023	2024
	(From January 1, 2023 to June 30, 2023)	(From January 1, 2024 to June 30, 2024)
Payments for long-term loans receivable	(3,038)	(908)
Collection of long-term loans receivable	9	7
Other	(336)	(400)
Net cash used in investing activities	(179,715)	(67,856)
Cash flows from financing activities		
Proceeds from exercise of employee share options	6,991	2,269
Purchase of treasury shares	(36,767)	(28,339)
Dividends paid	(4,308)	(4,214)
Repayments of lease liabilities	(1,602)	(2,146)
Other	(0)	9
Net cash used in financing activities	(35,686)	(32,421)
Net decrease in cash and cash equivalents	(157,739)	(65,968)
Cash and cash equivalents at beginning of period	409,368	280,515
Effect of exchange rate changes on cash and cash equivalents	10,379	15,475
Cash and cash equivalents at end of period	262,008	230,022

(6) Notes on Going Concern Assumption

Not applicable.

(7) Changes in Presentation Method

(Condensed semi-annual consolidated statement of cash flows)

For the six months ended June 30, 2023, “Interest received” and “Dividends received” were collectively presented in “Interest and dividends received” under “Cash flows from operating activities.” However, these items are separately listed from the six months ended June 30, 2024 due to increased materiality of each of their monetary amounts.

To reflect these changes in the presentation method, the presentation of the following amounts in the condensed semi-annual consolidated statement of cash flows for the six months ended June 30, 2023 were each reclassified as follows: Of the ¥10,167 million included in “Interest and dividends received” under “Cash flows from operating activities,” ¥7,773 million was reclassified to “Interest received” and ¥2,394 million was reclassified to “Dividends received.”

(8) Segment Information

(a) Outline of reportable segments

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

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

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

(b) Revenue, profit or loss by reportable segment

Information on the segments of Nexon Group is as follows:

(For the six months ended June 30)

For the six months ended June 30, 2023 (From January 1, 2023 to June 30, 2023)

(Millions of yen)

	Reportable Segments					Total	Adjustments (Note 3)	Consolidated
	Japan	Korea	China	North America	Other			
Revenue								
Revenue from external customers								
PC online	1,793	149,768	1,728	3,619	610	157,518	—	157,518
Mobile	530	56,824	—	2,759	—	60,113	—	60,113
Other	7	875	—	2	8	892	—	892
Total revenue from external customers	2,330	207,467	1,728	6,380	618	218,523	—	218,523
Intersegment revenue	415	3,054	—	468	631	4,568	(4,568)	—
Total	2,745	210,521	1,728	6,848	1,249	223,091	(4,568)	218,523
Segment profit (loss) (Note 1)	(2,152)	93,266	823	(4,267)	(3,459)	84,211	109	84,320
Other income and expenses, net								(431)
Operating profit								83,889
Finance income and costs, net (Note 5)								30,094
Reversal of loss on revaluation (Note 6)								3,182
Share of loss of investments accounted for using equity method								(2,435)
Profit before tax								114,730

(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. Adjustments in segment profit (loss) of ¥109 million represent elimination of intersegment transactions.

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

5. Major component of finance income is foreign exchange gain of ¥13,741 million.

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

For the six months ended June 30, 2024 (From January 1, 2024 to June 30, 2024)

(Millions of yen)

	Reportable Segments					Total	Adjustments (Note 3)	Consolidated
	Japan	Korea	China	North America	Other			
Revenue								
Revenue from external customers								
PC online	2,387	120,043	1,861	6,935	4,142	135,368	—	135,368
Mobile	503	91,459	—	2,752	—	94,714	—	94,714
Other	9	788	—	6	7	810	—	810
Total revenue from external customers	2,899	212,290	1,861	9,693	4,149	230,892	—	230,892
Intersegment revenue	641	3,689	—	681	949	5,960	(5,960)	—
Total	3,540	215,979	1,861	10,374	5,098	236,852	(5,960)	230,892
Segment profit (loss) (Note 1)	(1,386)	88,356	861	(2,193)	(4,654)	80,984	19	81,003
Other income and expenses, net								(6,633)
Operating profit								74,370
Finance income and costs, net (Note 5)								43,879
Reversal of loss on revaluation (Note 6)								692
Share of loss of investments accounted for using equity method								(3,268)
Profit before tax								115,673

(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. Adjustments in segment profit (loss) of ¥19 million represent elimination of intersegment transactions.

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

5. Major component of finance income is foreign exchange gain of ¥18,879 million and gain on reversal of loss allowances of ¥5,663 million on loans made to an equity-method company and accrued interest, which were recognized due to its consolidation.

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

(For the three months ended June 30)

For the three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)

(Millions of yen)

	Reportable Segments					Total	Adjustments (Note 3)	Consolidated
	Japan	Korea	China	North America	Other			
Revenue								
Revenue from external customers								
PC online	823	61,631	647	1,595	176	64,872	—	64,872
Mobile	243	27,501	—	1,352	—	29,096	—	29,096
Other	6	458	—	1	3	468	—	468
Total revenue from external customers	1,072	89,590	647	2,948	179	94,436	—	94,436
Intersegment revenue	168	1,528	—	246	381	2,323	(2,323)	—
Total	1,240	91,118	647	3,194	560	96,759	(2,323)	94,436
Segment profit (loss) (Note 1)	(1,610)	33,321	190	(2,713)	(1,950)	27,238	111	27,349
Other income and expenses, net								265
Operating profit								27,614
Finance income and costs, net (Note 5)								16,441
Reversal of loss on revaluation (Note 6)								463
Share of loss of investments accounted for using equity method								(1,691)
Profit before tax								42,827

(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. Adjustments in segment profit (loss) of ¥111 million represent elimination of intersegment transactions.

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

5. A major component of finance income is foreign exchange gain of ¥8,102 million.

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

For the three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)

(Millions of yen)

	Reportable Segments					Total	Adjustments (Note 3)	Consolidated
	Japan	Korea	China	North America	Other			
Revenue								
Revenue from external customers								
PC online	1,100	50,653	549	2,859	1,319	56,480	—	56,480
Mobile	249	64,245	—	1,099	—	65,593	—	65,593
Other	8	390	—	3	—	401	—	401
Total revenue from external customers	1,357	115,288	549	3,961	1,319	122,474	—	122,474
Intersegment revenue	440	1,793	—	333	462	3,028	(3,028)	—
Total	1,797	117,081	549	4,294	1,781	125,502	(3,028)	122,474
Segment profit (loss) (Note 1)	(601)	49,556	53	(1,002)	(2,145)	45,861	4	45,865
Other income and expenses, net								(641)
Operating profit								45,224
Finance income and costs, net (Note 5)								18,717
Share of loss of investments accounted for using equity method								(2,507)
Profit before tax								61,434

(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. Adjustments in segment profit (loss) of ¥4 million represent elimination of intersegment transactions.

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

5. A major component of finance income is foreign exchange gain of ¥8,226 million.

(c) Information on each region

Revenue from external customers are as follows:

(For the six months ended June 30)

For the six months ended June 30, 2023 (From January 1, 2023 to June 30, 2023)

	Revenue by major business			(Millions of yen)
	PC online	Mobile	Other	Total
Main regional market				
Japan	1,841	4,052	29	5,922
Korea	84,698	41,524	791	127,013
China	61,008	303	—	61,311
North America and Europe	3,633	6,949	35	10,617
Rest of World	6,338	7,285	37	13,660
Total	157,518	60,113	892	218,523

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

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

3. Main countries or regions in each category:

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

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

For the six months ended June 30, 2024 (From January 1, 2024 to June 30, 2024)

	Revenue by major business			(Millions of yen)
	PC online	Mobile	Other	Total
Main regional market				
Japan	3,166	4,980	40	8,186
Korea	76,346	29,143	721	106,210
China	38,866	46,652	4	85,522
North America and Europe	8,981	7,970	12	16,963
Rest of World	8,009	5,969	33	14,011
Total	135,368	94,714	810	230,892

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

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

3. Main countries or regions in each category:

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

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

(For the three months ended June 30)

For the three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)

	Revenue by major business			(Millions of yen)
	PC online	Mobile	Other	Total
Main regional market				
Japan	848	1,447	18	2,313
Korea	41,701	19,947	423	62,071
China	18,073	158	—	18,231
North America and Europe	1,686	3,755	20	5,461
Rest of World	2,564	3,789	7	6,360
Total	64,872	29,096	468	94,436

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

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

3. Main countries or regions in each category:

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

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

For the three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)

	Revenue by major business			(Millions of yen)
	PC online	Mobile	Other	Total
Main regional market				
Japan	1,766	2,763	27	4,556
Korea	35,760	12,762	348	48,870
China	12,150	44,186	4	56,340
North America and Europe	3,692	3,347	5	7,044
Rest of World	3,112	2,535	17	5,664
Total	56,480	65,593	401	122,474

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

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

3. Main countries or regions in each category:

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

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

(9) Subsequent Events

Not applicable.