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Consolidated Financial Results
for the Fiscal Year Ended December 31, 2024
[IFRS]

February 13, 2025

Company name: NEXON Co., Ltd.

Listing: Tokyo Stock Exchange

Securities code: 3659

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

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Scheduled date of annual general meeting of shareholders: March 26, 2025

Scheduled date to commence dividend payments: March 27, 2025

Scheduled date to file annual securities report: March 27, 2025

Preparation of supplementary material on financial results: Yes

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

(Amounts are rounded to nearest million yen, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

(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
FY 2024	446,211	5.4%	124,176	(7.8)%	195,987	55.6%	136,216	91.6%	134,848	91.0%	181,401	64.5%
FY 2023	423,356	19.7%	134,745	29.9%	125,929	(10.4)%	71,084	(28.9)%	70,609	(29.6)%	110,249	(3.9)%

	Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
	Yen	Yen	%	%	%
FY 2024	161.79	161.09	14.1	16.6	27.8
FY 2023	82.89	82.33	8.0	11.8	31.8

(Reference): Share of profit (loss) of investments accounted for using equity method

FY2024: ¥(5,179) million, FY2023: ¥(3,510) million

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of December 31, 2024	1,256,771	1,030,525	1,019,013	81.1	1,238.18
As of December 31, 2023	1,098,103	906,575	896,267	81.6	1,064.90

(3) Consolidated cash flows

(Millions of yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
FY 2024	100,968	7,445	(64,777)	331,931
FY 2023	128,712	(188,367)	(78,554)	280,515

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY 2023	—	5.00	—	5.00	10.00	8,485	12.1	1.0
FY 2024	—	7.50	—	15.00	22.50	18,634	13.9	2.0
FY 2025 (Forecast)	—	15.00	—	15.00	30.00		—	

3. Consolidated financial results forecast for the first quarter of fiscal year ending December 31, 2025 (from January 1, 2025 to March 31, 2025)

(Percentages indicate year-on-year changes.)

(Millions of yen)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings per share
	Yen	%	Yen	%	Yen	%	Yen	%	Yen	%	
First Quarter	109,883	1.4%	29,634	1.7%	32,280	(40.5)%	21,733	(39.5)%	21,978	(38.8)%	Yen 26.78
	122,107	12.6%	35,400	21.5%	38,045	(29.9)%	26,332	(26.8)%	26,577	(26.0)%	32.38

(Note) For the forecasts of consolidated financial results for the fiscal year ending December 31, 2025, it is difficult to reasonably estimate financial results for the first six months ending June 30, 2025 and the fiscal year ending December 31, 2025 at the moment, and accordingly, only the financial results forecast for the first three months of the fiscal year ending December 31, 2025 is disclosed. Also, as it is difficult to estimate specific figures, disclosure is made with a range. For details, please refer to “1. Overview of Operating Results and Financial Position (3) Qualitative Information on Consolidated Financial Results Forecast” on page 6 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

- | | |
|---|-----|
| (i) Changes in accounting policies required by IFRS: | Yes |
| (ii) Changes in accounting policies due to other reasons: | No |
| (iii) Changes in accounting estimates: | No |

(3) Number of issued shares (ordinary shares)

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

As of December 31, 2024: 842,443,413 shares

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

(ii) Number of treasury shares at the end of the period

As of December 31, 2024: 19,450,212 shares

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

(iii) Average number of shares outstanding during the period:

Fiscal year ended December 31, 2024: 833,468,361 shares

Fiscal year ended December 31, 2023: 851,841,232 shares

(Note) “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 December 31, 2024: 2,491,629 shares; as of December 31, 2023: 1,088,506 share). 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 December 31, 2024: 1,485,435 shares; as of December 31, 2023: 1,074,165 shares).

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

(Millions of yen)

	Net sales		Operating profit		Ordinary profit		Profit	
FY 2024	7,303	23.4%	(3,613)	—	105,892	8.5%	81,500	(10.0)%
FY 2023	5,920	0.8%	(8,058)	—	97,565	34.0%	90,587	23.3%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY 2024	97.72	97.34
FY 2023	106.25	105.63

(2) Non-consolidated financial position

(Millions of yen)

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of December 31, 2024	212,313	208,297	90.9%	234.47 yen
As of December 31, 2023	190,295	186,385	89.4%	201.93 yen

(Reference) Equity as of December 31, 2024: ¥ 193,059 million, Equity as of December 31, 2023: ¥170,071 million

(Note) Non-consolidated financial data is based on Japanese GAAP.

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

(Caution concerning forward-looking statements)

The forward-looking statements including the financial results forecast herein are based on the information available to the Company and certain assumptions that can be deemed reasonable at time of publication of this document and are not intended as the Company's commitment to achieve such forecasts. Actual results may differ significantly from these forecasts due to various factors. For conditions prerequisite to the financial results forecast and the points to be noted in the use thereof, please refer to "1. Overview of Operating Results and Financial Position (3) Qualitative Information on Consolidated Financial Results Forecast" on page 6 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. Overview of Operating Results and Financial Position

(1) Overview of Operating Results

As for the global economy during the fiscal year ended December 31, 2024, the outlook remained uncertain primarily due to Europe and the United States keeping their interest rates higher, downside risks from the effects of continued stagnation in the 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, 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 deploys teams to customize 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 such as *ARC Raiders*.

For the fiscal year ended December 31, 2024, 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. We also achieved record-breaking full-year revenues as a result of a large contribution from *The First Descendant*, which launched on July 2. 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. As for the PC version of *Dungeon&Fighter* in China, since December 2023, when an imbalance in the in-game economy was found, we have continued to focus on improving that balance and enhancing player engagement 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*, while we worked on improving live operations in existing games and extending its IP to new regions under our hyperlocalization strategy and to new formats, the overall revenue of the franchise decreased year over year due to a tough comparison with the fiscal year ended December 31, 2023, when the franchise marked record-breaking full-year revenue driven by a major update of the game's PC version in Korea and the launch of the mobile version in China. In Korea, revenue decreased year over year due to a decline in player sentiment triggered by a fine imposed by the Korea Fair Trade Commission in January. However, as a result of our efforts to improve player engagement, Net Promoter Score, which is an indicator of player satisfaction, continued to rise over the period from Q1 to Q4, building a foundation for growth in FY2025. *MapleStory* outside Korea grew year over year thanks to our hyperlocalization strategy, under which content development, events and promotions are customized to match the unique player preferences in each region. *MapleStory M* also grew year over year worldwide. In addition, *MapleStory Worlds* officially launched in Korea in April and soft-launched in North and South America in October, which not only contributed to revenue but also 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 the fiscal year ended December 31, 2023, when they marked record-breaking consolidated full-year revenues.

As for other key titles, *The First Descendant*, which launched on July 2, largely contributed to revenue driven by its strong performances mainly in North America and Europe.

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-based bonuses for contributions for great performances. 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 and annual salary hike. Other expenses increased year over year due to an impairment loss on goodwill in relation to consolidation of an equity-method company with net capital deficiency in Q1 and an increase in

impairment loss on prepaid royalties.

Finance income increased year over year driven by the impact of a foreign exchange gain primarily on foreign currency-denominated cash deposits exceeding the amount recorded in the previous year, and a gain on reversal of loss allowances on loans and accrued interest due to the consolidation of the above-mentioned equity-method company with net capital deficiency.

In addition, profit before tax and profit attributable to owners of parent increased year over year as the impairment loss on investments accounted for using equity method recorded last year was not recognized in the fiscal year ended December 31, 2024.

As a result, for the fiscal year ended December 31, 2024, Nexon Group recorded revenue of ¥446,211 million (up 5.4% year-over-year), operating profit of ¥124,176 million (down 7.8% year-over-year), profit before tax of ¥195,987 million (up 55.6% year-over-year) and profit attributable to owners of parent of ¥134,848 million (up 91.0% year-over-year).

Performance results by reportable segments are as follows:

(a) Japan

Revenue for the fiscal year ended December 31, 2024 amounted to ¥6,123 million (up 23.3% year-over-year) and segment loss amounted to ¥2,633 million (segment loss of ¥4,553 million for the fiscal year ended December 31, 2023).

(b) Korea

Revenue for the fiscal year ended December 31, 2024 amounted to ¥413,098 million (up 3.9% year-over-year) and segment profit amounted to ¥154,434 million (down 2.8% 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.

(c) China

Revenue for the fiscal year ended December 31, 2024 amounted to ¥2,617 million (down 17.9% year-over-year), and segment profit amounted to ¥560 million (down 56.9% year-over-year).

(d) North America

Revenue for the fiscal year ended December 31, 2024 amounted to ¥17,609 million (up 17.8% year-over-year) and segment loss amounted to ¥4,059 million (segment loss of ¥8,363 million for the fiscal year ended December 31, 2023).

(e) Other

Revenue for the fiscal year ended December 31, 2024 amounted to ¥6,764 million (up 173.5% year-over-year) and segment loss amounted to ¥9,188 million (segment loss of ¥9,796 million for the fiscal year ended December 31, 2023).

(2) Overview of Financial Position

(a) Assets, liabilities and equity

(Assets)

Total assets as of December 31, 2024 amounted to ¥1,256,771 million, an increase of ¥158,668 million from December 31, 2023. Major components include an increase of ¥51,416 million in cash and cash equivalents, an increase of ¥50,844 million in trade and other receivables, an increase of ¥97,000 million in other financial assets and a decrease of ¥47,309 million in other deposits.

(Liabilities)

Total liabilities as of December 31, 2024 amounted to ¥226,246 million, an increase of ¥34,718 million from December 31, 2023. Major components include an increase of ¥10,274 million in lease liabilities, an increase of ¥16,666 million in provisions and an increase of ¥7,637 million in deferred tax liabilities.

(Equity)

Equity as of December 31, 2024 totaled ¥1,030,525 million, an increase of ¥123,950 million from December 31, 2023. Major components of changes in equity include an increase of ¥72,970 million in retained earnings primarily due to recording of profit attributable to owners of parent and an increase of ¥47,241 million in other components of equity primarily due to recording of financial assets measured at fair value through other comprehensive income.

(b) Cash flows

Cash and cash equivalents (collectively, “cash”) as of December 31, 2024 was ¥331,931 million, an increase of ¥51,416 million from December 31, 2023. The increase includes ¥7,780 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, 2024 and their significant components are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities was ¥100,968 million, compared to ¥128,712 million for the fiscal year ended December 31, 2023. Major components of the increase include profit before tax of ¥195,987 million. Major components of the decrease include an increase in trade and other receivables of ¥53,822 million and income taxes paid of ¥43,740 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 provided by investing activities was ¥7,445 million, compared to ¥188,367 million used in the fiscal year ended December 31, 2023. Major cash inflows include a net decrease in time deposits of ¥40,653 million. Major cash outflows include purchase of securities by investment funds under consolidated subsidiaries of ¥13,091 million, purchase of securities of ¥12,419 million, and a net increase in restricted deposits of ¥9,221 million.

Net cash provided by investing activities increased year over year due to decreases in time deposits.

(Cash flows from financing activities)

Net cash used in financing activities was ¥64,777 million, compared to ¥78,554 million for the fiscal year ended December 31, 2023. Major cash outflows include purchase of treasury shares of ¥54,564 million and dividends paid of ¥10,295 million.

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

(Reference) The changes in cash flow indicators are as follows:

	FY2023	FY2024
Ratio of equity attributable to owners of parent to total assets (%)	81.6	81.1
Ratio of equity attributable to owners of parent to total assets at fair value (%)	196.9	155.6
Interest-bearing liabilities to cash flow ratio (years)	0.2	0.4
Interest coverage ratio (times)	91.6	48.2

Ratio of equity attributable to owners of parent to total assets:

$\text{Equity attributable to owners of parent (end of year) / total assets (end of year)}$

Ratio of equity attributable to owners of parent to total assets at fair value:

$\text{Market capitalization / total assets (end of year)}$

Interest-bearing liabilities to cash flow ratio:

$\text{Interest-bearing liabilities / cash flows}$

Interest coverage ratio:

$\text{Cash flows / interest paid}$

- (Notes)
1. All ratios are calculated based on the financial data on a consolidated basis.
 2. Market capitalization is calculated based on total number of issued shares excluding treasury shares.
 3. Cash flows are derived from operating cash flows.
 4. Interest-bearing liabilities cover all liabilities recorded in the consolidated statement of financial position that are subject to interest payment.

(3) Qualitative Information on 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.

For the three months ending March 31, 2025, Nexon Group expects consolidated revenue in the range of ¥109,883 ~ 122,107 million (up 1.4% ~ 12.6% year over year), operating profit in the range of ¥29,634 ~ 35,400 million (up 1.7% ~ 21.5% year over year), profit before tax in the range of ¥32,280 ~ 38,045 million (down 40.5% ~ 29.9% year over year), profit in the range of ¥21,733 ~ 26,332 million (down 39.5% ~ 26.8% year over year), profit attributable to owners of parent in the range of ¥21,978 ~ 26,577 million (down 38.8% ~ 26.0% year over year), and basic earnings per share in the range of ¥26.78 ~ 32.38. Nexon Group operates its businesses around the world, in Japan, South Korea, China, the United States and other countries. Major exchange rates for Q1 2025 are expected to be 1 U.S Dollar = ¥156.54, 100 South Korean Won = ¥10.81 and 1 Chinese Yuan = ¥21.64. In general, the exchange rates of the South Korean Won and the Chinese Yuan to Japanese Yen are assumed to be linked to the exchange rate of U.S. Dollar to Japanese Yen. Based on this assumption, we expect that every one Japanese Yen move against the U.S. Dollar will have an impact of approximately ¥737 million on revenue and approximately ¥228 million on operating profit for the three months ending March 31, 2025.

For the three months ending March 31, 2025, while we expect *EA SPORTS FC™* franchise revenues to decrease year over year, we expect *Dungeon&Fighter* franchise to grow driven by contributions from *Dungeon&Fighter Mobile* and *The First Berserker: Khazan*, which is scheduled to launch on March 28, 2025, and *MapleStory* franchise revenues to increase driven by the revitalization of its PC version in Korea. In addition, we anticipate continued contribution from *The First Descendant*, which launched in July 2024. As a result, we expect year-over-year revenue growth in the three months ending March 31, 2025. Outlook by key franchise is as follows.

We expect *Dungeon&Fighter* franchise revenues to grow double digit driven by contributions from *Dungeon&Fighter Mobile* and *The First Berserker: Khazan*. For *Dungeon&Fighter Mobile*, while we anticipate an increase in revenue quarter over quarter due to strong seasonality, the New Year update introduced on January 13 has been slow to retain users as well as attract new and returning players. As for the PC version of *Dungeon&Fighter* in China, we expect revenue to decrease year over year. The New Year update started slow but more recently showed improvement including greater balance to the in-game economy and daily active users returning close to the levels seen last year. *The First Berserker: Khazan*, which is designed to introduce *Dungeon&Fighter* IP to global audiences, is scheduled to be released on PC and console on March 28, 2025.

We expect *MapleStory* franchise revenues to increase year over year driven by the revitalization of *MapleStory* in Korea. We anticipate revenue from *MapleStory* in Korea to increase more than 30% year over year, as the number of users has improved driven by the Winter update introduced in December 2024 and its performance has remained strong in January.

For *EA SPORTS FC™* franchise, revenues are expected to decrease year over year.

For other key titles, while we anticipate a contribution from *The First Descendant*, which launched in July 2024, we expect a revenue decrease from *THE FINALS*, which launched in December 2023. *MABINOGI MOBILE*, the mobile version of *Mabinogi* franchise, is scheduled to launch in Korea on March 27, 2025.

On the cost side in Q1, we anticipate decreased royalty expenses due to a decrease in *EA SPORTS FC™* franchise revenues and lower platform fees due to a decrease in mobile revenues excluding *Dungeon&Fighter Mobile* in China, which is a royalty business. On the other hand, we expect increased HR costs due to the performance-based bonuses and higher headcount as well as increased marketing expenses associated primarily with promotions for new titles.

Other costs are expected to decrease year over year as we do not anticipate, in the three months ending March 31, 2025, the impact of the impairment loss on goodwill recognized in the same period last year.

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.

(4) Basic Policy on the Distribution of Profits and Dividends for the Current and Next Fiscal Year

Nexon 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 ongoingly 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 out year-end dividends of 15.0 yen per share for the fiscal year ended December 31, 2024. Furthermore, interim and year-end dividends of 15.0 yen per share are also scheduled for the fiscal year ending December 31, 2025.

At Nexon, dividends of surplus are decided by a resolution of the Board of Directors. Furthermore, Nexon'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 (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."

2. Current Status of the Corporate Group

As of December 31, 2024, Nexon Group consists of NEXON Co., Ltd. (“Nexon”), Nexon’s 45 consolidated subsidiaries and 15 equity-method affiliates and equity-method joint ventures, and is engaged in the production, development and service of PC online and mobile games. In Japan, Nexon 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 service of PC online and mobile games. The reportable segments include “Japan,” “Korea,” “China,” “North America,” and “Others.” Europe and Asian countries are included in “Others.”

(Major consolidated subsidiaries as of December 31, 2024)

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.
Others:	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 service 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*. When preparing to launch a new title, we flexibly adapt to changing market conditions by conducting consumer test, 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 Nexon, 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 service 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 and net-café operation when offering PC online and mobile games. N Media Platform Co., LTD. provides net-café 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.

(b) Mobile business

The mobile business involves the development and service of mobile games playable on smartphones and tablet devices. Nexon Group develops and services mobile games in Japan and overseas. In Japan, Nexon 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

Nexon's PC online game 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 or NEOPLE INC. is directly serviced (including the setup of a network environment, marketing and user support) by themselves or by Nexon 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, in principle, 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 launches, 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 or mobile game developer.

Nexon Group's deal with Valve Corporation related to *Counter-Strike Online* and our deals with Electronic Arts Inc. related to *EA SPORTS FC™ ONLINE*, *EA SPORTS FC™ ONLINE M* and *EA SPORTS 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 revenue 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 revenue 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.

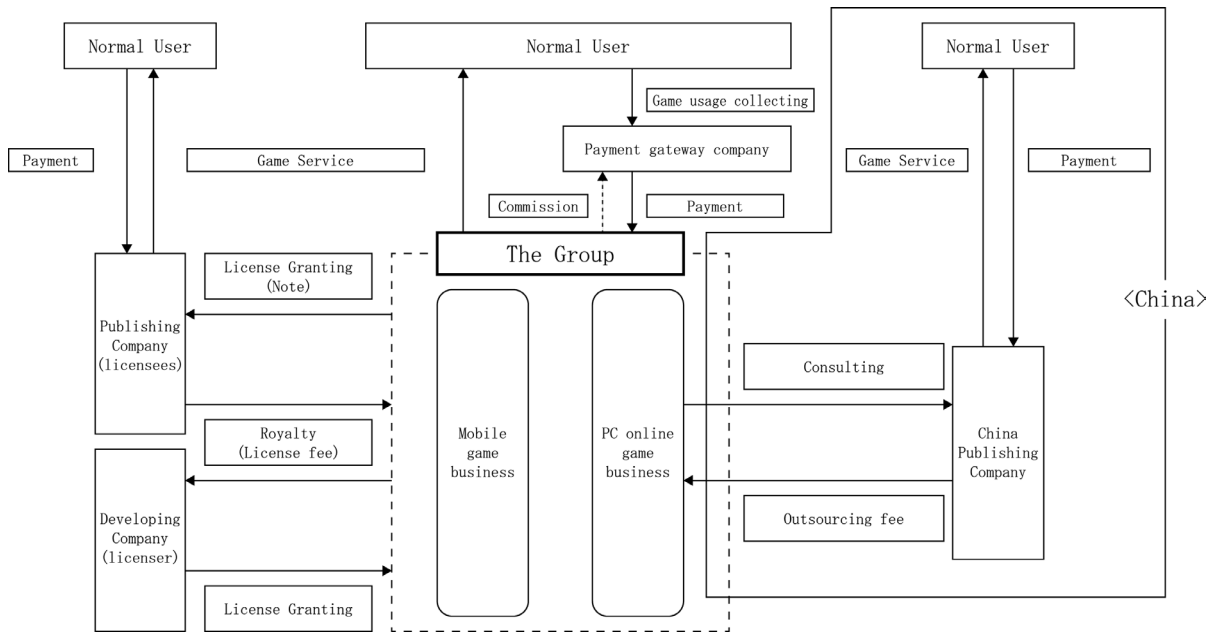
(b) Advertisement revenue model

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.

[Business system chart]

Chart 1 shows the above described matters.

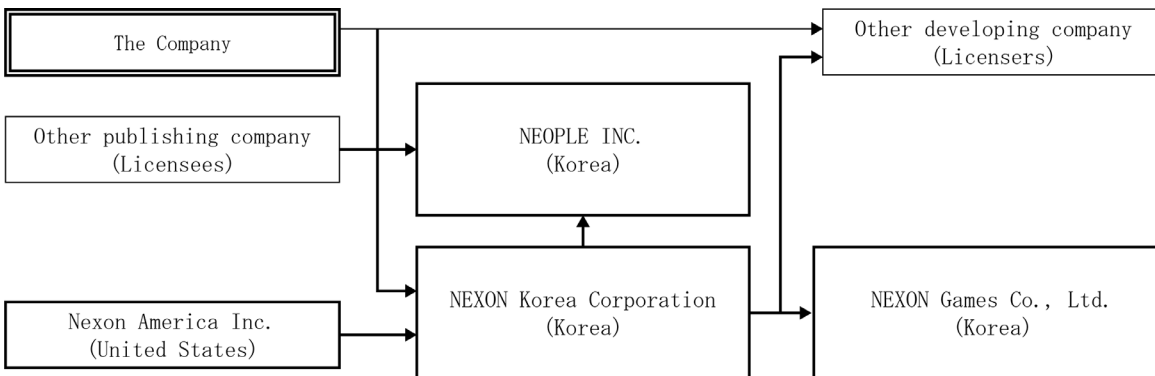
<Chart 1>



(Note) In general, only one license is granted for a game in each country, providing the local company with an exclusive right for distribution.

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

<Chart 2>



3. Basic Concept for Selection of the Accounting Standards

Nexon Group has applied International Accounting Standards since the fiscal year ended December 31, 2013, with the aim to enhance the global comparability and convenience of financial information in the capital market.

4. Consolidated Financial Statements and Major Notes

(1) Consolidated Statement of Financial Position

	(Millions of yen)	
	As of December 31, 2023	As of December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	280,515	331,931
Trade and other receivables	37,873	88,717
Other deposits	316,243	268,934
Other financial assets	41,582	49,471
Other current assets	13,293	13,220
Total current assets	<u>689,506</u>	<u>752,273</u>
Non-current assets		
Property, plant and equipment	28,854	28,365
Goodwill	43,924	44,567
Intangible assets	17,847	34,815
Right-of-use assets	24,000	34,998
Investments accounted for using equity method	58,120	63,669
Other financial assets	179,199	268,310
Other non-current assets	754	1,130
Deferred tax assets	55,899	28,644
Total non-current assets	<u>408,597</u>	<u>504,498</u>
Total assets	<u><u>1,098,103</u></u>	<u><u>1,256,771</u></u>

	(Millions of yen)	
	As of December 31, 2023	As of December 31, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	16,332	15,651
Deferred income	21,065	23,861
Income taxes payable	17,932	19,103
Lease liabilities	5,634	7,120
Provisions	11,839	28,232
Other current liabilities	16,572	13,695
Total current liabilities	<u>89,374</u>	<u>107,662</u>
Non-current liabilities		
Deferred income	15,207	14,641
Lease liabilities	24,090	32,878
Other financial liabilities	1,072	1,089
Provisions	325	598
Other non-current liabilities	9,711	9,992
Deferred tax liabilities	51,749	59,386
Total non-current liabilities	<u>102,154</u>	<u>118,584</u>
Total liabilities	<u>191,528</u>	<u>226,246</u>
Equity		
Share capital	47,510	50,797
Capital surplus	26,719	30,079
Treasury shares	(45,046)	(49,158)
Other components of equity	159,857	207,098
Retained earnings	707,227	780,197
Total equity attributable to owners of parent	<u>896,267</u>	<u>1,019,013</u>
Non-controlling interests	10,308	11,512
Total equity	<u>906,575</u>	<u>1,030,525</u>
Total liabilities and equity	<u>1,098,103</u>	<u>1,256,771</u>

(2) Consolidated Statement of Profit or Loss

(Millions of yen)

	Fiscal Year ended December 31, 2023	Fiscal Year ended December 31, 2024
Revenue	423,356	446,211
Cost of sales	(137,938)	(164,838)
Gross profit	285,418	281,373
Selling, general and administrative expenses	(147,740)	(142,176)
Other income	1,733	1,039
Other expenses	(4,666)	(16,060)
Operating profit	134,745	124,176
Finance income	40,145	79,698
Finance costs	(7,279)	(3,400)
Reversal of loss on revaluation	6,253	692
Share of loss of investments accounted for using equity method	(3,510)	(5,179)
Impairment loss on equity method investments	(44,425)	—
Profit before tax	125,929	195,987
Income tax expense	(54,845)	(59,771)
Profit	71,084	136,216
Profit attributable to:		
Owners of parent	70,609	134,848
Non-controlling interests	475	1,368
Profit	71,084	136,216
Earnings per share (attributable to owners of parent)	(Yen)	(Yen)
Basic earnings per share	82.89	161.79
Diluted earnings per share	82.33	161.09

(3) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal Year ended December 31, 2023	Fiscal Year ended December 31, 2024
Profit	71,084	136,216
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	(13,636)	61,983
Remeasurements of defined benefit plans	(29)	(26)
Gain on revaluation of intangible assets	—	14,320
Share of other comprehensive income of investments accounted for using equity method	(292)	2,062
Income taxes	5,652	(21,045)
Total of items that will not be reclassified to profit or loss	(8,305)	57,294
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	47,470	(12,109)
Total of items that may be reclassified to profit or loss	47,470	(12,109)
Total other comprehensive income	39,165	45,185
Comprehensive income	110,249	181,401
Comprehensive income attributable to:		
Owners of parent	109,293	180,318
Non-controlling interests	956	1,083
Comprehensive income	110,249	181,401

(4) Consolidated Statement of Changes in Equity

Fiscal Year ended December 31, 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	—	—	—	—	70,609	70,609	475	71,084
Other comprehensive income	—	—	—	38,684	—	38,684	481	39,165
Comprehensive income	—	—	—	38,684	70,609	109,293	956	110,249
Issuance of new shares	8,538	8,538	—	—	—	17,076	—	17,076
Share issuance costs	—	(59)	—	—	—	(59)	—	(59)
Dividends	—	—	—	—	(8,579)	(8,579)	—	(8,579)
Share-based payment transactions	—	—	—	(598)	—	(598)	—	(598)
Forfeiture of share acquisition rights	—	—	—	(406)	405	(1)	1	—
Changes in ownership interest in subsidiaries	—	(47)	—	—	—	(47)	(2)	(49)
Purchase of treasury shares	—	(43)	(78,980)	—	—	(79,023)	—	(79,023)
Disposal of treasury shares	—	3	398	(385)	—	16	—	16
Cancellation of treasury shares	—	—	50,000	—	(50,000)	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	8,550	(8,550)	—	—	—
Other	—	(4)	—	—	—	(4)	—	(4)
Total transactions with owners, etc.	8,538	8,388	(28,582)	7,161	(66,724)	(71,219)	(1)	(71,220)
Balance at end of period	47,510	26,719	(45,046)	159,857	707,227	896,267	10,308	906,575

Fiscal Year ended December 31, 2024

(Millions of yen)

	Equity attributable to owners of parent					Total	Non-controlling interests	Total
	Share capital	Capital surplus	Treasury shares	Other components of equity	Retained earnings			
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
Issuance of new shares	3,287	3,287	—	—	—	6,574	—	6,574
Share issuance costs	—	(24)	—	—	—	(24)	—	(24)
Dividends	—	—	—	—	(10,465)	(10,465)	—	(10,465)
Share-based payment transactions	—	—	—	746	—	746	—	746
Forfeiture of share acquisition rights	—	—	—	(18)	13	(5)	5	—
Changes in ownership interest in subsidiaries	—	125	—	—	—	125	116	241
Purchase of treasury shares	—	(40)	(54,524)	—	—	(54,564)	—	(54,564)
Disposal of treasury shares	—	12	412	(383)	—	41	—	41
Cancellation of treasury shares	—	—	50,000	—	(50,000)	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	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

(5) Consolidated Statement of Cash Flows

	Fiscal Year ended December 31, 2023	(Millions of yen) Fiscal Year ended December 31, 2024
Cash flows from operating activities		
Profit before tax	125,929	195,987
Depreciation and amortization	8,598	10,142
Share-based payment expenses	4,388	3,981
Interest and dividend income	(24,621)	(24,034)
Interest expenses	1,410	2,107
Impairment losses	3,040	13,432
Loss (gain) on revaluation	(6,253)	(692)
Share of loss (profit) of investments accounted for using equity method	3,510	5,179
Impairment loss on equity method investments	44,425	—
Loss (gain) on sale of investments accounted for using equity method	(126)	—
Loss (gain) on valuation of securities	(2,606)	(14,991)
Loss (gain) on sale and redemption of securities	(1,981)	(3,759)
Foreign exchange loss (gain)	(6,632)	(14,068)
Decrease (increase) in trade and other receivables	(4,516)	(53,822)
Decrease (increase) in other current assets	3,170	(6,347)
Increase (decrease) in trade and other payables	946	(3,041)
Increase (decrease) in deferred income	(299)	3,870
Increase (decrease) in provisions	1,478	17,208
Increase (decrease) in other current liabilities	3,312	(3,772)
Increase (decrease) in loss allowances	5,484	(5,632)
Other	4,693	6
Subtotal	163,349	121,754
Interest received	16,808	20,200
Dividends received	4,130	4,850
Interest paid	(1,405)	(2,096)
Income taxes paid	(54,170)	(43,740)
Net cash provided by (used in) operating activities	128,712	100,968
Cash flows from investing activities		
Net decrease (increase) in restricted deposits	(4,792)	(9,221)
Net decrease (increase) in time deposits	(138,101)	40,653
Purchase of property, plant and equipment	(3,407)	(3,639)
Proceeds from sale of property, plant and equipment	41	136
Purchase of intangible assets	(2,306)	(4,047)
Payments associated with increase in long-term prepaid expenses	(353)	(1,003)
Purchase of securities by investment funds under consolidated subsidiaries	(17,488)	(13,091)
Proceeds from sale of securities by investment funds under consolidated subsidiaries	19,681	16,230
Purchase of securities	(10,392)	(12,419)
Proceeds from sale and redemption of securities	2,324	5,299
Purchase of investments accounted for using equity method	(26,627)	(5,286)
Proceeds from sale of investments accounted for using equity method	126	—
Payments for short-term loans receivable	—	(1,468)
Collection of short-term loans receivable	10	—
Payments for long-term loans receivable	(6,157)	(3,651)
Collection of long-term loans receivable	17	17
Other	(943)	(1,065)
Net cash provided by (used in) investing activities	(188,367)	7,445

	(Millions of yen)	
	Fiscal Year ended December 31, 2023	Fiscal Year ended December 31, 2024
Cash flows from financing activities		
Proceeds from exercise of employee share options	12,481	4,441
Purchase of treasury shares	(79,023)	(54,564)
Dividends paid	(8,579)	(10,295)
Repayments of lease liabilities	(3,445)	(4,400)
Other	12	41
Net cash provided by (used in) financing activities	<u>(78,554)</u>	<u>(64,777)</u>
Net increase (decrease) in cash and cash equivalents	<u>(138,209)</u>	<u>43,636</u>
Cash and cash equivalents at beginning of period	<u>409,368</u>	<u>280,515</u>
Effect of exchange rate changes on cash and cash equivalents	<u>9,356</u>	<u>7,780</u>
Cash and cash equivalents at end of period	<u><u>280,515</u></u>	<u><u>331,931</u></u>

- (6) Notes to Consolidated Financial Statements
 (Notes on Going Concern Assumption)
 Not applicable.

(Changes in Accounting Policies)

Changes in accounting policies required by IFRS

The material accounting policies used to prepare these 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 has applied the following standards since Q1 2024 (from January 1, 2024 to March 31, 2024), but the application of these standards did not have material impacts on the fiscal year ended December 31, 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

(Changes in Presentation Method)

Consolidated statement of cash flows

For the fiscal year ended December 31, 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 fiscal year ended December 31, 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 consolidated statement of cash flows for the fiscal year ended December 31, 2023 were each reclassified as follows: Of the ¥20,938 million included in “Interest and dividends received” under “Cash flows from operating activities,” ¥16,808 million was reclassified to “Interest received” and ¥4,130 million was reclassified to “Dividends received.”

(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 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.

(2) Revenue, profit or loss by reportable segment

Information on the segments of Nexon Group is as follows:

Fiscal year ended December 31, 2023 (From January 1, 2023 to December 31, 2023)

(Millions of yen)

	Reportable Segments						Adjustments (Note 4)	Consolidated
	Japan	Korea	China	North America	Other	Total		
Revenue								
Revenue from external customers								
PC online	3,899	283,893	3,188	8,846	2,447	302,273	—	302,273
Mobile	1,015	112,073	—	6,090	—	119,178	—	119,178
Other	54	1,816	—	10	25	1,905	—	1,905
Total revenue from external customers	4,968	397,782	3,188	14,946	2,472	423,356	—	423,356
Intersegment revenue	815	6,543	—	1,229	1,352	9,939	(9,939)	—
Total	5,783	404,325	3,188	16,175	3,824	433,295	(9,939)	423,356
Segment profit (loss) (Note 1)	(4,553)	158,856	1,300	(8,363)	(9,796)	137,444	234	137,678
Other income and expenses, net	—	—	—	—	—	—	—	(2,933)
Operating profit	—	—	—	—	—	—	—	134,745
Finance income and costs, net (Note 5)	—	—	—	—	—	—	—	32,866
Reversal of loss on revaluation (Note 7)	—	—	—	—	—	—	—	6,253
Share of loss of investments accounted for using equity method	—	—	—	—	—	—	—	(3,510)
Impairment loss on equity method investments (Note 8)	—	—	—	—	—	—	—	(44,425)
Profit before tax	—	—	—	—	—	—	—	125,929
(Other items)								
Depreciation and amortization (Note 6)	4	7,303	116	260	915	8,598	—	8,598
Impairment loss	1,048	1,969	—	23	—	3,040	—	3,040
Capital expenditures (Note 3)	929	13,864	138	88	809	15,828	—	15,828

(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 ¥234 million represent elimination of intersegment transactions.

5. Major components of finance income are foreign exchange gain of ¥10,436 million and interest and dividend income of ¥24,621 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. Impairment loss on equity method investments is an impairment loss of ¥44,425 million on investments accounted for using equity method pertaining to Brothers International, LLC.

9. 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, 2024 (From January 1, 2024 to December 31, 2024)

(Millions of yen)

	Reportable Segments						Adjustments (Note 4)	Consolidated
	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 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.

(3) Revenue from major products and services

Revenue from major products and services are as follows:

	(Millions of yen)	
	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Item charging	307,949	252,570
Royalty	110,487	189,415
Other	4,920	4,226
Total	<u>423,356</u>	<u>446,211</u>

(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, 2023	As of December 31, 2024
Japan	25	1
Korea	70,345	84,504
China	249	207
North America	869	307
Other	33,499	33,400
Total	<u>104,987</u>	<u>118,419</u>

(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

Revenue from external customers are as follows:

For the fiscal year ended December 31, 2023 (From January 1, 2023 to December 31, 2023)

	Revenue by major business			(Millions of yen)
	PC online	Mobile	Other	Total
Main regional market				
Japan	4,249	7,601	83	11,933
Korea	178,802	74,807	1,721	255,330
China	94,347	6,141	0	100,488
North America and Europe	11,710	15,950	44	27,704
Rest of World	13,165	14,679	57	27,901
Total	<u>302,273</u>	<u>119,178</u>	<u>1,905</u>	<u>423,356</u>

(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, 2024 (From January 1, 2024 to December 31, 2024)

	Revenue by major business			(Millions of yen)
	PC online	Mobile	Other	Total
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

(5) Information on major customers

One customer contributed more than 10% of Nexon Group's consolidated revenue for the fiscal years ended December 31, 2023 and 2024, and revenue earned from the customer were ¥80,189 million (Korea segment) and ¥143,300 million (Korea segment), respectively.

(Per Share Information)

Basic and diluted earnings per share attributable to owners of parent are calculated based on the following information.

(Millions of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Profit attributable to owners of parent	70,609	134,848
Adjustments to profit used for the calculation of diluted earnings per share		
Adjustments due to dilutive shares of consolidated subsidiaries	(12)	(45)
Diluted profit attributable to owners of parent	70,597	134,803
Number of basic weighted-average ordinary shares (Note 1)	851,841,232 shares	833,468,361 shares
Dilution: Share option	5,601,460 shares	3,340,830 shares
Number of dilutive weighted-average ordinary shares	857,442,692 shares	836,809,191 shares
Earnings per share (attributable to owners of parent)	(Yen)	(Yen)
Basic earnings per share	82.89	161.79
Diluted earnings per share (Note 2)	82.33	161.09

- (Notes) 1. Nexon's ordinary shares held by our consolidated subsidiaries, Stiftelsen Embark Incentive and NEXON Employee Benefit 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 735,351 shares and 338,814 shares, respectively, for the fiscal year ended December 31, 2023 and 543,596 shares and 941,839 shares, respectively, for the fiscal year ended December 31, 2024.
2. Some of the share acquisition rights issued by Nexon do not have any dilutive effect and thus are not included in the calculation of diluted earnings per share.

(Significant Subsequent Event)

(1) Cancellation of treasury shares

Nexon's Board of Directors has approved, on February 13, 2025, 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 cancelled: Ordinary shares of Nexon
- (iii) Number of shares to be cancelled: 19,911,683 shares
(2.4% of the total number of shares issued as of January 31, 2025)
- (iv) Date of scheduled cancellation: February 28, 2025

(2) Share buyback

Nexon's Board of Directors has approved, on February 13, 2025, the matters pertaining to the share buyback pursuant to the provisions of Article 156 as replaced and applied mutatis mutandis pursuant to the provisions of Article 165(3) of the Companies Act.

(a) Reason for the share buyback

To improve capital efficiency and ensure flexibility of capital policy

(b) Details of the buyback

- (i) Class of shares: Ordinary shares of Nexon
- (ii) Total number of shares to be acquired: 32,000,000 shares (maximum)
(3.9% of the total number of shares issued excluding treasury shares as of January 31, 2025)
- (iii) Total acquisition amount of shares: JPY 50,000 million (maximum)
- (iv) Acquisition period: February 14, 2025 to June 30, 2025
- (v) Acquisition method: Purchase at market on the Tokyo Stock Exchange