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Consolidated Financial Results for the Three Months Ended March 31, 2025 [IFRS]

May 13, 2025

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 of commencing dividend payments: -

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 Three Months Ended March 31, 2025 (from January 1, 2025 to March 31, 2025)

(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	
Three months ended March 31, 2025	113,934	5.1%	41,611	42.8%	38,701	(28.6)%	26,323	(26.8)%	26,272	(26.9)%	8,007	(88.2)%
Three months ended March 31, 2024	108,418	(12.6)%	29,146	(48.2)%	54,239	(24.6)%	35,951	(32.5)%	35,918	(32.0)%	68,130	76.7%

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2025	32.12		32.07	
Three months ended March 31, 2024	42.77		42.57	

(2) Consolidated Financial Position

(Millions of yen)

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
As of March 31, 2025	1,221,826	1,002,769	991,935	81.2%
As of December 31, 2024	1,256,771	1,030,525	1,019,013	81.1%

2. Dividends

(Yen)

	Annual Dividends				
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	End of Year	Total
FY 2024	—	7.50	—	15.00	22.50
FY 2025	—				
FY 2025 (Forecast)		15.00	—	15.00	30.00

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

3. Consolidated Financial Results Forecast for the Six Months Ending June 30, 2025 (from January 1, 2025 to June 30, 2025)

(% changes year-over-year)

(Millions of yen)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings per share
2nd Quarter (cumulative)	213,552	(7.5)%	64,117	(13.8)%	64,684	(44.1)%	42,441	(43.7)%	43,092	(43.1)%	Yen
	~	~	~	~	~	~	~	~	~	~	53.02
	224,188	(2.9)%	72,666	(2.3)%	73,234	(36.7)%	48,898	(35.1)%	49,549	(34.6)%	60.97

(Note) As it is difficult to reasonably estimate financial results for the year ending December 31, 2025 at the moment, only the financial results forecast for the six months ending June 30, 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, etc. (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: No

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 March 31, 2025: 822,970,201 shares

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

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

As of March 31, 2025: 11,545,569 shares

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

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

Three months ended March 31, 2025: 817,899,493 shares

Three months ended March 31, 2024: 839,805,252 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 March 31, 2025: 2,484,269 shares; as of December 31, 2024: 2,491,629 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 March 31, 2025: 2,489,789 shares; as of March 31, 2024: 1,168,553 shares).

* Review of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: No

* 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. Overview of Operating Results, etc. (3) Explanation on Future Forecast Information including Consolidated Financial Results Forecast” on page 4 of the Appendix.

(Method of Obtaining Supplementary Briefing Material on Financial Results)

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

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Period

As for the global economy during the three months ended March 31, 2025, the outlook remained uncertain primarily due to downside risks from the spreading impact of the U.S. policy developments including its trade policy, and the effects of fluctuations in financial and capital markets. In Japan, the economy continued to gradually recover due in part to the effects of various political measures as employment and income environments improved, although the continued rise in prices had an impact on private consumption mainly through a downturn in consumer sentiment.

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 three months ended March 31, 2025, revenue increased year over year driven by a contribution from *Dungeon&Fighter Mobile*, which launched in China in Q2 2024, turnaround performance in *MapleStory*, as well as contributions from *The First Berserker: Khazan* and *MABINOgi MOBILE* which launched in March. Revenues by key franchises are as follows:

Dungeon&Fighter franchise revenue significantly grew year over year driven by strong performances including contributions from *Dungeon&Fighter Mobile* and *The First Berserker: Khazan*, plus strong growth from PC *Dungeon&Fighter* in Korea, which nearly doubled revenue from a year ago. In China, PC *Dungeon&Fighter*'s new year update resonated with players, providing solid improvements to the in-game economy balance and generating an increase in daily active users. In Korea, PC *Dungeon&Fighter*'s new year update successfully doubled both MAUs and PUs, driving record-high quarterly revenue.

MapleStory franchise revenue grew year over year driven by its PC version's strong performances in Korea, North America and Europe. For *MapleStory* in Korea, revenue significantly increased year over year as the successful winter update introduced in December 2024 drove strong improvements to player engagement, represented by key metrics including DAUs, pay rate, and ARPPU. Service in North America and Europe continued to deliver year-over-year growth driven by the hyperlocalization strategy. *MapleStory Worlds* grew year over year as we expanded the service region into Europe.

For *EA SPORTS FC™ ONLINE* and *EA SPORTS FC™ MOBILE*, revenues decreased year over year despite well-received Team of the Year feature.

As for other key titles, *MABINOgi MOBILE*, which launched in Korea on March 27, contributed to revenue as it received strongly positive feedback and charted as #1 most-popular game. In addition, *The First Descendant*, which launched in Q3 2024, continued to contribute to revenue.

In terms of expenses, costs decreased year over year as the impairment loss recorded under other expenses in Q1 2024 did not repeat this year.

In addition, profit before tax and profit attributable to owners of parent decreased year over year as a result of a foreign exchange loss recorded in the three months ended March 31, 2025, while a foreign exchange gain was recorded in the same period last year.

As a result, for the three months ended March 31, 2025, Nexon Group recorded revenue of ¥113,934 million (up 5.1% year-over-year), operating profit of ¥41,611 million (up 42.8% year-over-year), profit before tax of ¥38,701 million (down 28.6% year-over-year) and profit attributable to owners of parent of ¥26,272 million (down 26.9% year-over-year).

Business results by reportable segments for the three months ended March 31, 2025 are as follows:

(a) Japan

Revenue for the three months ended March 31, 2025 amounted to ¥1,585 million (up 2.8% year-over-year), and segment loss amounted to ¥665 million (segment loss of ¥785 million for the three months ended March 31, 2024).

(b) Korea

Revenue for the three months ended March 31, 2025 amounted to ¥105,100 million (up 8.3% year-over-year),

and segment profit amounted to ¥44,402 million (up 14.4% year-over-year). Revenue in Korea include 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 three months ended March 31, 2025 amounted to ¥437 million (down 66.7% year-over-year), and segment profit amounted to ¥14 million (down 98.3% year-over-year).

(d) North America

Revenue for the three months ended March 31, 2025 amounted to ¥5,355 million (down 6.6% year-over-year), and segment loss amounted to ¥114 million (segment loss of ¥1,191 million for the three months ended March 31, 2024).

(e) Other

Revenue for the three months ended March 31, 2025 amounted to ¥1,457 million (down 48.5% year-over-year), and segment loss amounted to ¥2,126 million (segment loss of ¥2,509 million for the three months ended March 31, 2024).

(2) Overview of Financial Position for the Period

(a) Assets, liabilities and equity

(Assets)

Total assets as of March 31, 2025 amounted to ¥1,221,826 million, a decrease of ¥34,945 million from December 31, 2024. Major components include a decrease of ¥19,077 million in trade and other receivables, a decrease of ¥24,041 million in other deposits, a decrease of ¥10,473 million in deferred tax assets, and an increase of ¥14,735 million in other financial assets.

(Liabilities)

Total liabilities as of March 31, 2025 amounted to ¥219,057 million, a decrease of ¥7,189 million from December 31, 2024. Major components include a decrease of ¥9,525 million in provisions, a decrease of ¥5,301 million in deferred tax liabilities, a decrease of ¥2,075 million in lease liabilities, an increase of ¥6,303 million in other financial liabilities, and an increase of ¥4,775 million in income taxes payable.

(Equity)

Equity as of March 31, 2025 totaled ¥1,002,769 million, a decrease of ¥27,756 million from December 31, 2024. Major components of changes in equity include an increase of ¥26,272 million in retained earnings due to recording of profit attributable to owners of parent, a decrease of ¥24,817 million in purchases of treasury shares, a decrease of ¥17,524 million in other components of equity primarily due to recording of exchange differences on translation of foreign operations, and a decrease of ¥12,382 million in retained earnings due to dividend of surplus.

As a result, ratio of equity attributable to owners of parent to total assets was 81.2% (81.1% as of December 31, 2024).

(b) Cash flows

Cash and cash equivalents (collectively, “cash”) as of March 31, 2025 was ¥340,953 million, an increase of ¥9,022 million from December 31, 2024. The increase includes ¥(14,149) million in effects of a decrease due to exchange rate changes on cash.

Cash flows from each activity for the three months ended March 31, 2025 and their significant components are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities was ¥49,285 million, compared to ¥12,183 million for the three months ended March 31, 2024. Major components of the increase include profit before tax of ¥38,701 million and a decrease in trade and other receivables of ¥15,262 million.

Net cash provided by operating activities increased year over year due to a decrease in trade and other receivables.

(Cash flows from investing activities)

Net cash provided by investing activities was ¥12,183 million, compared to ¥45,305 million used in the three months ended March 31, 2024. Major cash inflows include a net decrease in time deposits of ¥11,964 million.

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

(Cash flows from financing activities)

Net cash used in financing activities was ¥38,297 million, compared to ¥11,881 million for the three months ended March 31, 2024. Major cash outflows include purchases of treasury shares of ¥24,817 million and dividends paid of ¥12,049 million.

Net cash used in financing activities increased year over year due to increases in purchases of treasury shares and dividends paid.

(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 Six Months Ending June 30, 2025” is the sum of our actual consolidated financial results for the three months ended March 31, 2025 and our consolidated business outlook for the three months ending June 30, 2025. Please refer to the table below for our consolidated financial results forecast for the three months ending June 30, 2025.

For the six months ending June 30, 2025, Nexon Group expects consolidated revenue in the range of ¥213,552~224,188 million (down 7.5%~2.9% year-over-year), operating profit in the range of ¥64,117~72,666 million (down 13.8%~2.3% year-over-year), profit before tax in the range of ¥64,684~73,234 million (down 44.1%~36.7% year-over-year), profit in the range of ¥42,441~48,898 million (down 43.7%~35.1% year-over-year), profit attributable to owners of parent in the range of ¥43,092~49,549 million (down 43.1%~34.6% year-over-year), and basic earnings per share in the range of ¥53.02~60.97. Nexon Group operates its businesses around the world, in Japan, South Korea, China, the United States and other countries. Major exchange rates for Q2 2025 are expected to be 1 U.S dollar=¥144.49, 100 South Korean Won=¥10.02 and 1 Chinese Yuan=¥19.90. 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 ¥724 million on revenue and approximately ¥193 million on operating profit for the three months ending June 30, 2025.

In the three months ending June 30, 2025, we expect foreign exchange to negatively impact revenue by approximately 10%. We anticipate a revenue decrease in the second quarter due to an extremely high comparison with Q2 2024 driven by the explosively successful launch of *Dungeon&Fighter Mobile* in China last year. However, we expect our Q2 revenue to be largely similar to last year on a constant-currency basis (Note) due to strong growth expected from PC *Dungeon&Fighter* and *MapleStory*, as well as a solid contribution from *MABINOGE MOBILE*, which launched in March. Outlook by key franchise is as follows.

For *Dungeon&Fighter*, while we anticipate growth from PC *Dungeon&Fighter* and a contribution from *The First*

Berserker: Khazan, we expect the franchise revenue to decline this year versus a year ago. This is due to the difficult comparison with last Q2 when the franchise revenue significantly increased due to the launch of *Dungeon&Fighter Mobile*. *Dungeon&Fighter Mobile* will host a one-year anniversary event to energize the base and attract new players. However, we anticipate a sequential decline in revenue due to seasonality. We expect the PC version of *Dungeon&Fighter* to grow year over year in both China and Korea.

For *MapleStory*, we expect the franchise revenue to increase year over year. *MapleStory* in Korea is expected to grow year over year. We also expect year-over-year growth in Global *MapleStory* and *MapleStory Worlds*. The May 15 launch of our innovative blockchain project, *MapleStory N*, is not expected to deliver significant revenue in the second quarter.

For *EA SPORTS FC™ ONLINE* and *EA SPORTS FC™ MOBILE*, revenues are expected to decrease year over year, however, we anticipate increased player excitement as we get closer to the World Cup in the Summer of 2026.

As for other major titles, *MABINOGI MOBILE* is expected to make a significant contribution in Q2 although we anticipate its momentum to settle down following a successful launch.

On the cost side in Q2, we anticipate increased royalty expenses and platform fees due to *MABINOGI MOBILE*. We also expect increased marketing expenses associated with promotions for new titles and increased fees to creators tied to revenue growth in *MapleStory Worlds*. However, we expect a decrease in HR costs due to lower performance-based bonuses.

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

(Note) Constant-currency basis: Constant currency is a non-GAAP measure used to show performance unaffected by fluctuations in foreign currency exchange rates. Constant-currency basis amounts are calculated using the average foreign currency exchange rates for the comparable period in the prior year and applied to the current period.

(Reference)

Consolidated financial results forecast for the three months ending June 30, 2025 (from April 1, 2025 to June 30, 2025)

(% 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
2nd Quarter	99,618	(18.7)%	22,506	(50.2)%	25,983	(57.7)%	16,118	(59.1)%	16,820	(57.8)%	Yen
	~	~	~	~	~	~	~	~	~	~	20.84
	110,255	(10.0)%	31,055	(31.3)%	34,532	(43.8)%	22,575	(42.7)%	23,277	(41.6)%	28.84

2. Condensed Quarterly Consolidated Financial Statements and Major Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

	(Millions of yen)	
	As of December 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and cash equivalents	331,931	340,953
Trade and other receivables	88,717	69,640
Other deposits	268,934	244,893
Other financial assets	49,471	41,836
Other current assets	13,220	16,702
Total current assets	752,273	714,024
Non-current assets		
Property, plant and equipment	28,365	27,151
Goodwill	44,567	44,841
Intangible assets	34,815	30,179
Right-of-use assets	34,998	33,215
Investments accounted for using equity method	63,669	61,277
Other financial assets	268,310	290,680
Other non-current assets	1,130	2,288
Deferred tax assets	28,644	18,171
Total non-current assets	504,498	507,802
Total assets	1,256,771	1,221,826

	(Millions of yen)	
	As of December 31, 2024	As of March 31, 2025
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	15,651	16,615
Deferred income	23,861	22,901
Income taxes payable	19,103	23,878
Lease liabilities	7,120	6,810
Other financial liabilities	—	6,363
Provisions	28,232	18,728
Other current liabilities	13,695	12,620
Total current liabilities	107,662	107,915
Non-current liabilities		
Deferred income	14,641	14,791
Lease liabilities	32,878	31,113
Other financial liabilities	1,089	1,029
Provisions	598	577
Other non-current liabilities	9,992	9,547
Deferred tax liabilities	59,386	54,085
Total non-current liabilities	118,584	111,142
Total liabilities	226,246	219,057
Equity		
Share capital	50,797	51,513
Capital surplus	30,079	30,702
Treasury shares	(49,158)	(23,953)
Other components of equity	207,098	189,574
Retained earnings	780,197	744,099
Total equity attributable to owners of parent	1,019,013	991,935
Non-controlling interests	11,512	10,834
Total equity	1,030,525	1,002,769
Total liabilities and equity	1,256,771	1,221,826

(2) Condensed Quarterly Consolidated Statement of Profit or Loss
For the three months ended March 31, 2024 and 2025

(Millions of yen)

	Three months ended March 31	
	2024 (From January 1, 2024 to March 31, 2024)	2025 (From January 1, 2025 to March 31, 2025)
Revenue	108,418	113,934
Cost of sales	(40,557)	(39,244)
Gross profit	67,861	74,690
Selling, general and administrative expenses	(32,723)	(33,165)
Other income	199	250
Other expenses	(6,191)	(164)
Operating profit	29,146	41,611
Finance income	25,680	6,876
Finance costs	(518)	(6,642)
Reversal of loss on revaluation	692	—
Share of loss of investments accounted for using equity method	(761)	(1,500)
Impairment loss on equity method investments	—	(1,644)
Profit before tax	54,239	38,701
Income tax expense	(18,288)	(12,378)
Profit	35,951	26,323
Profit attributable to:		
Owners of parent	35,918	26,272
Non-controlling interests	33	51
Profit	35,951	26,323
Earnings per share (attributable to owners of parent)	(Yen)	(Yen)
Basic earnings per share	42.77	32.12
Diluted earnings per share	42.57	32.07

(3) Condensed Quarterly Consolidated Statement of Comprehensive Income
For the three months ended March 31, 2024 and 2025

	(Millions of yen)	
	Three months ended March 31	
	2024	2025
	(From January 1, 2024 to March 31, 2024)	(From January 1, 2025 to March 31, 2025)
Profit	35,951	26,323
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	14,014	33,687
Remeasurements of defined benefit plans	(2)	6
Gain on revaluation of intangible assets	7,037	(3,967)
Share of other comprehensive income of investments accounted for using equity method	795	2,417
Income taxes	(6,708)	(8,064)
Total of items that will not be reclassified to profit or loss	15,136	24,079
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	17,043	(42,395)
Total of items that may be reclassified to profit or loss	17,043	(42,395)
Total other comprehensive income	32,179	(18,316)
Comprehensive income	68,130	8,007
Comprehensive income attributable to:		
Owners of parent	67,905	8,590
Non-controlling interests	225	(583)
Comprehensive income	68,130	8,007

(4) Condensed Quarterly Consolidated Statement of Changes in Equity

For the three months ended March 31, 2024 (From January 1, 2024 to March 31, 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	—	—	—	—	35,918	35,918	33	35,951
Other comprehensive income	—	—	—	31,987	—	31,987	192	32,179
Comprehensive income	—	—	—	31,987	35,918	67,905	225	68,130
Issuance of new shares	718	718	—	—	—	1,436	—	1,436
Share issuance costs	—	(6)	—	—	—	(6)	—	(6)
Dividends	—	—	—	—	(4,214)	(4,214)	—	(4,214)
Share-based payment transactions	—	—	—	489	—	489	—	489
Forfeiture of share acquisition rights	—	—	—	(5)	5	—	—	—
Changes in ownership interest in subsidiaries	—	49	—	—	—	49	54	103
Purchase of treasury shares	—	(5)	(7,754)	—	—	(7,759)	—	(7,759)
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.	718	756	42,246	1,947	(55,672)	(10,005)	54	(9,951)
Balance at end of period	48,228	27,475	(2,800)	193,791	687,473	954,167	10,587	964,754

For the three months ended March 31, 2025 (From January 1, 2025 to March 31, 2025)

(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	50,797	30,079	(49,158)	207,098	780,197	1,019,013	11,512	1,030,525
Profit	—	—	—	—	26,272	26,272	51	26,323
Other comprehensive income	—	—	—	(17,682)	—	(17,682)	(634)	(18,316)
Comprehensive income	—	—	—	(17,682)	26,272	8,590	(583)	8,007
Issuance of new shares	716	716	—	—	—	1,432	—	1,432
Share issuance costs	—	(2)	—	—	—	(2)	—	(2)
Dividends	—	—	—	—	(12,382)	(12,382)	—	(12,382)
Share-based payment transactions	—	—	—	178	—	178	—	178
Forfeiture of share acquisition rights	—	—	—	(20)	12	(8)	8	—
Changes in ownership interest in subsidiaries	—	(84)	—	—	—	(84)	(103)	(187)
Purchase of treasury shares	—	(6)	(24,811)	—	—	(24,817)	—	(24,817)
Disposal of treasury shares	—	(1)	16	—	—	15	—	15
Cancellation of treasury shares	—	—	50,000	—	(50,000)	—	—	—
Total transactions with owners, etc.	716	623	25,205	158	(62,370)	(35,668)	(95)	(35,763)
Balance at end of period	51,513	30,702	(23,953)	189,574	744,099	991,935	10,834	1,002,769

(5) Condensed Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	Three months ended March 31	
	2024	2025
	(From January 1, 2024 to March 31, 2024)	(From January 1, 2025 to March 31, 2025)
Cash flows from operating activities		
Profit before tax	54,239	38,701
Depreciation and amortization	2,422	2,718
Share-based payment expenses	797	1,939
Interest and dividend income	(5,762)	(5,708)
Interest expenses	453	533
Impairment losses	6,161	41
Loss (gain) on revaluation	(692)	—
Share of loss (profit) of investments accounted for using equity method	761	1,500
Impairment loss on equity method investments	—	1,644
Loss (gain) on sale of investments accounted for using equity method	—	40
Loss (gain) on valuation of securities	(2,957)	1,691
Loss (gain) on sale and redemption of securities	(525)	(1,066)
Foreign exchange loss (gain)	(8,122)	3,250
Decrease (increase) in trade and other receivables	(20,133)	15,262
Decrease (increase) in other current assets	(6,747)	(4,484)
Increase (decrease) in trade and other payables	1,831	1,640
Increase (decrease) in deferred income	(449)	983
Increase (decrease) in provisions	(5,484)	(8,260)
Increase (decrease) in other current liabilities	1,416	2,120
Increase (decrease) in loss allowances	(5,697)	109
Other	(1,689)	(291)
Subtotal	9,823	52,362
Interest received	4,902	4,152
Dividends received	759	700
Interest paid	(448)	(529)
Income taxes paid	(2,853)	(7,400)
Net cash provided by (used in) operating activities	12,183	49,285
Cash flows from investing activities		
Net decrease (increase) in restricted deposits	(12)	(22)
Net decrease (increase) in time deposits	(38,536)	11,964
Purchase of property, plant and equipment	(818)	(1,015)
Proceeds from sale of property, plant and equipment	10	12
Purchase of intangible assets	(681)	(225)
Payments associated with increase in long-term prepaid expenses	(204)	(1,361)
Purchase of securities by investment funds under consolidated subsidiaries	(3,315)	(4,302)
Proceeds from sale of securities by investment funds under consolidated subsidiaries	5,100	8,667
Purchase of securities	(4,575)	(316)
Proceeds from sale and redemption of securities	866	1,026
Purchase of investments accounted for using equity method	(2,016)	(1,489)
Payments for short-term loans receivable	(671)	—
Payments for long-term loans receivable	(901)	(948)
Collection of long-term loans receivable	4	3
Other	444	189
Net cash provided by (used in) investing activities	(45,305)	12,183

	(Millions of yen)	
	Three months ended March 31	
	2024	2025
	(From January 1, 2024 to March 31, 2024)	(From January 1, 2025 to March 31, 2025)
Cash flows from financing activities		
Proceeds from exercise of employee share options	1,033	48
Purchase of treasury shares	(7,759)	(24,817)
Purchase of treasury shares of subsidiaries	—	(187)
Dividends paid	(4,109)	(12,049)
Repayments of lease liabilities	(1,046)	(1,306)
Other	—	14
Net cash provided by (used in) financing activities	(11,881)	(38,297)
Net increase (decrease) in cash and cash equivalents	(45,003)	23,171
Cash and cash equivalents at beginning of period	280,515	331,931
Effect of exchange rate changes on cash and cash equivalents	8,715	(14,149)
Cash and cash equivalents at end of period	244,227	340,953

(6) Notes to Condensed Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Significant Matters Forming the Basis for Preparing Condensed Quarterly Consolidated Financial Statements)

The condensed quarterly consolidated financial statements have been prepared in accordance with Article 5, Paragraph 2 of the Standards for the Preparation of Quarterly Financial Statements, etc. of the Tokyo Stock Exchange, Inc. However, some disclosures in IAS 34 *Interim Financial Reporting* have been omitted in accordance with Article 5, Paragraph 5 of the Standards for the Preparation of Quarterly Financial Statements, etc.

(Notes on 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 three months ended March 31, 2024 (From January 1, 2024 to March 31, 2024)

(Millions of yen)

	Reportable Segments					Total	Adjustments (Note 3)	Consolidated
	Japan	Korea	China	North America	Other			
Revenue								
Revenue from external customers								
PC online	1,287	69,390	1,312	4,076	2,823	78,888	—	78,888
Mobile	254	27,214	—	1,653	—	29,121	—	29,121
Other	1	398	—	3	7	409	—	409
Total revenue from external customers	1,542	97,002	1,312	5,732	2,830	108,418	—	108,418
Intersegment revenue	201	1,896	—	348	487	2,932	(2,932)	—
Total	1,743	98,898	1,312	6,080	3,317	111,350	(2,932)	108,418
Segment profit (loss) (Note 1)	(785)	38,800	808	(1,191)	(2,509)	35,123	15	35,138
Other income and expenses, net								(5,992)
Operating profit								29,146
Finance income and costs, net (Note 5)								25,162
Reversal of loss on revaluation (Note 6)								692
Share of loss of investments accounted for using equity method								(761)
Profit before tax								54,239

(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 ¥15 million represent elimination of intersegment transactions.

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

5. Major components of finance income are foreign exchange gain of ¥10,653 million and gain on reversal of loss allowances of ¥5,663 million on loans made to an equity-method affiliate 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 March 31, 2025 (From January 1, 2025 to March 31, 2025)

(Millions of yen)

	Reportable Segments					Total	Adjustments (Note 3)	Consolidated
	Japan	Korea	China	North America	Other			
Revenue								
Revenue from external customers								
PC online	1,327	69,366	437	4,601	1,457	77,188	—	77,188
Mobile	258	35,335	—	745	—	36,338	—	36,338
Other	0	399	—	9	—	408	—	408
Total revenue from external customers	1,585	105,100	437	5,355	1,457	113,934	—	113,934
Intersegment revenue	233	2,969	—	355	495	4,052	(4,052)	—
Total	1,818	108,069	437	5,710	1,952	117,986	(4,052)	113,934
Segment profit (loss) (Note 1)	(665)	44,402	14	(114)	(2,126)	41,511	14	41,525
Other income and expenses, net								86
Operating profit								41,611
Finance income and costs, net								234
Share of loss of investments accounted for using equity method								(1,500)
Impairment loss on equity method investments								(1,644)
Profit before tax								38,701

(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 ¥14 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.

(c) Information on each region

Revenue from external customers are as follows:

For the three months ended March 31, 2024 (From January 1, 2024 to March 31, 2024)

	Revenue by major business			(Millions of yen)
	PC online	Mobile	Other	Total
Main regional market				
Japan	1,400	2,217	13	3,630
Korea	40,586	16,381	373	57,340
China	26,716	2,466	(0)	29,182
North America and Europe	5,289	4,623	7	9,919
Rest of World	4,897	3,434	16	8,347
Total	78,888	29,121	409	108,418

(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 March 31, 2025 (From January 1, 2025 to March 31, 2025)

	Revenue by major business			(Millions of yen)
	PC online	Mobile	Other	Total
Main regional market				
Japan	2,025	1,940	4	3,969
Korea	42,141	11,730	381	54,252
China	19,509	18,066	5	37,580
North America and Europe	8,831	2,022	3	10,856
Rest of World	4,682	2,580	15	7,277
Total	77,188	36,338	408	113,934

(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

(Significant Subsequent Events)

Not applicable.