Securities code: 3659
March 8, 2019

To Shareholders

1-4-5 Roppongi, Minato-ku, Tokyo
NEXON Co., Ltd.
President and Chief Executive Officer Owen Mahoney

Notice of the 17th Annual General Meeting of Shareholders

Dear Shareholders:
You are cordially invited to attend the 17th Annual General Meeting of Shareholders. The meeting details and agenda are as outlined below.

If you are unable to attend the meeting, you may exercise your voting rights in writing or via the Internet. Please review the Annual General Meeting of Shareholders agenda described below and exercise your voting rights by 7 p.m. on Monday, March 25, 2019, in accordance with the "Instructions for Exercising Voting Rights" set forth on page 3.

Notice

1. **Date &Time**: 11:00 a.m., Tuesday, March 26, 2019 (Doors open at 10:30 a.m.)
2. **Location**: Meeting Room for Annual General Meeting of Shareholders of NEXON Co., Ltd.
   At Ark Hills South Tower on 5th Floor
   1-4-5 Roppongi, Minato-ku, Tokyo
3. **Agenda**:
   Matters to be reported:
   1) Business Report and Consolidated Financial Statements for the 17th fiscal year (from January 1, 2018 to December 31, 2018), and audit results on the Consolidated Financial Statements by the Independent Auditors and the Audit and Supervisory Committee.
   2) Non-consolidated Financial Statements for the 17th fiscal year (from January 1, 2018 to December 31, 2018).

   Proposals to be voted on:
   Proposal No. 1: Election of four (4) directors (excluding those who are Audit and Supervisory Committee member)
   Proposal No. 2: Issuance of subscription rights to shares as stock options to the Company's employees, etc.

If attending the meeting in person, please submit the enclosed Voting Rights Exercise Form at the reception desk.

Shareholders may exercise voting rights by proxy by assigning his or her voting rights to another shareholder with voting rights designated to act as his or her proxy, provided that the document certifying his or her power of attorney is submitted to the Company.

The status of subscription rights to shares, systems and organization to ensure the execution of duties by directors is in compliance with laws and regulations and the articles of incorporation, other systems and organization to ensure proper operation and the summary of the operating status of such systems, Consolidated statement of changes in equity, Notes to consolidated financial statements, Non-consolidated statement of changes in net assets, and Notes to non-consolidated financial statements that should be included in the Business Report are not included in the Notice of the Annual General Meeting of Shareholders as the Company discloses them on its website (https://ir.nexon.co.jp/stock/meeting.html) in accordance with relevant laws and regulations and provisions of Article 16 of the Company's Articles of Incorporation.

Business Report, consolidated financial statements and non-consolidated financial statements included in the Reference Materials of the Notice of the Annual General Meeting of Shareholders are part of the documents audited by independent auditors in preparing their audit report and by the Audit and Supervisory Committee in preparing their audit report.

Should there be any amendments to the Reference Materials for the General Meeting of Shareholders, Business Report, Financial Statements and Consolidated Financial Statements, the Company will notify its shareholders via the Company's website (https://ir.nexon.co.jp/stock/meeting.html).

Instructions for Exercising Voting Rights

If attending the meeting in person



Please submit the enclosed Voting Rights Exercise Form at the reception desk.

Date & Time	Tuesday, March 26, 2019 11:00 a.m. (Doors open at 10:30 a.m.)
Location	Ark Hills South Tower on 5th Floor Meeting Room for Annual General Meeting of Shareholders of NEXON Co., Ltd.

※Please bring the "Notice of the Annual General Meeting of Shareholders"

※Shareholders may exercise voting rights by proxy by assigning his or her voting rights to another shareholder with voting rights designated to act as his or her proxy, provided that the document certifying his or her power of attorney is submitted to the Company.

If not attending the meeting in person

● Exercise of voting rights in writing (by mail)



Please indicate your vote for each proposal on the enclosed Voting Rights Exercise Form and return it to us.

● Any voting right exercised without indicating approval or disapproval for a particular proposal will be counted as a vote for approval of the proposal.

●To indicate different vote for certain candidate(s) in Proposal No. 1

⇒Please check the column of "Approval" or "Disapproval" and indicate the relevant candidate number.

Deadline: By 7 p.m. Monday, March 25, 2019

● Exercise of voting rights via the Internet



Please read the "Guide to Exercising Voting Rights via the Internet" on the next page and enter your vote for each proposal.

Deadline: By 7 p.m. Monday, March 25, 2019

Guide to Exercising Voting Rights via the Internet

If you wish to exercise your voting rights via the Internet, please note the following matters.

1. Voting rights exercise website
Exercising voting rights via the Internet is only available through the use of the voting rights exercise website designated by the Company: https://www.web54.net.

2. Handling of exercise of voting rights
(1) When exercising voting rights via the Internet, use the "Voting Rights Exercise Code" and "Password" indicated on the enclosed Voting Rights Exercise Form, and follow the on-screen guidance to enter your vote.
(2) As the voting rights exercise period ends at **7 p.m. on Monday, March 25, 2019**, please exercise your voting rights ahead of time.
(3) If voting rights are exercised both in writing and via the Internet, the vote via the Internet will supersede. In addition, if voting rights are exercised via the Internet in multiple occasions, the last vote will supersede.
(4) Any fees for internet provider or carrier incurred in accessing the voting rights exercise website (e.g. connection fees) will be borne by shareholders.

3. Handling of password and voting rights exercise code
(1) Password is important information required to identify shareholders who cast their votes. Please handle it with care as is the case with your personal seal and passcode.
(2) Password will be disabled when input incorrectly a certain number of times. If you wish to request reissuance of your password, please follow the on-screen guidance.
(3) The voting rights exercise code indicated on the Voting Rights Exercise Form can be used only for this general meeting of shareholders.

4. System requirements
When exercising voting rights via the Internet, refer to the system requirements provided in the "Exercise of Voting Rights via the Internet" on the voting rights exercise website.

5. Contact for inquiries about computer/smartphone operations, etc.
(1) If you have inquiries about computer/smartphone operations regarding the exercise of voting rights through the voting rights exercise website, please contact the following:
Dedicated dial-in number for Stock Transfer Agency Web Support of Sumitomo Mitsui Trust Bank, Limited
Tel: 0120-652-031 (Operating hours: 9:00 to 21:00)
(2) For other inquiries, please contact the following
i. Shareholders who have accounts with securities companies
Shareholders who have accounts with securities companies are requested to contact your securities company.
ii. Shareholder who do not have accounts with securities companies (Shareholders who have special accounts)
Stock Transfer Agency Department of Sumitomo Mitsui Trust Bank, Limited
Tel: 0120-782-031 (Operating hours: 9:00 to 17:00, excluding Saturdays, Sundays and holidays)

Reference Materials for Annual General Meeting of Shareholders

Proposal 1: Election of four (4) directors (excluding those who are Audit and Supervisory Committee member)

The term of office for all three (3) current directors (excluding those who are Audit and Supervisory Committee member) will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, in order to improve the management transparency, the Company seeks an approval for the election of four (4) directors (excluding those who are Audit and Supervisory Committee member) with an addition of one external director.

There were no objections to this proposal when it was considered at the Audit and Supervisory Committee.

Candidates for directors (excluding those who are Audit and Supervisory Committee member) are as follows:

Candidate #	Name (Date of birth)	Career summary, positions and areas of responsibility (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Owen Mahoney (December 28, 1966)	Nov. 2000 Chief vice-president of Electronic Arts Inc. Sept. 2009 Representative Director of Outspark Inc. Aug. 2010 Chief Financial Officer of NEXON Co., Ltd. Sept. 2010 Director of NEXON Co., Ltd. Nov. 2010 Chief Administrative Officer of NEXON Co., Ltd. Mar. 2012 Director of NEXON Korea Corporation July 2012 Director of inBlue.com Aug. 2012 Director of NEXON America, Inc. Jan. 2013 Director of gloops, Inc. Mar. 2014 President and Chief Executive Officer of NEXON Co., Ltd. (to present) June 2015 Director of transcosmos inc. (to present) (Significant concurrent positions) Director of transcosmos inc.	920,000 shares

Candidate #	Name (Date of birth)	Career summary, positions and areas of responsibility (Significant concurrent positions outside the Company)	Number of the Company's shares owned
2	Shiro Uemura (December 31, 1970)	Dec. 2000 Joined Deloitte Touche Tohmatsu (current Deloitte Touche Tohmatsu LLC) Sept. 2003 Joined Pacific Golf Management K.K. Dec. 2004 Joined Pacific Golf Group International Holdings K.K (current PGM Holdings K.K.) July 2011 Joined NEXON Co., Ltd. Mar. 2014 Chief Financial and Chief Administrative Officer of NEXON Co., Ltd. (to present) Mar. 2014 Director of gloops, Inc. (to present) Mar. 2014 Director of inBlue.com Mar. 2015 Representative Director of NEXON Co., Ltd. (to present) April 2016 Director of NEXON America, Inc. (to present) April 2016 Director of NEXON M Inc. (to present) April 2016 Director of Lexian Software Development (Shanghai) Co., Ltd. (to present) Sept. 2016 Director of NEXON Europe GmbH (Significant concurrent positions) Director of gloops, Inc. Director of NEXON America, Inc. Director of NEXON M Inc. Director of Lexian Software Development (Shanghai) Co., Ltd.	109,300 shares

Candidate #	Name (Date of birth)	Career summary, positions and areas of responsibility (Significant concurrent positions outside the Company)	Number of the Company's shares owned
3	Jiwon Park (June 30, 1977)	June 2003 Joined NEXON Corporation (current NXC Corporation) May 2006 Seconded to NEXON Co., Ltd. Mar. 2009 Director of NEXON Europe Limited Sept. 2010 Director of NEXON Co., Ltd. (to present) Nov. 2010 Chief Operating Officer of NEXON Co., Ltd. Nov. 2010 Director of NEXON Europe S.à r.l. Mar. 2012 Director of NEOPLE Inc. Aug. 2012 Director of NEXON America, Inc. Mar. 2014 Director of NEXON Korea Corporation (to present) Mar. 2014 President and Chief Executive Officer of NEXON Korea Corporation Jan. 2018 Chief Operating Officer of NEXON Co., Ltd. (to present) Mar. 2018 Representative director of NEXON U.S. Holding Inc. (to present) Nov. 2018 Director of Embark Studios AB (to present) Jan. 2019 Director of Pixelberry Studios (to present) (Significant concurrent positions) Director of NEXON Korea Corporation Representative director of NEXON U.S. Holding Inc. Director of Embark Studios AB Director of Pixelberry Studios	50,200 shares

Candidate #	Name (Date of birth)	Career summary, positions and areas of responsibility (Significant concurrent positions outside the Company)	Number of the Company's shares owned
4	Patrick Söderlund (September 27, 1973)	Jan. 2000 Chief Executive Officer of Digital Illusions Creative Entertainment Oct. 2006 Vice President & General Manager of Electronic Arts, Inc. Sept. 2013 Executive Vice President of Electronic Arts, Inc., EA Worldwide Studios Apr. 2018 Chief Design Officer of Electronic Arts, Inc. Nov. 2018 Chief Executive Officer of Embark Studios AB (to present) (Significant concurrent positions) Chief Executive Officer of Embark Studios AB	－ shares

(Reference)
Of the candidates for directors, Mr. Owen Mahoney, Mr. Shiro Uemura and Mr. Jiwon Park own subscription rights to shares disclosed on pages 1 through 3 of the "Internet Disclosure of Information Regarding the Notice of the 17th Annual General Meeting of Shareholders."

(Notes) 1. Mr. Patrick Söderlund is Chief Executive Officer of Embark Studios AB which has a special relationship with the Company and engages in game development business. There are no special conflicts of interest between other candidates and the Company.
2. Mr. Patrick Söderlund is a new candidate for External Director.
3. (1) The Company appointed Mr. Owen Mahoney as a candidate for Director as we expect that he would contribute to Nexon Group's further expansion of business in Japan and overseas by utilizing his abundant knowledge and insight into strategy, finance and management cultivated from his long years of experience in the game industry.
(2) The Company appointed Mr. Shiro Uemura as a candidate for Director as we expect that he would endeavor to enhance the management system of the Company in Japan and overseas from the viewpoint of Chief Financial Officer based on his excellent knowledge, especially in finance, cultivated from his long years of experience.
(3) The Company appointed Mr. Jiwon Park as a candidate for Director as we expect that he would contribute to Nexon Group's further expansion of business in Japan and overseas by utilizing his broad knowledge of the entire Nexon Group.
(4) The Company appointed Mr. Patrick Söderlund as a candidate for External Director as we expect that he would contribute to Nexon Group's further expansion of business in Japan and overseas by utilizing his knowledge and experience related to strategic activities in the game industry and also that he would apply his long years of experience and insight accumulated before joining Nexon Group in supervising our management.
4. Mr. Patrick Söderlund has never been a business executing person or officer of the Company or its subsidiaries.
5. Mr. Patrick Söderlund is not the Company's parent company, etc. and was not for the last five years.
6. Mr. Patrick Söderlund received proceeds from the transfer of Embark Studios AB shares from our consolidated subsidiary NEXON U.S. Holding Inc. during the last two years.
7. Mr. Patrick Söderlund does not have a spouse, any family member within the third degree or those equivalent thereto who is a business executing person or officer of the Company's parent company, the Company, or any entity that has a special relationship with the Company.
8. If election of Mr. Patrick Söderlund as an external director is approved, the Company will enter into an agreement with him to limit liabilities for damages provided for in Article 423, Paragraph 1 of the Companies Act, pursuant to provisions of Article 427, Paragraph 1 of the Companies Act and Article 28 of the Company's Articles of Incorporation. The maximum amount of liabilities under such agreement is ¥2.4 million, or the minimum liability amount as provided in Article 425, Paragraph 1 of the Companies Act, whichever is higher.

Proposal 2: Issuance of subscription rights to shares as stock options to the Company's employees, etc.

Pursuant to Articles 236, 238 and 239 of the Companies Act, the Company proposes to delegate to the Board of Directors of the Company the authority to determine subscription requirements of subscription rights to shares to be issued as stock options to the Company's employees and directors and employees of its subsidiaries.

1. The reason why the Company needs to offer the subscription rights to shares under preferential terms
   Since the value of these subscription rights to shares are linked to the stock price of the Company, by granting these subscription rights to shares, the mid- to long-term performances of the Company can be reflected into the remunerations of the directors and employees of Nexon Group, and the interests of Nexon Group directors and employees can be aligned with those of the shareholders. Due to this, the Company's employees, as well as the directors and employees of the Company's subsidiaries, will share not only the benefits from a rise in the stock price, but also the risks of a fall in the stock price, thereby the purpose is to give incentive to motivate contribution to the improvement of performance and corporate value and to further promote management awareness with an emphasis on shareholders, in addition to securing talented personnel from a global perspective.
   As the Stock Option Agreements for these subscription rights to shares provide for the terms and conditions for exercise of the rights according to each position, the grant shall function as incentives for improving mid- to long-term performance and rise in stock price.

2. Persons to whom subscription rights to shares will be granted
   Employees of the Company, as well as Directors and employees of the subsidiaries of the Company.

3. Terms and conditions of subscription rights to shares
   (1) Class and number of shares to be issued upon exercise of subscription rights to shares
   Not exceeding 14,000,000 shares of common stock of the Company.
   In the event that the Company splits its common stock (including gratis allocation) or consolidates its common stock, the number of underlying shares shall be adjusted according to the formula outlined below. However, such adjustment shall be made only to those subject to subscription rights to shares unexercised at the time of such adjustment, and any fraction less than one share resulting from such adjustment shall be rounded down.

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

   In case of merger, company split, share exchange, share transfer or other events that compel the number of shares to be adjusted, the number of shares shall be adjusted to the extent reasonable taking into consideration the terms and conditions of merger, company split, share exchange or share transfer, etc.
   (2) Number of subscription rights to shares to be issued
   Not exceeding 7,000 units.
   The number of shares to be issued upon exercise of each subscription rights to shares ("Number of Granted Shares") shall be 2,000 shares. In the event the number of shares is adjusted as provided in (1) above, the Number of Granted Shares shall also be adjusted.

(3) Cash payment for subscription rights to shares

No cash payment is required in exchange for subscription rights to shares.

(4) Value of the assets to be contributed upon exercise of subscription rights to shares

The amount to be contributed upon exercise of subscription rights to shares shall be the amount obtained by multiplying the amount to be paid in for each share to be issued upon exercise of such subscription rights to shares ("Exercise Price") by the number of shares to be issued upon exercise of such subscription rights to shares.

The Exercise Price shall be the closing price of the common stock of the Company in the regular trading thereof on the Tokyo Stock Exchange on the date of allotment of subscription rights to shares ("Allotment Date").

In the event that the Company carries out a stock split (including gratis allocation) or a consolidation of its common stock after the Allotment Date, the Exercise Price shall be adjusted according to the following formula. Any fraction of less than one yen shall be rounded up.

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

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

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of outstanding shares} + \dfrac{\text{Number of newly issued shares} \times \text{Amount paid per share}}{\text{Market price per share}}}{\text{Number of outstanding shares} + \text{Number of newly issued shares}}$$

For the purpose of the calculation above, "Number of outstanding shares" shall be the total number of shares of the Company's common stock issued and outstanding less the total number of treasury stock, and in case of disposition of treasury stock, "Number of newly issued shares" shall be read as "Number of treasury stock to be disposed"

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

(5) Exercise period of subscription rights to shares

The exercise period shall be within ten years from the Allotment Date. In the event that the last date of the exercise period is a non-business day of the Company, it shall be the business day immediately preceding such date.

(6) Conditions for exercise of subscription rights to shares

The person must be a director or an employee of the Company or its subsidiaries at the time of the exercise to be eligible, except when a director or an employee of the Company or its subsidiaries loses its position as a director or an employee due to resignation or retirement, dismissal or discharge (excluding punitive dismissal or any other event similar thereto), or death or disability, or when there is any other due reason specifically provided by the Board of Directors.

(7) Treatment of subscription rights to shares at the Company's restructuring and other activities

When approval is granted for proposals i), ii), iii), iv), or v) below at the Annual General Meeting of Shareholders (or by a resolution of the Board of Directors of the Company if a resolution of the Annual General Meeting of Shareholders is not required), the Company may acquire subscription rights to shares without charge on the date specifically stipulated by the Board of Directors:

i) Proposal for the approval of a merger agreement in which the Company will become the extinct company;
ii) Proposal for the approval of a split agreement or a split plan in which the Company will become a split company;
iii) Proposal for the approval of a share exchange agreement or a share transfer plan in which the Company will become a wholly owned subsidiary;
iv) Proposal for the approval of an amendment to the Articles of Incorporation to add provisions concerning all shares issued by the Company requiring the Company's approval for the acquisition of such shares through transfer ; or
v) Proposal for the approval of an amendment to the Articles of Incorporation to add provisions concerning underlying shares of subscription rights to shares (i) requiring the Company's approval for the acquisition of such shares through transfer, or (ii) allowing the Company to acquire all shares of the relevant class based on a resolution of the Annual General Meeting of Shareholders

(8) Restriction on transfer of subscription rights to shares

Any acquisition of subscription rights to shares through transfer shall require an approval of the Board of Directors of the Company.

(9) Matters concerning the amount of capital stock and capital reserve to be increased by the issuance of shares upon exercise of subscription rights to shares

i) The amount of capital stock to be increased by the issuance of shares upon exercise of subscription rights to shares shall be one-half of the maximum limit on the increase in capital stock as calculated pursuant to Article 17, Paragraph 1 of the Ordinance on Accounting of Companies. Any fraction of less than one yen shall be rounded up.
ii) The amount of capital reserve to be increased by the issuance of shares upon exercise of subscription rights to shares shall be the maximum limit on the increase in capital stock provided in i) above less the amount of increased capital stock stipulated in i) above.

(10) Other terms and conditions of the grant of subscription rights to shares shall be determined by a resolution of the Board of Directors' Meeting to be held separately.

(Reference Materials)

Business Report

(From January 1, 2018 to December 31, 2018)

1. **Current Status of the Corporate Group**

(1) Business summary for the current consolidated fiscal year

(i) Outline and results of business operations

As for the world economy during the fiscal year ended December 31, 2018, we saw the U.S. government taking a protectionist policy, as well as the elevation of trade and geographical tensions sparked by the introduction of tariffs, so the future outlook remains uncertain. The Japanese economy maintained its gradual recovery trend, with signs of recovery in consumer spending driven by greater capital spending by companies, increase in exports, and better employment and income environments.

Under these circumstances, Nexon Group has operated its PC online and mobile game businesses, endeavoring to provide users with an enjoyable game experience by developing high-quality games, acquiring more contents, servicing new titles, and updating existing titles. Specifically, Nexon Group has worked on various initiatives including the enhancement of game development capabilities within Nexon Group, business partnerships with other companies including joint development, servicing high-quality new game titles through such means as the acquisition of promising game developers, enhancement of Nexon Group's development capabilities in mobile business and further reinforcement of our operating base to enable attractive content updates of existing game titles.

As a result, for the consolidated fiscal year ended December 31, 2018, Nexon Group recorded revenue of ¥253,721 million (up 8.0% year-over-year), operating income of ¥98,360 million (up 8.7% year-over-year), income before income taxes of ¥117,444 million (up 67.8% year-over-year) and net income attributable to owners of the parent company of ¥107,672 million (up 89.7% year-over-year).

Performance results by reportable segment are as follows:

(a) Japan
Revenue for the consolidated fiscal year ended December 31, 2018 amounted to ¥10,154 million (down 16.1% year-over-year), and segment loss amounted to ¥7,229 million (segment loss of ¥4,009 million for the fiscal year ended December 31, 2017). Both PC online and mobile game revenues decreased.

(b) Korea
Revenue for the consolidated fiscal year ended December 31, 2018 amounted to ¥220,417 million (up 5.6% year-over-year), and segment profit amounted to ¥120,637 million (up 7.1% year-over-year). Revenue in Korea includes royalty income of NEOPLE INC. (a subsidiary of NEXON Korea Corporation, our consolidated subsidiary) attributable to license agreements in China.

(c) China
Revenue for the consolidated fiscal year ended December 31, 2018 amounted to ¥3,327 million (up 4.1% year-over-year), and segment profit amounted to ¥1,966 million (up 16.3% year-over-year).

(d) North America
Revenue for the consolidated fiscal year ended December 31, 2018 amounted to ¥19,293 million (up 92.0% year-over-year), and segment loss amounted to ¥8,490 million (segment loss of ¥6,868 million for the fiscal year ended December 31, 2017).

(e) Other
Revenue for the consolidated fiscal year ended December 31, 2018 amounted to ¥530 million (down 32.9% year-over-year), and segment loss amounted to ¥525 million (segment loss of ¥272 million for the fiscal year ended December 31, 2017).

Revenue by region (revenue classified into country or region category based on the customers' location) was ¥73,790 million (down 8.3% year-over-year) in Korea, ¥132,966 million (up 15.2% year-over-year) in China, ¥14,068 million (down 17.8% year-over-year) in Japan, ¥16,498 million (up 76.9% year-over-year) in North America, and ¥16,399 million (up 30.2% year-over-year) in Other.

Current consolidated fiscal year		
Region	Amount (¥ million)	Ratio (%)
Korea	73,790	29.1
China	132,966	52.4
Japan	14,068	5.5
North America	16,498	6.5
Other	16,399	6.5
Total	253,721	100.0

(ii) Capital expenditure

Total capital expenditure of Nexon Group during the current consolidated fiscal year amounted to ¥2,301 million.

The major components include long-term prepaid expenses related to game license fee of ¥216 million, PC online game and mobile game operation equipment (e.g. server equipment) of ¥1,326 million, and software for internal use (game related) of ¥599 million.

(iii) Financing

During the current consolidated fiscal year, Nexon Group made new borrowings of ¥1,988 million.

(iv) Business transfers, absorption-type splits, or incorporation-type splits

Not applicable.

(v) Businesses transferred from other companies

Not applicable.

(vi) Rights and obligations related to other companies assumed as a result of absorption-type mergers or splits

Omitted as it is immaterial.

(vii) Acquisition or disposition of shares, other equity interests or subscription rights to shares of other companies

On June 27, 2018, the Company' consolidated subsidiary NEXON Korea Corporation acquired additional 30.1% of voting rights of NAT GAMES Co., Ltd. and made the company its consolidated subsidiary.

(2) Assets and Profit/Loss

Accounts	14th Fiscal Year (Ended December 31, 2015)	15th Fiscal Year (Ended December 31, 2016)	16th Fiscal Year (Ended December 31, 2017)	17th Fiscal Year (Ended December 31, 2018)
Revenue (Millions of yen)	190,263	183,128	234,929	253,721
Operating income (Millions of yen)	62,290	40,661	90,504	98,360
Income before income taxes (Millions of yen)	68,006	47,123	69,995	117,444
Net income attributable to owners of the parent (Millions of yen)	55,132	20,133	56,750	107,672
Basic earnings per share (Yen)	63.93	23.13	64.67	121.03
Total assets (Millions of yen)	425,586	441,832	543,231	649,998
Total equity (Millions of yen)	379,681	377,694	470,218	565,477
Equity attributable to owners of the parent per share (Yen)	431.27	428.78	528.42	620.91

(Notes)1. The Company prepares the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).
2. Basic earnings per share is calculated as net income attributable to owners of the parent divided by the weighted average number of common stock issued and outstanding during the current fiscal year. The weighted average number of common stock does not include common stock held by Nexon Group as treasury stock.
3. Equity attributable to owners of the parent per share is calculated as equity less subscription rights to shares and non-controlling interests or equity attributable to owners of the parent, divided by the total number of common stock issued and outstanding at year-end. The total number of common stock issued and outstanding does not include common stock held by Nexon Group as treasury stock.
4. The Company has executed a two-for-one stock split of its common stock as of April 1, 2018. The amount of Basic earnings per share and Equity attributable to owners of the parent company per share have been calculated assuming that such stock split had been executed at January 1, 2015.
5. With the finalization of provisional accounting related to the business combination executed in November 2017, the consolidated financial statements for the fiscal year ended December 31, 2017 have been adjusted retrospectively.

(3) Current status of the major parent company and subsidiaries

(a) Parent company

NXC Corporation owns 253,262 thousand shares, or voting rights ratio of 28.3%, of the Company as of December 31, 2018, and accordingly, the said company, even with its indirect shareholding, is no longer the parent company of the Company under the Companies Act and the Financial Instruments and Exchange Act.

As of December 31, 2018, NXC Corporation is the largest and major shareholder of the Company, and engages in investment businesses and other businesses that are not related to online game business which is the Company's primary business. With regard to a company name trademark "NEXON" in Japan owned by NXC Corporation, the Company has entered into a trademark licensing agreement with NXC Corporation and agreed to pay license fee to NXC, which is set as the amount calculated as a certain percentage of the Company's revenue. NXC Corporation has agreed that the Company has a right to extend the trademark licensing agreement regarding the company name trademark "NEXON." Certain subsidiaries of the Company, including NEXON Korea Corporation and NEXON America, Inc., have also entered into the similar agreement with NXC Corporation.

Except for the licensing agreement described above, there are no other recurring transactions between Nexon Group and NXC Corporation.

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(b) Major subsidiaries

Company name	Capital	Voting rights owned by the Company	Main business
NEXON Korea Corporation	KRW 32,000 million	100%	PC online and mobile game development, and PC online and mobile game distribution and publication licensing service mainly in Korea
Lexian Software Development (Shanghai) Co., Ltd.	US$4,100 thousand	100%	Provision of necessary infrastructure to distributors and consulting services for game distribution in China
NEXON America, Inc.	US$210	100%	PC online game distribution mainly in the North America region
NEOPLE INC.	KRW 181 million	100% (100%)	PC online game and mobile game development
NEXON GT Co., Ltd.	KRW 17,687 million	65.1% (65.1%)	PC online game and mobile game development
gloops, Inc.	¥26 million	100%	Social application service
NEXON M Inc.	US$16,500 thousand	100%	Mobile game distribution mainly in the North America region and Europe
Pixelberry Studios	US$ 0.1	100% (100%)	Mobile game production, development and distribution mainly in the North America region
NAT GAMES Co., Ltd.	KRW 12,002 million	48.43% (48.43%)	Mobile game development

(Note) Figures in parenthesis in "Voting rights owned by the Company" represent the percentage indirectly owned by the Company.

(c) Status of specified wholly-owned subsidiaries during the current consolidated fiscal year
Not applicable.

(4) Issues to Be Addressed

Nexon Group recognizes the following matters as issues to be addressed in order to achieve our future growth:

(a) Provide new game titles with enticement and high quality and execute content update of existing game titles

Regardless of whether the hardware used to play the game is PC or mobile or whether the game is distributed in Japan, Korea, China, the U.S., or anywhere in the world, excellence of the game is measured by the quality of its content in the game industry. We have no intention of settling for our popular game titles Nexon Group is currently offering, including *Dungeon&Fighter* and *MapleStory*. Instead, in order to become the world's top game company, we are aiming to distribute exciting, creative and unique game titles with high quality to offer users with the greatest pleasure and special experience and, for existing games, to execute attractive content updates and manage game operation that can attract and satisfy users for a long period of time. To this end, we have worked on various initiatives including the enhancement of game development capabilities within Nexon Group, business partnerships with other companies including joint development, servicing high-quality new game titles through such means as the acquisition of promising game developers, enhancement of Nexon Group's development capabilities in mobile business and further reinforcement of our operating base to enable attractive content updates of existing game titles.

(b) Strengthening information security

Nexon Group provides PC online game and mobile game service which handles game data and users' personal information through the information system, and accordingly, it is required to maintain the highest level of information systems infrastructure to prevent illegal access or illegal use by external parties, and to enhance information security structure including appropriate internal information management organization.

Nexon Group has been focusing on enhancement of the information security structure through Nexon Group-wide enhancement of the organization in terms of information security and implementation of cutting-edge information systems, and is determined to make continued efforts to strengthen the overall information security structure in order to provide our users with reliable and secure services.

(5) Principal Business (as of December 31, 2018)
PC online game business and mobile game business

(6) Major Offices and Factories (as of December 31, 2018)

Company name	Office and factories	Location
The Company	Head office	Minato-ku, Tokyo
NEXON Korea Corporation	Head office	Seongnam, Gyeonggi, Korea
Lexian Software Development (Shanghai) Co., Ltd.	Head office	Shanghai, People's Republic of China
NEXON America, Inc.	Head office	California, U.S.A.
NEOPLE INC.	Head office	Jeju Special Administrative Region, Korea
NEXON GT Co., Ltd.	Head office	Seongnam, Gyeonggi, Korea
gloops, Inc.	Head office	Minato-ku, Tokyo
NEXON M Inc.	Head office	California, U.S.A.
Pixelberry Studios	Head office	California, U.S.A.
NAT GAMES Co., Ltd.	Head office	Seoul, Korea

(Note) The Company has moved its head office location from "2-3-1 Shinkawa, Chuo-ku, Tokyo" to "1-4-5 Roppongi, Minato-ku, Tokyo" effective March 27, 2018.

(7) Employees (as of December 31, 2018)

(a) Employees of Nexon Group

Number of employees	Changes from the previous consolidated fiscal year-end
6,441 (143)	Increase by 673 (increase by 13)

(Note) Number of employees above represent full-time employees, and figures in parenthesis represent average number of temporary workers (contract employees) during the year.

(b) Employees of the Company

Number of employees	Changes from the previous year-end	Average age	Average service years
322 (1)	Increase by 37 (0)	35.3 years old	4.6 years

(Note) 1. Number of employees above represent full-time employees, and figures in parenthesis represent average number of temporary workers (contract employees) during the year.
2. Average service years for secondees from Nexon Group are calculated based on the total service years including those in the seconder company.

(8) Major Lenders (as of December 31, 2018)

Lenders	Amount of loan payable
Woori Bank (Korea)	¥2,336 million
KEB HanaBank (Korea)	¥1,988 million

(9) Other material facts concerning the current status of Nexon Group

Pursuant to the resolution at the 16th Annual General Meeting of Shareholders held on March 27, 3018, the Company transitioned to a company with Audit and Supervisory Committee effective that day.

2. **Current Status of the Company**

(1) Shares (as of December 31, 2018)

(a) Total number of authorized shares: 1,400,000,000 shares

(b) Number of shares issued: 894,278,664 shares (including 290 shares of treasury stock)

(c) Number of shareholders 3,676

(Note) As a result of the exercise of subscription rights to shares and the two-for-one stock split executed on April 1, 2018, the total number of shares issued increased by 454, 094,332 shares from December 31, 2017.

(d) Major shareholders (Top 10)

Name of shareholders	Number of shares owned (Thousand shares)	Ratio (%)
NXC Corporation	253,262	28.3
NXMH B.V.B.A.	167,186	18.7
HSBC-FUND SERVICES CLIENTS A/C 006	38,429	4.3
The Master Trust Bank of Japan, Ltd. (trust account)	23,651	2.6
SSBTC CLIENT OMNIBUS ACCOUNT	20,912	2.3
Japan Trustee Services Bank, Ltd. (trust account)	19,409	2.2
KOREA SECURITIES DEPOSITORY- SAMSUNG	16,567	1.9
STATE STREET BANK AND TRUST COMPANY 505001	14,531	1.6
ORBIS SICAV	11,583	1.3
Min Seo	11,215	1.3

(Note) Ratio is calculated using the number of shares issued excluding treasury stock (290 shares).

(2) Corporate officers

(a) Directors (as of December 31, 2018)

Post	Name	Responsibility and Material Posts Concurrently Held
President and CEO	Owen Mahoney	Director of transcosmos inc.
Representative Director	Shiro Uemura	Chief Financial Officer and Chief Corporate Management Officer Director of gloops, Inc. Director of NEXON America, Inc. Director of NEXON M Inc. Director of Lexian Software Development (Shanghai) Co., Ltd.
Director	Jiwon Park	Chief Operating Officer Director of NEXON Korea Corporation Representative Director of NEXON U.S. Holding Inc. Director of Embark Studios AB
Director (Audit & Supervisory Committee member)	Dohwa Lee	Director of NXC Corporation Statutory Auditor of Gallery 313 Co., Ltd. Chief Executive Officer of VIP Private Equity Fund I Statutory auditor of Gaseung Development Co., Ltd. Chief Executive Officer of NX Properties Corporation Director of Korbit, Inc.
Director (Audit & Supervisory Committee member)	Satoshi Honda	―
Director (Audit & Supervisory Committee member)	Shiro Kuniya	Managing partner of Oh-Ebashi LPC & Partners Auditor of Kitano Hospital, The Tazuke Kofukai Medical Research Institute Board member of the Japan Commercial Arbitration Association Board member of Japan Century Symphony Orchestra Director of Ebara Corporation Director of Sony Financial Holdings Inc. Director (audit and supervisory committee member) of Takeda Pharmaceutical Company Ltd.

(Notes)1. Mr. Satoshi Honda and Mr. Shiro Kuniya, Directors (Audit & Supervisory Committee members), are external directors.

2. The Company has appointed Mr. Satoshi Honda and Mr. Shiro Kuniya, Directors (Audit & Supervisory Committee members), as the independent officer pursuant to the regulations of Tokyo Stock Exchange and reported such appointment to the Exchange.

3. Mr. Dohwa Lee, Director (Audit & Supervisory Committee member), is a certified public accountant in Korea and has substantial knowledge about finance and accounting.

4. The Company has not appointed full-time Audit & Supervisory Committee members as the Company ensures the audit effectiveness by enhancing effectiveness of design and operation of the internal control system in coordination with the Internal Audit Office, the Legal Department and the Accounting/Finance Department and performing organizational audit through the internal control system.

5. Mr. Jiwon Park, Director, was appointed as Director of Pixelberry Studios in January 2019.

(b) Summary of the limited liability agreement

Pursuant to provisions of Article 427, Paragraph 1 of the Companies Act and Article 28 of the Company's articles of incorporation, the Company and each of the directors (excluding those who are executive directors) entered into an agreement to limit the liability for damages provided for in Article 423, Paragraph 1 of the Companies Act.

The limit of liability for damages under the agreement described above is ¥2.4 million or the amount provided for in Article 425, Paragraph 1 of the Companies Act, whichever is higher.

(c) Remuneration for officers

(i) Total amount of remuneration for the current fiscal year

Post	Number	Total amount of remuneration
Directors (excluding those who are Audit & Supervisory Committee members) (of which external directors)	5 (2)	¥1,139 million (¥4 million)
Directors (Audit & Supervisory Committee members) (of which external directors)	2 (2)	¥18 million (¥18 million)
Statutory auditors (of which external statutory auditors)	3 (3)	¥4 million (¥4 million)
Total (of which external officers)	10 (7)	¥1,161 million (¥26 million)

(Notes)1. Of the total number of officers stated above, the number of officers who actually receive remuneration is 8 (including 5 external officers).

2. The above number includes three statutory auditors who retired at the conclusion of the 16th annual general meeting of shareholders held on March 27, 2018.

3. The Company transitioned from a company with board of statutory auditors to a company with Audit and Supervisory Committee on March 27, 2018. As two officers retired as external directors and then were appointed as directors (Audit & Supervisory Committee members) at the 16th Annual General Meeting of Shareholders, they were included in the number of officers and the amount of remuneration as "Directors (excluding those who are Audit & Supervisory Committee members)" for the period during which they served as a director in a company with board of statutory auditors, and as "Directors (Audit & Supervisory Committee members)" for the period during which they served as a director in a company with Audit and Supervisory Committee.

4. One director (Audit & Supervisory Committee member) is not included in the table above as no remuneration is paid.

5. The amount of remuneration to directors does not include employee remuneration paid to those who serve the company as directors and employees simultaneously.

6. The maximum amount of annual remuneration to directors (excluding those who are Audit & Supervisory Committee members) was resolved at the 16th annual general meeting of shareholders held on March 27, 2018 to be fixed compensation at or below ¥500 million and performance-based bonus at or below ¥1,000 million, excluding the amount paid as employee compensation (excluding external directors). In addition, annual remuneration in the form of equity-based stock options was resolved to be at or below ¥3,000 million (excluding external directors) at the 12th annual general meeting of shareholders held on March 25, 2014, and also, annual remuneration in the form of equity-based stock options was resolved to be at or below ¥4,800 million (excluding those who are Audit & Supervisory Committee members) at the 16th annual general meeting of shareholders held on March 27, 2018.

7. The maximum amount of annual remuneration to directors (Audit & Supervisory Committee members) was resolved at the 16th annual general meeting of shareholders held on March 27, 2018 to be at or below ¥100 million (of which, ¥50 million for external directors).
8. The maximum amount of annual remuneration to statutory auditors was resolved at the 9th annual general meeting of shareholders held on March 30, 2011 to be at or below ¥50 million.
9. The amount of remuneration to directors (excluding those who are Audit & Supervisory Committee members) includes the following:
   ¥846 million worth of remuneration in the form of stock options

(ii) Retirement allowance for officers paid during the current fiscal year
Not applicable.

(iii) Total amount of officers' remuneration paid to external officers by the parent company or its subsidiaries
Not applicable.

(d) Matters concerning external officers

(i) Material concurrent positions of other companies and the relationship between such companies and the Company

Post	Name	Material Posts Concurrently Held
Director (Audit & Supervisory Committee members)	Satoshi Honda	—
	Shiro Kuniya	Managing partner of Oh-Ebashi LPC & Partners Auditor of Kitano Hospital, The Tazuke Kofukai Medical Research Institute Board member of the Japan Commercial Arbitration Association Board member of Japan Century Symphony Orchestra Director of Ebara Corporation Director of Sony Financial Holdings Inc. Director (audit and supervisory committee member) of Takeda Pharmaceutical Company Ltd.

(Notes) 1. There exists no special relationship between the above companies and the Company.

2. Mr. Satoshi Honda and Mr. Shiro Kuniya do not have a spouse, any family member within the third degree or those equivalent thereto who is a business executing person or officer of the Company's parent company, etc., the Company, or any entity that has a special relationship with the Company

(ii) Major activities during the current fiscal year

	Attendance and Participation
Satoshi Honda Director (Audit & Supervisory Committee members)	Mr. Honda attended all 18 meetings of the board of directors and all 9 meeting of the Audit and Supervisory Committee that were held during the current fiscal year. Mr. Honda participated in discussions, as necessary, concerning items on agenda as well as general deliberations with extensive experience in the game industry.
Shiro Kuniya Director (Audit & Supervisory Committee members)	Mr. Kuniya attended 15 of the total 18 meeting of the board of directors and all 9 meeting of the Audit and Supervisory Committee that were held during the current fiscal year. Mr. Kuniya participated in discussions, as necessary, concerning establishment and maintenance of the Company's compliance system and legal aspect of items on agenda mainly from the viewpoint of legal counsel.

(iii) Opinion of the external officers concerning the contents

Not applicable.

(3) **Independent Auditors**

(a) Name: PricewaterhouseCoopers Aarata LLC

(b) Amount of remuneration

	Amount of remuneration
Amount of remuneration paid to the independent auditors for the current fiscal year	¥ 55 million
Total amount of cash and other financial benefits to be paid by the Company and its subsidiaries to the independent auditors	¥ 187 million

(Notes)

1. The amount of remuneration paid to the independent auditors for the current fiscal year represents the sum of the professional audit fees for the services under the Companies Act and those under the Financial Instruments and Exchange Act as the audit service agreement between the Company and the independent auditors does not clearly divide them and it is impracticable to do so.
2. The Audit and Supervisory Committee agreed on the amount of remuneration paid to the independent auditors based on the necessary examination of the contents of the independent auditors' audit plan, the performance status of their duties concerning financial audit, and the appropriateness of the calculation basis for estimated remuneration.
3. NEXON Korea Corporation and other 12 companies, all of which are consolidated subsidiaries of the Company, receive audit and non-audit services from PricewaterhouseCoopers LLP, member firms of the same global network of the Company's auditor, and the total amount of cash and other financial benefits to be paid by the Company and its subsidiaries to the independent auditors include those audit fees, etc.

(c) Non-audit services

Each of the Company and its consolidated subsidiaries, NEXON Korea Corporation, NEXON U.S. Holding Inc. and Nexon America Inc., pays professional fees mainly for tax-related services.

(d) Policies to determine dismissal or non-reappointment of the auditor

When the independent auditors receive disciplinary actions or administrative sanctions from the regulatory agencies for violation of laws including the Companies Act and the Certified Public Accountants Act, or when the independent auditors are determined to be unsuitable for performing the audit from the viewpoint of audit quality, quality management, independence and comprehensive capability, the Audit and Supervisory Committee will decide to place the matter to dismiss or not to reappoint the current independent auditor on the agenda of a general meeting of shareholders.

When it is acknowledged that the independent auditors fall under any of the items in Article 340, Paragraph 1 of the Companies Act, and when it is deemed appropriate, the Audit and Supervisory Committee shall dismiss the independent auditors with the unanimous consent of all Audit and Supervisory Committee members. In this case, the Audit and Supervisory Committee members appointed by the Audit and Supervisory Committee will report the dismissal of the independent auditor and the reason of dismissal at the first general meeting of shareholders called after the dismissal.

(4) **Basic Policy on Control of the Company**

Not applicable.

(5) **Policy to Determine Distributions of Surplus**

The Company provides in its articles of incorporation that distributions of surplus shall be decided by resolutions of the board of directors pursuant to Article 459, Paragraph 1 of the Companies Act.

The Company recognizes that the return of profits to shareholders is an important management issue, but even more than that, we would like to consider and execute effective investments for proactive business development for future growth, such as the expansion of our existing business and development of new businesses, M&As or acquisition of game publishing rights, for the purpose of strengthening our management base and enhancing our business going forward. Therefore, the Company's policy is to suspend dividend payouts for the near future and retain the flexibility to continue our growth investments in our global operations.

Consolidated Statement of Financial Position

(As of December 31, 2018)

(Millions of Yen)

Account	Amount	Account	Amount
(Assets)		**(Liabilities)**	
Current assets	**534,660**	**Current liabilities**	**42,509**
Cash and cash equivalents	205,292	Trade and other payables	7,447
Trade and other receivables	31,344	Deferred income	11,145
Other deposits	276,550	Borrowings	4,324
Other financial assets	9,600	Income taxes payable	9,352
Other currents assets	11,874	Other financial liabilities	357
Non-current assets	**115,338**	Provisions	2,960
Property, plant and equipment	25,166	Other current liabilities	6,924
Goodwill	26,529	**Non-current liabilities**	**42,012**
Intangible assets	26,021	Deferred income	17,636
Investments accounted for using equity method	10,480	Other financial liabilities	109
Other financial assets	14,032	Provisions	233
Other non-currents assets	194	Other non-current liabilities	5,587
Deferred tax assets	12,916	Deferred tax liabilities	18,447
		Total liabilities	**84,521**
		(Equity)	
		Total equity attributable to owners of the parent	**555,268**
		Capital stock	14,402
		Capital surplus	34,814
		Treasury stock	(1)
		Other equity interest	64,068
		Retained earnings	441,985
		Non-controlling interests	**10,209**
		Total equity	**565,477**
Total assets	**649,998**	**Total liabilities and equity**	**649,998**

Consolidated Income Statement

(From January 1, 2018 to December 31, 2018)

(Millions of Yen)

Account	Amount
Revenue	253,721
Cost of sales	(57,553)
Gross profit	196,168
Selling, general and administrative expenses	(89,800)
Other income	3,863
Other expenses	(11,871)
Operating income	98,360
Finance income	21,645
Finance costs	(1,724)
Equity in loss of affiliates	(837)
Income before income taxes	117,444
Income taxes expense	(14,467)
Net income	102,977
(Attributable to)	
Owners of the parent	107,672
Non-controlling interests	(4,695)
Net income	102,977

Non-consolidated Balance Sheet

(As of December 31, 2018)

(Millions of Yen)

Account	Amount	Account	Amount
(Assets)		**(Liabilities)**	
Current assets	**55,209**	**Current liabilities**	**2,303**
Cash and deposits	53,096	Accounts payable-trade	429
Accounts receivable-trade	1,002	Accounts payable-other	662
Other receivables	867	Accrued expenses	137
Prepaid expenses	91	Income taxes payable	106
Other	153	Provision for bonuses	169
Non-current assets	**4,836**	Unearned revenue	550
Tangible fixed assets	**3**	Other	250
Leasehold improvements	31	**Non-current liabilities**	**415**
Tools, furniture and fixtures	456	Lease obligations	68
Accumulated impairment loss	(297)	Long-term unearned revenue	215
Accumulated depreciation	(187)	Provision for retirement benefits	132
Investments and other assets	**4,833**	**Total liabilities**	**2,718**
Investment securities	144	**(Net assets)**	
Stocks of subsidiaries and affiliates	4,423	**Shareholders' equity**	**50,838**
Long-term loans receivable from subsidiaries and affiliates	34,459	**Capital stock**	**14,199**
Long-term prepaid expenses	18	**Capital surplus**	**36,846**
Other	679	Capital reserve	13,449
Allowance for doubtful accounts	(34,890)	Other capital surplus	23,397
		Retained earnings	**(206)**
		Retained earnings reserve	217
		Other retained earnings	(423)
		Retained earnings brought forward	(423)
		Treasury stock	**(1)**
		Valuation and translation adjustments	**(21)**
		Valuation difference on available-for-sale securities	(21)
		Subscription rights to shares	**6,510**
		Total net assets	**57,327**
Total assets	**60,045**	**Total liabilities and net assets**	**60,045**

Non-consolidated Statement of Income

(From January 1, 2018 to December 31, 2018)

(Millions of Yen)

Account	Amount	
Net sales		
Sales of games	5,864	
Other sales	1,160	7,024
Cost of sales		3,510
Gross profit		3,514
Selling, general and administrative expenses		9,447
Operating loss		5,933
Non-operating income		
Interest income	452	
Dividends income	15,025	
Other	169	15,646
Non-operating expenses		
Interest expenses	1	
Foreign exchange loss	718	
Stock issue cost	36	
Provision of allowance for doubtful accounts for subsidiaries and affiliates	8,471	
Other	126	9,352
Ordinary income		361
Extraordinary gain		
Gain from reversal of subscription rights to shares	109	109
Extraordinary loss		
Impairment loss	138	138
Profit before income taxes		332
Income taxes	755	755
Net loss		423

(Translation)
Audit Report on Consolidated Financial Statements

Independent Auditors' Report

February 15, 2019

To the Board of Directors of

NEXON Co., Ltd.

PricewaterhouseCoopers Aarata LLC

Designated Partner Engagement Partner	Certified Public Accountant	Hiroyuki Sawayama
Designated Partner Engagement Partner	Certified Public Accountant	Yoshihiro Shiribiki

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated statement of financial position as of December 31, 2018 of NEXON Co., Ltd. (the "Company"), and the related consolidated statements of income and changes in equity, and the related notes for the fiscal year from January 1, 2018 to December 31, 2018.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with provisions of Article 120, the second sentence of Paragraph 1 of the Ordinance on Accounting of Companies which permits preparation of the consolidated financial statements with omission of certain disclosure items required under the designated international accounting standards. It includes design and operation of internal control that management determines as necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures are selected and applied based on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes assessing the accounting policies adopted and its application and accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that we obtained sufficient and appropriate audit evidence to provide a reasonable basis for our opinion.

Opinion

In our opinion, the consolidated financial statements referred to above, which omitted certain disclosure items required under the designated international accounting standards pursuant to provisions of Article 120, the second sentence of Paragraph 1 of the Ordinance on Accounting of Companies, present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of December 31, 2018, and the results of their operations for the year then ended.

Interest

Our firm and the engagement partners do not have any financial interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

(Translation)
Audit Report on Non-Consolidated Financial Statements

Independent Auditors' Report

February 15, 2019

To the Board of Directors of

NEXON Co., Ltd.

PricewaterhouseCoopers Aarata LLC

Designated Partner Engagement Partner	Certified Public Accountant	Hiroyuki Sawayama
Designated Partner Engagement Partner	Certified Public Accountant	Yoshihiro Shiribiki

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the non-consolidated financial statements, namely, the non-consolidated balance sheet as of December 31, 2018 of NEXON Co., Ltd. (the "Company"), and the related non-consolidated statements of income and changes in net assets, and the related notes for the 17th fiscal year from January 1, 2018 to December 31, 2018, and the accompanying supplemental schedules.

Management's Responsibility for the Non-consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these non-consolidated financial statements and the accompanying supplemental schedules in conformity with accounting principles generally accepted in Japan. It includes design and operation of internal control that management determines as necessary to enable the preparation and fair presentation of non-consolidated financial statements and the accompanying supplemental schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these non-consolidated financial statements and the accompanying supplemental schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and the accompanying supplemental schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and the accompanying supplemental schedules. The procedures are selected and applied based on our judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the non-consolidated financial statements and the accompanying supplemental schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes assessing the accounting policies adopted and its application and accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and the accompanying supplemental schedules.

We believe that we obtained sufficient and appropriate audit evidence to provide a reasonable basis for our opinion.

Opinion
In our opinion, the non-consolidated financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018, and the results of the operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Interest
Our firm and the engagement partners do not have any financial interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

(Translation)
Audit Report of the Audit and Supervisory Committee

Audit Report

We, as the Company's Audit and Supervisory Committee, have performed audit regarding the performance of duties of the Company's Directors during the Company's 17th fiscal year from January 1, 2018 to December 31, 2018. We hereby report its method and results as follows:

1. Auditing Method and Details Thereof
The Audit and Supervisory Committee expressed an opinion on the contents of the resolutions of the Board of Directors regarding the matters stipulated in Article 399-13, Paragraph 1, Item 1 (b) and (c) of the Companies Act and the status of the system (internal control systems) established based on such resolutions, by receiving reports from Directors and employees on its establishment and operating status on a regular basis and requesting explanations when necessary, and also performed audit by the following method.

(1) In accordance with the auditing policy and job assignment established by the Audit and Supervisory Committee and in coordination with the internal control departments of the company, each Audit and Supervisory Committee member attended meetings of the Board of Directors and other important meetings, received from Directors, employees and other related persons reports on the performance of their duties, requested explanations regarding such reports when necessary, inspected the documents related to important decisions, and examined the status of the Company's business and properties at the head office and major business facilities. With regard to the Company's subsidiaries, the Audit and Supervisory Committee endeavored to communicate and exchange information with Directors and Statutory Auditors of subsidiaries, and, when necessary, received reports from subsidiaries on their respective businesses;
(2) The Audit and Supervisory Committee expressed an opinion on the content of resolutions by the Board of Directors regarding the establishment of systems, which is described in the Business Report, to ensure that the Directors' performance of their duties is in compliance with relevant laws and regulations and with the Company's Articles of Incorporation and other systems to ensure that business operation of a corporate group consisting of the Company and its subsidiaries will be conducted appropriately as provided in Article 100, Paragraph 1 and 2 of the Enforcement Regulations of the Companies Act, and on the status of the systems established based on such resolutions (internal control systems), by receiving reports from Directors and employees on the establishment and operating status on a regular basis and requesting explanations when necessary; and
(iii) The Audit and Supervisory Committee also monitored and examined whether the Independent Auditors maintained their independence and conducted their audit in an appropriate manner, and received from the Independent Auditors reports on the performance of their duties and requested explanations regarding those reports when necessary. The Audit and Supervisory Committee also received notification from the Independent Auditors that they have established the "System to ensure appropriate execution of its duties" (as stipulated in Article 131 of the Ordinance on Accounting of Companies) in compliance with the "Quality Control Standards Relating to Auditing" and other applicable standards, and requested explanations on such notification when necessary.

Based on the foregoing method, the Audit and Supervisory Committee reviewed the Business Report and the accompanying supplemental schedules for the fiscal year from January 1, 2018 to December 31, 2018, the non-consolidated financial statements, namely, the balance sheet as of December 31, 2018, and the related statements of income and changes in net assets and the related notes for the fiscal year from January 1, 2018 to December 31, 2018, and the accompanying supplemental schedules, and the consolidated financial statements, namely, the consolidated statement of financial position as of December 31, 2018, and the related consolidated statements of income and changes in equity and the related notes for the fiscal year from January 1, 2018 to December 31, 2018.

2. Results of Audit
(1) Results of Audit of the Business Report and Others

A. In our opinion, the Business Report and the accompanying supplemental schedules present fairly the conditions of the Company in conformity with the applicable laws and regulations of Japan as well as the Articles of Incorporation of the Company.
B. In our opinion, there are no fraudulent acts or material facts that violated the applicable laws and regulations or the Articles of Incorporation of the Company in the course of the Directors' performance of their duties.
C. In our opinion, the details of the resolutions of the Board of Directors regarding the internal control systems are appropriate. Furthermore, we believe that no material issues have been raised concerning items described in the Business Report as well as the performance of the Directors' duties regarding the internal control systems.

(2) Results of Audit of the Non-Consolidated Financial Statements and the Accompanying Supplemental Schedules
In our opinion, the method and the results of the audit conducted by PricewaterhouseCoopers Aarata LLC, the Independent Auditors, are appropriate.

(3) Results of Audit of the Consolidated Financial Statements
In our opinion, the method and the results of the audit conducted by PricewaterhouseCoopers Aarata, the Independent Auditors, are appropriate.

February 22, 2019

Audit and Supervisory Committee of NEXON Co., Ltd.
Audit and Supervisory Committee member
Dohwa Lee
Audit and Supervisory Committee member
Satoshi Honda
Audit and Supervisory Committee member
Shiro Kuniya

(Notes) 1. Mr. Satoshi Honda and Mr. Shiro Kuniya, Audit and Supervisory Committee members, are the external directors stipulated in Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.
2. Pursuant to the resolution at the 16th Annual General Meeting of Shareholders held on March 27, 3018, the Company transitioned from a company with Board of Statutory Auditors to a company with Audit and Supervisory Committee effective that day. The description of the status from January 1, 2018 up to the conclusion of such Annual General Meeting of Shareholders is based on the contents succeeded from the former Board of Statutory Auditors.

〈Memo〉

Venue Map for Annual General Meeting of Shareholders

Location: Ark Hills South Tower 5th Floor
Meeting Room for Annual General Meeting of Shareholders of NEXON Co., Ltd.
1-4-5, Roppongi, Minato-ku, Tokyo
TEL 03-6629-5318



Transportation:
Directly connected from Roppongi 1-chome Station of Tokyo Metro Namboku Line
Exit from central or north ticket gate and proceed to the left and take an escalator to the 2nd floor to the main entrance of the target building (You will find Starbucks there)

*Kindly note that only limited parking space is available and using public transportation is recommended.
*Kindly note that you shall pay the parking fee.