Securities code: 3659
March 9, 2020

To Shareholders

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

Notice of the 18th Annual General Meeting of Shareholders

Dear Shareholders:
You are cordially invited to attend the 18th 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 Tuesday, March 24, 2020, in accordance with the "Instructions for Exercising Voting Rights" set forth on page 3.

Notice

1. **Date &Time**: 11:00 a.m., Wednesday, March 25, 2020 (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 18th fiscal year (from January 1, 2019 to December 31, 2019), 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 18th fiscal year (from January 1, 2019 to December 31, 2019).

   Proposals to be voted on:
   Proposal No. 1: Election of three (3) directors (excluding those who are Audit and Supervisory Committee member)
   Proposal No. 2: Election of three (3) directors who are Audit and Supervisory Committee member
   Proposal No. 3: 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.

Please note that no gift bags will be handed out to attendees 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.

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 business operation of the company 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	Wednesday, March 25, 2020 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 Proposals No. 1 and No. 2

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

Deadline: By 7 p.m. Tuesday, March 24, 2020

● 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. Tuesday, March 24, 2020

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 Tuesday, March 24, 2020**, 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 three (3) directors (excluding those who are Audit and Supervisory Committee member)

The term of office for all four (4) current directors (excluding those who are Audit and Supervisory Committee member) will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the Company seeks an approval for the election of three (3) directors (excluding those who are Audit and Supervisory Committee member).

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. (Significant concurrent positions) Not applicable	88,000 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. 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 Jan. 2020 Representative Director of gloops, Inc. (Significant concurrent positions) Director of NEXON America, Inc. Director of NEXON M Inc. Director of Lexian Software Development (Shanghai) Co., Ltd.	97,900 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	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) Mar. 2019 External Director of NEXON Co., Ltd. July 2019 Director of NEXON Co., Ltd. (to present) (Significant concurrent positions) Chief Executive Officer of Embark Studios AB	1,143,250 shares

(Reference)
Of the candidates for directors, Mr. Owen Mahoney and Mr. Shiro Uemura own subscription rights to shares disclosed on pages 1 through 3 of the "Internet Disclosure of Information Regarding the Notice of the 18th Annual General Meeting of Shareholders."

(Notes) 1. Mr. Patrick Söderlund is Chief Executive Officer of Embark Studios AB, which is a consolidated subsidiary of Nexon Group and engages in game development business. There are no special conflicts of interest between other candidates and the Company.

2. (1) The Company nominates 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 nominates 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 nominates Mr. Patrick Söderlund 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 knowledge and experience related to strategic activities in the game industry.

Proposal 2: Election of three (3) directors who are Audit and Supervisory Committee members

The term of office for all three (3) current directors who are Audit and Supervisory Committee members will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the Company seeks an approval for the election of three (3) directors who are Audit and Supervisory Committee members. The Audit and Supervisory Committee has already given consent to the Proposal.

Candidates for directors who are Audit and Supervisory Committee members 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	Hongwoo Lee (February 3, 1977)	Aug. 1999 Joined NEXON Corporation (current NXC Corporation) Feb. 2009 Registered as attorney in Korea Feb. 2009 Joined J&P Law Firm, Associate Lawyer Feb. 2010 Legal Team Manager of NEXON Corporation (current NEXON Korea Corporation) Apr. 2011 General Legal Manager of NEXON Korea Corporation Aug. 2019 Director of NEXON Korea Corporation (to present) Sep. 2019 Joined NXC Corporation Sep. 2019 Director of NEXON Co., Ltd. (to present) (Significant concurrent positions) Director of NEXON Korea Corporation	― shares
2	Satoshi Honda (September 29, 1947)	July 1971 Joined Victor Company of Japan, Limited June 1992 Director of Victor Entertainment Inc. Dec. 1992 Representative Director of Electronic Arts Victor Co., Ltd. (current Electronic Arts Co., Ltd.) Aug. 1998 Representative Director of Eidos Interactive KK Dec. 2009 Director of Spline Network Inc. Nov. 2010 Director of Software Imaging Technology Limited Mar. 2012 External Director of NEXON Co., Ltd. Mar. 2018 External Director (audit and supervisory committee member) of NEXON Co., Ltd. (to present) (Significant concurrent positions) Not applicable	4,000 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
3	Shiro Kuniya (February 22, 1957)	Apr. 1982 Registered as a lawyer Joined Oh-Ebashi Law Offices July 1987 Registered as a lawyer in the State of New York June 1997 Statutory Auditor of Sunstar Inc. June 1999 Auditor of Kitano Hospital, The Tazuke Kofukai Medical Research Institute (to present) Apr. 2002 Managing partner of Oh-Ebashi LPC & Partners (to present) June 2006 Statutory Auditor of Nidec Corporation June 2009 Board member of the Japan Commercial Arbitration Association (to present) Apr. 2011 Board member of Japan Century Symphony Orchestra (to present) Apr. 2011 President of Inter-Pacific Bar Association (IPBA) Mar. 2012 External Director of NEXON Co., Ltd. June 2012 Director of Ebara Corporation (to present) June 2013 Statutory Auditor of Takeda Pharmaceutical Company Limited June 2013 Director of Sony Financial Holdings Inc. (to present) June 2016 Director (member of audit and supervisory committee) of Takeda Pharmaceutical Company Ltd. Mar. 2018 External Director (audit and supervisory committee member) of NEXON Co., Ltd. (to present) June 2019 External Director of Takeda Pharmaceutical Company Ltd. (to present) (Significant concurrent positions) 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. External Director of Takeda Pharmaceutical Company Ltd.	28,000 shares

(Reference)
Of the candidates for directors who are Audit and Supervisory Committee members, Mr. Hongwoo Lee and Mr. Shiro Kuniya own subscription rights to shares disclosed on pages 1 through 3 of the "Internet Disclosure of Information Regarding the Notice of the 18th Annual General Meeting of Shareholders."

(Notes)
1. There are no special conflicts of interest between each candidate and the Company
2. Mr. Satoshi Honda and Mr. Shiro Kuniya are candidates for External Director.
3. (1) The Company nominates Mr. Hongwoo Lee as a candidate for Director who is Audit and Supervisory Committee member as we expect that he would contribute to the Company's corporate governance and enhancement of internal control and compliance as an Audit and Supervisory Committee member with his considerable insight on laws as an attorney in Korea as well as his knowledge on the Company's business obtained through his long working experience in the Company.
   (2) The Company nominates Mr. Satoshi Honda as a candidate for External Director who is Audit and Supervisory Committee member as we expect that he would contribute to the Company's audit as an Audit and Supervisory Committee member with his insight as an experienced corporate manager in the game industry.
   (3) The Company nominates Mr. Shiro Kuniya as a candidate for External Director who is Audit and Supervisory Committee member as we expect that he would contribute especially to enhancement of corporate governance and compliance as an Audit and Supervisory Committee member with his expertise as a lawyer. Although he had never been involved in corporate management except as an external officer, due to the reason noted above, the Company believes that he is capable of executing his duty as an Audit and Supervisory Committee member.
4. Mr. Hongwoo Lee in not executive director of the Company or its subsidiaries.
5. Mr. Satoshi Honda and Mr. Shiro Kuniya have never been a business executing person or officer of the Company or its subsidiaries.
6. Mr. Satoshi Honda and Mr. Shiro Kuniya are not the Company's parent company, etc. and were not for the last five years.
7. Mr. Satoshi Honda and Mr. Shiro Kuniya are not a business executing person or officer of any entity that has a special relationship with the Company and were not for the last five years.
8. Mr. Satoshi Honda and Mr. Shiro Kuniya do not plan to receive significant amount of money or other property from the Company or any entity that has a special relationship with the Company and did not receive during the last two years.
9. 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.
10. Mr. Satoshi Honda and Mr. Shiro Kuniya are currently External Directors of the Company whose tenure as external directors will be eight years at the conclusion of this annual general meeting of shareholders.

11. Mr. Satoshi Honda and Mr. Shiro Kuniya are currently External Directors who are Audit and Supervisory Committee member of the Company whose tenure as external directors who are audit and supervisory committee member will be two years at the conclusion of this annual general meeting of shareholders.
12. Pursuant to provisions of Article 427, Paragraph 1 of the Companies Act and Article 28 of the Articles of Incorporation of the Company, Mr. Hongwoo Lee, Mr. Satoshi Honda and Mr. Shiro Kuniya and the Company entered into agreements to limit liabilities for damages provided for in Article 423, Paragraph 1 of the Companies Act. 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, and the agreements will be renewed if the election of Mr. Hongwoo Lee and the re-election of Mr. Satoshi Honda and Mr. Shiro Kuniya are approved.

Proposal 3: 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, 2019 to December 31, 2019)

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, 2019, we saw rising concerns for the slowdown of the world economy primarily due to the impact of prolonged U.S.-China trade friction, as well as the uncertainty in the overseas situation, so the future outlook remains unclear. The Japanese economy stayed solid due to continued improvement of the employment environment and a trend of an increase in capital investment. However, the recovery of consumer sentiment was weak due to the impact of natural disasters and the consumption tax hike, with consumer spending still lacking in strength.

Under these circumstances, Nexon Group has operated its PC online and mobile businesses, endeavoring to provide users with an enjoyable game experience by developing high-quality games, acquiring more contents, servicing new titles, and updating existing titles. Specifically, 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, 2019, Nexon Group recorded revenue of ¥248,542 million (down 2.0% year-over-year), operating income of ¥94,525 million (down 3.9% year-over-year), income before income taxes of ¥121,968 million (up 3.9% year-over-year) and net income attributable to owners of the parent company of ¥115,664 million (up 7.4% year-over-year).

Performance results by reportable segment are as follows:

(a) Japan
Revenue for the consolidated fiscal year ended December 31, 2019 amounted to ¥7,649 million (down 24.7% year-over-year), and segment loss amounted to ¥3,490 million (segment loss of ¥7,229 million for the fiscal year ended December 31, 2018). Both PC online and mobile game revenues decreased.

(b) Korea
Revenue for the consolidated fiscal year ended December 31, 2019 amounted to ¥220,433 million (up 0.0% year-over-year), and segment profit amounted to ¥112,265 million (down 6.9% 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, 2019 amounted to ¥2,821 million (down 15.2% year-over-year), and segment profit amounted to ¥1,557 million (down 20.8% year-over-year).

(d) North America
Revenue for the consolidated fiscal year ended December 31, 2019 amounted to ¥15,956 million (down 17.3% year-over-year), and segment loss amounted to ¥5,527 million (segment loss of ¥8,490 million for the fiscal year ended December 31, 2018).

(e) Other
Revenue for the consolidated fiscal year ended December 31, 2019 amounted to ¥1,683 million (up 217.7% year-over-year), and segment loss amounted to ¥957 million (segment loss of ¥525 million for the fiscal year ended December 31, 2018).

Revenue by region (revenue classified into country or region category based on the customers' location) was ¥89,794 million (up 21.7% year-over-year) in Korea, ¥112,247 million (down 15.6% year-over-year) in China, ¥13,854 million (down 1.5% year-over-year) in Japan, ¥14,687 million (down 11.0% year-over-year) in North America, and ¥17,960 million (up 9.5% year-over-year) in Other.

Current consolidated fiscal year		
Region	Amount (¥ million)	Ratio (%)
Korea	89,794	36.1
China	112,247	45.2
Japan	13,854	5.6
North America	14,687	5.9
Other	17,960	7.2
Total	248,542	100.0

(ii) Capital expenditure

Total capital expenditure of Nexon Group during the current consolidated fiscal year amounted to ¥2,160 million.

The major components include long-term prepaid expenses related to game license fee of ¥74 million, PC online game and mobile game operation equipment (e.g. server equipment) of ¥1,096 million, and software for internal use (game related) of ¥523 million.

(iii) Financing

There are no material matters that should be disclosed.

(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

There are no material matters that should be disclosed.

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

On July 1, 2019, the Company acquired additional 39.7% of voting rights of Embark Studios AB and made the company its consolidated subsidiary.

(2) Assets and Profit/Loss

Accounts	15th Fiscal Year (Ended December 31, 2016)	16th Fiscal Year (Ended December 31, 2017)	17th Fiscal Year (Ended December 31, 2018)	18th Fiscal Year (Ended December 31, 2019)
Revenue (Millions of yen)	183,128	234,929	253,721	248,542
Operating income (Millions of yen)	40,661	90,504	98,360	94,525
Income before income taxes (Millions of yen)	47,123	69,995	117,444	121,968
Net income attributable to owners of the parent (Millions of yen)	20,133	56,750	107,672	115,664
Basic earnings per share (Yen)	23.13	64.67	121.03	129.34
Total assets (Millions of yen)	441,832	543,231	649,998	719,088
Total equity (Millions of yen)	377,694	470,218	565,477	631,131
Equity attributable to owners of the parent per share (Yen)	428.78	528.42	620.91	702.59

(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, 2016.
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 during the fiscal year ended December 31, 2018 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 28.7%, of the Company as of December 31, 2019, 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, 2019, 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. (Note 2)	¥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 14,419 million	57.1% (57.1%)	Mobile game development
Embark Studios AB	SEK 65 thousand	73.0% (33.3%)	Game development

(Notes) 1. Figures in parenthesis in "Voting rights owned by the Company" represent the percentage indirectly owned by the Company.
2. The Board of Directors resolved at the meeting held on December 24, 2019 to sell all shares of gloops, Inc. The sale was executed on February 1, 2020.

(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) Reinvest stable cash flows generated from our major titles to grow Nexon Group's global business

Nexon Group has hundreds of millions of fans around the world and owns intellectual property associated with multiple game titles ("game IPs) that are as big as, or even bigger than, international blockbuster movies and game series. So far, we have created, sustained and grown some of the biggest game IPs and franchises in the global videogames business, including the *MapleStory* (16 years), *KartRider* (15 years) and *Dungeon&Fighter* (14 years), all of which have grown significantly over the years. These game titles have grown and generated stable revenues over a long period of time through attractive and consistent content updates aiming to entertain users and our best-in-class live game operations. We will expand our global business by investing the stable cash flows in live operation to further grow our major titles, creation of new technologies, new game development, acquisition of game studios, recruitment of top talent. Specifically, our growth strategy comprises four pillars as described below:

(i) Focus on large-scale multiplayer online games

As a pioneer in the industry, Nexon Group has been one of the world's best companies to create and operate large-scale online virtual worlds offering deeply immersive game experience over the last two decades. Players around the world are now showing a growing preference for games in this field, but this is one of the least competitive fields as there are few companies that can create and grow exciting games in this field. As such, we are placing our focus on this field as one of our biggest opportunities.

(ii) Offer service on multiple platforms including PC, console and mobile devices

Mobile devices now have nearly the same functions as PCs. And while the market size of PCs used for gameplay was hundreds of millions, billions of people are carrying mobile devices with high-end features today. Furthermore, thanks to the companies in the platform business making huge investments in the game business, highly sophisticated gaming platforms are about to be introduced to the enormous market which has grown incomparably bigger from the time when PC was the main device for gameplay. The potential market for Nexon Group has become significantly bigger, allowing us to reach incomparably larger group of users and offer large-scale multiplayer online games in which we have a strong advantage. We will offer service in multiple platforms and take advantage of these opportunities more aggressively than ever before.

(iii) Leverage our own IPs

Nexon Group has hundreds of millions of fans around the world and owns multiple game IPs that are as big as, or even bigger than, international blockbuster movies and game series. As our game IPs are familiar to hundreds of millions of users who have spent so many exciting hours playing the games, new or extended version of games using such IPs will already have millions of fans at their launch who are eager to experience that world again. We will create games that will generate stable revenues over a long period of time by leveraging our strong IPs.

(iv) Invest in especially valuable new IPs

Nexon Group is currently at the growth stage. In order to accelerate the growth of our global business, we will proactively invest in new IPs that we believe that it has a special value. One of the examples of such investment is the acquisition of Embark Studios AB.

(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, 2019)

PC online game business and mobile game business

(6) Major Offices (as of December 31, 2019)

Company name	Office	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
Pixelberry Studios	Head office	California, U.S.A.
NAT GAMES Co., Ltd.	Head office	Seoul, Korea
Embark Studios AB	Head office	Stockholm, Sweden

(7) Employees (as of December 31, 2019)

(a) Employees of Nexon Group

Number of employees	Changes from the previous consolidated fiscal year-end
6,428（143）	Decrease by 13（0）

(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
311 (2)	Decrease by 11 (increase by 1)	36.2 years old	5.5 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, 2019)

Lenders	Amount of loan payable
Woori Bank (Korea)	¥2,223 million

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

Not applicable.

2. **Current Status of the Company**

(1) Shares (as of December 31, 2019)

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

(b) Number of shares issued: 901,530,560 shares (including 19,109,021 shares of treasury stock)

(c) Number of shareholders: 3,371

(d) Major shareholders (Top 10)

Name of shareholders	Number of shares owned (Thousand shares)	Ratio (%)
NXC Corporation	253,262	28.7
NXMH B.V.B.A.	167,186	18.9
HSBC-FUND SERVICES CLIENTS A/C 006	38,428	4.4
The Master Trust Bank of Japan, Ltd. (trust account)	21,669	2.5
SSBTC CLIENT OMNIBUS ACCOUNT	14,866	1.7
KOREA SECURITIES DEPOSITORY- SAMSUNG	13,479	1.5
Japan Trustee Services Bank, Ltd. (trust account 5)	11,323	1.3
Japan Trustee Services Bank, Ltd. (trust account)	11,146	1.3
JPMorgan Securities Japan Co., Ltd.	9,789	1.1
Min Seo	9,715	1.1

(Note) Ratio is calculated using the number of shares issued excluding treasury stock (19,109,021 shares).

(2) Corporate officers

(a) Directors (as of December 31, 2019)

Post	Name	Responsibility and Material Posts Concurrently Held
President and CEO	Owen Mahoney	—
Representative Director	Shiro Uemura	Chief Financial Officer and Chief Corporate Management Officer Director of NEXON America, Inc. Director of NEXON M Inc. Director of Lexian Software Development (Shanghai) Co., Ltd.
Director	Patrick Söderlund	Chief Executive Officer of Embark Studios AB
Director	Hongwoo Lee	Director of NEXON Korea Corporation
Director (Audit & Supervisory Committee member)	Dohwa Lee	Director of NXC Corporation Statutory Auditor of Gallery 313 Co., Ltd.
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. External Director 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.

(b) Officers who retired during the year

Post and Responsibility at the Time of Retirement	Name	Material Posts Concurrently Held at the Time of Retirement	Date of Retirement
Director Chief Operating Officer	Jiwon Park	Director of NEXON Korea Corporation Representative Director of NEXON U.S. Holding Inc. Director of Embark Studios AB Director of Pixelberry Studios	September 20, 2019

(Note) Mr. Jiwon Park retired from office due to resignation.

(c) 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.

(d) 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 (1)	¥838 million (¥2 million)
Directors (Audit & Supervisory Committee members) (of which external directors)	2 (2)	¥24 million (¥24 million)
Total (of which external officers)	7 (3)	¥862 million (¥26 million)

(Notes)1. As of December 31, 2019, the Company has four directors (excluding those who are Audit & Supervisory Committee members) (including 0 external director) and three directors (Audit & Supervisory Committee members) (including two external directors). The difference from the number shown above is because one director (who is not Audit & Supervisory Committee member) and one director (Audit & Supervisory Committee member) are not included in the table above as no remuneration is paid, one director (who is not Audit & Supervisory Committee member) who retired on September 20, 2019 is included in the table above, and one director (who is not Audit & Supervisory Committee member) is included as an external officer as he was external director until June 30, 2019.

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

3. 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 directors who are Audit & Supervisory Committee members) at the 16th annual general meeting of shareholders held on March 27, 2018.

4. 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).

5. The amount of remuneration to directors (excluding those who are Audit & Supervisory Committee members) includes the following:
   • ¥561 million worth of remuneration in the form of stock options
   The amount does not include ¥190 million of remuneration reversed due to the expiration of unvested 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.

(e) 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. External Director 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 11 meetings of the board of directors and all 7 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 10 of the total 11 meeting of the board of directors and 6 of the total 7 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	¥ 57 million
Total amount of cash and other financial benefits to be paid by the Company and its subsidiaries to the independent auditors	¥ 255 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 13 other 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 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 one important issue for us is the construction of an organizational framework that enables us to review and execute effective investments for proactive business development of our business in anticipation of 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. We also recognize that the return of profits to shareholders is an important management issue.

Since the fiscal year ended December 31, 2016, we had made it our policy to suspend dividend payouts and retain the flexibility to continue our growth investments in our global operations. The investments based on this policy have achieved some success. Therefore, with regards to the year-end dividends of surplus for the record date of December 31, 2019, the Board of Directors resolved at the meeting held on February 20, 2020 to pay dividends of 2.5 yen per share, which is at the same level as that before the two-for-one stock split conducted in the fiscal year ended December 31, 2018.

Consolidated Statement of Financial Position

(As of December 31, 2019)

(Millions of Yen)

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Current assets	553,496	Current liabilities	41,168
Cash and cash equivalents	253,636	Trade and other payables	7,753
Trade and other receivables	28,643	Deferred income	10,250
Other deposits	257,331	Borrowings	2,223
Other financial assets	8,418	Income taxes payable	7,403
Other currents assets	5,468	Lease liabilities	2,129
Non-current assets	165,592	Provisions	4,099
Property, plant and equipment	23,481	Other current liabilities	7,311
Goodwill	42,480	Non-current liabilities	46,789
Intangible assets	21,519	Deferred income	15,950
Right-of-use assets	6,612	Lease liabilities	8,507
Investments accounted for using equity method	2,515	Other financial liabilities	826
Other financial assets	47,256	Provisions	260
Other non-currents assets	243	Other non-current liabilities	4,472
Deferred tax assets	21,486	Deferred tax liabilities	16,774
		Total liabilities	87,957
		(Equity)	
		Total equity attributable to owners of the parent	619,985
		Capital stock	17,967
		Capital surplus	35,688
		Treasury stock	(27,219)
		Other equity interest	38,511
		Retained earnings	555,038
		Non-controlling interests	11,146
		Total equity	631,131
Total assets	719,088	Total liabilities and equity	719,088

Consolidated Income Statement

(From January 1, 2019 to December 31, 2019)

(Millions of Yen)

Account	Amount
Revenue	248,542
Cost of sales	(59,586)
Gross profit	188,956
Selling, general and administrative expenses	(85,117)
Other income	9,059
Other expenses	(18,373)
Operating income	94,525
Finance income	30,040
Finance costs	(2,272)
Equity in loss of affiliates	(325)
Income before income taxes	121,968
Income taxes expense	(8,732)
Net income	113,236
(Attributable to)	
Owners of the parent	115,664
Non-controlling interests	(2,428)
Net income	113,236

Non-consolidated Balance Sheet

(As of December 31, 2019)

(Millions of Yen)

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Current assets	45,374	Current liabilities	2,037
Cash and deposits	43,100	Accounts payable-trade	204
Accounts receivable-trade	686	Accounts payable-other	605
Other receivables	194	Accrued expenses	258
Prepaid expenses	95	Consumption taxes payable	17
Short-term loans receivable from subsidiaries and affiliates	1,089	Provision for bonuses	166
Income taxes refund receivable	2	Unearned revenue	509
Other	208	Other	278
Non-current assets	17,630	Non-current liabilities	363
Tangible fixed assets	1	Lease obligations	35
Leasehold improvements	31	Long-term unearned revenue	168
Tools, furniture and fixtures	407	Provision for retirement benefits	160
Accumulated impairment loss	(274)	Total liabilities	2,400
Accumulated depreciation	(163)	(Net assets)	
Investments and other assets	17,629	Shareholders' equity	53,133
Investment securities	97	Capital stock	17,757
Stocks of subsidiaries and affiliates	17,141	Capital surplus	39,981
Long-term loans receivable from subsidiaries and affiliates	35,705	Capital reserve	17,007
Long-term prepaid expenses	102	Other capital surplus	22,974
Other	635	Retained earnings	22,614
Allowance for doubtful accounts	(36,051)	Retained earnings reserve	217
		Other retained earnings	22,397
		Retained earnings brought forward	22,397
		Treasury stock	(27,219)
		Valuation and translation adjustments	(28)
		Valuation difference on available-for-sale securities	(28)
		Subscription rights to shares	7,499
		Total net assets	60,604
Total assets	63,004	Total liabilities and net assets	63,004

Non-consolidated Statement of Income

(From January 1, 2019 to December 31, 2019)

(Millions of Yen)

Account	Amount	
Net sales		
Sales of games	4,836	
Other sales	1,180	6,016
Cost of sales		3,249
Gross profit		2,767
Selling, general and administrative expenses		7,910
Operating loss		5,143
Non-operating income		
Interest income	704	
Foreign exchange gain	379	
Dividends income	30,313	
Reversal of allowance for doubtful accounts for subsidiaries and affiliates	1,104	
Other	65	32,565
Non-operating expenses		
Interest expenses	1	
Stock issue cost	24	
Treasury stock acquisition cost	7	
Provision of allowance for doubtful accounts for subsidiaries and affiliates	3,980	
Other	51	4,063
Ordinary income		23,359
Extraordinary gain		
Gain from reversal of subscription rights to shares	635	635
Extraordinary loss		
Impairment loss	77	77
Profit before income taxes		23,917
Income taxes	1,520	1,520
Net income		22,397

(Translation)
Audit Report on Consolidated Financial Statements

Independent Auditors' Report

February 17, 2020

To the Board of Directors of

NEXON Co., Ltd.

PricewaterhouseCoopers Aarata LLC

Designated Partner Engagement Partner	Certified Public Accountant	Yoshihiro Shiribiki
Designated Partner Engagement Partner	Certified Public Accountant	Soichiro Hayashi

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, 2019 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, 2019 to December 31, 2019.

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, 2019, and the results of their operations for the year then ended.

Emphasis of Matter
As discussed in Notes to material subsequent event, the Company approved at the Board of Directors meeting held on February 13, 2020 to retire treasury stock pursuant to the provisions of Article 178 of the Companies Act.

Our opinion is not modified with respect to this matter.

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 17, 2020

To the Board of Directors of

NEXON Co., Ltd.

PricewaterhouseCoopers Aarata LLC

Designated Partner Engagement Partner	Certified Public Accountant	Yoshihiro Shiribiki
Designated Partner Engagement Partner	Certified Public Accountant	Soichiro Hayashi

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, 2019 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 18th fiscal year from January 1, 2019 to December 31, 2019, 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, 2019, and the results of the operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

1. As discussed in Notes to material subsequent event, the Company approved at the Board of Directors meeting held on February 13, 2020 to retire treasury stock pursuant to the provisions of Article 178 of the Companies Act.
2. As discussed in Notes to material subsequent event, the Company approved at the Board of Directors meeting held on February 13, 2020 the payment of dividends of surplus by its consolidated subsidiary NEXON Korea Corporation, which was approved by the Board of Directors of the company on that day.

Our opinion is not modified with respect to this matter.

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 18th fiscal year from January 1, 2019 to December 31, 2019. 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 is conducted appropriately as provided in Article 110-4, 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, 2019 to December 31, 2019, the non-consolidated financial statements, namely, the balance sheet as of December 31, 2019, and the related statements of income and changes in net assets and the related notes for the fiscal year from January 1, 2019 to December 31, 2019, and the accompanying supplemental schedules, and the consolidated financial statements, namely, the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of income and changes in equity and the related notes for the fiscal year from January 1, 2019 to December 31, 2019.

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 LLC, the Independent Auditors, are appropriate.

February 20, 2020

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

(Note) 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.

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.