

[This document is based on the Quarterly Securities Report (Japanese only) of NEXON Co., Ltd. (“Nexon”), which has been prepared in compliance with the Financial Instruments and Exchange Act for the purpose of providing accurate financial information and other information in a manner that is easy to understand. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. Nexon assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from any translation.]

Quarterly Securities Report

(The First Quarter of the 20th Fiscal Year)

NEXON Co., Ltd.

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【Cover】

【Document filed】	Quarterly Securities Report
【Governing law】	Article 24-4-7 (1) of the Financial Instruments and Exchange Act of Japan
【Filed with】	Director, Kanto Local Finance Bureau
【Filing date】	May 13, 2021
【Quarterly accounting period】	The First Quarter of the 20th Fiscal Year (from January 1, 2021 to March 31, 2021)
【Company name】	Kabushiki Kaisha NEXON
【Company name in English】	NEXON Co., Ltd.
【Name and title of representative】	Owen Mahoney, Representative Director, President and Chief Executive Officer
【Address of head office】	1-4-5 Roppongi, Minato-ku, Tokyo
【Telephone number】	03-6629-5318 (main)
【Contact person】	Shiro Uemura, Representative Director and Chief Financial Officer
【Nearest contact address】	1-4-5 Roppongi, Minato-ku, Tokyo
【Telephone number】	03-6629-5318 (main)
【Contact person】	Shiro Uemura, Representative Director and Chief Financial Officer
【Place where a copy of this document is made available for public inspection】	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

Part I 【Information on the Company】

I. 【Company Overview】

1 【Changes in Key Management Indicators】

(Unit: Millions of yen, unless otherwise stated)

Term	First three months of 19 th FY	First three months of 20 th FY	The 19 th FY
Accounting period	From January 1, 2020 to March 31, 2020	From January 1, 2021 to March 31, 2021	From January 1, 2020 to December 31, 2020
Revenue	82,762	88,313	293,024
Income before income taxes	61,989	63,575	108,171
Net income attributable to owners of the parent company	49,911	46,034	56,220
Total comprehensive income	14,879	60,945	86,427
Total equity attributable to owners of the parent company	632,538	772,767	709,882
Total assets	738,128	932,592	862,161
Basic earnings per share attributable to owners of the parent company (yen)	56.57	51.86	63.57
Diluted earnings per share attributable to owners of the parent company (yen)	56.11	50.78	61.90
Ratio of equity attributable to owners of the parent company to total assets (%)	85.7	82.9	82.3
Cash flows from operating activities	29,548	17,933	137,603
Cash flows from investing activities	1,034	(32,829)	(140,234)
Cash flows from financing activities	(4,177)	(2,846)	(2,626)
Cash and cash equivalents at end of quarter/year	275,144	243,647	252,570

- (Notes) 1. Information regarding changes in key management indicators of the company filing the report is available in our quarterly consolidated financial statements and not included herein.
2. Revenue does not include consumption taxes or similar.
3. The indicators above are based on our condensed quarterly consolidated financial statements and consolidated financial statements prepared in compliance with the designated international accounting standards (“IFRS”).

2 【Description of Business】

There were no significant changes in the nature of the businesses conducted by Nexon and our subsidiaries and affiliates (“Nexon Group”) during the three months ended March 31, 2021. Furthermore, there was no change in our major subsidiaries and affiliates.

II. 【Business Overview】

1 【Risk Factors】

During the three months ended March 31, 2021, no new business and operational risks have arisen and there have been no significant changes in business and operational risks stated in the annual securities report for the year ended December 31, 2020.

2 【Management’s Analyses of Financial Position, Operating Results and Cash Flows】

Any forward-looking statement herein is based on the judgment of Nexon Group’s management as of the end of the current quarter.

(1) Operating results

As for the global economy during the three months ended March 31, 2021, although vaccination programs have started in various areas around the world, future outlook remains unclear due to the impact of the COVID-19 pandemic. While the economy in North America showed signs of picking up, economic recovery slowed down in Europe due to prolonged restriction on human activities as the infection flared up again. The economy showed a gradual turnaround in China where economic conditions stayed on a recovery trend. As for the Japanese economy, while signs of recovery were seen mainly in capital investment and production, harsh conditions continued as economic activities were suppressed, and corporate revenue and consumer spending weakened, primarily due to the impact of the third wave of the COVID-19 outbreak and the accompanying redeclaration of a state of emergency in January 2021.

Under these circumstances, although the situation varies slightly depending on the region, Nexon Group has continued to operate its PC online and mobile businesses without its overall business being largely affected, endeavoring to provide users with an enjoyable game experience by developing high-quality games, acquiring more contents, servicing new titles, and updating existing titles. Specifically, we have established the following as Nexon’s Focus Strategy: (i) focusing on massive multiplayer online games, (ii) enabling our service to be played across multiple platforms including PC, console and mobile, (iii) leveraging Nexon’s IPs, and (iv) investing in new IPs that we think are really special. We have also worked on initiatives for the growth of our global business.

For the three months ended March 31, 2021, multiple major titles drove our business and all regions excluding China grew. As a result, revenue increased year-over-year.

In Korea, all four of our major PC titles grew. *MapleStory* grew year-over-year due to well-received Winter update, while *EA SPORTS™ FIFA ONLINE 4* grew year-over-year due to well-received Lunar New Year package offerings and promotions. Revenues from *Dungeon&Fighter* and *Sudden Attack* also grew by 13% and 56%, respectively, year-over-year. Mobile revenue increased significantly as we benefitted from the mobile versions of our hit titles, such as *The Kingdom of the Winds: Yeon*, *KartRider Rush+* and *EA SPORTS™ FIFA MOBILE* (“*FIFA MOBILE*”), and as *MapleStory M* grew. Accordingly, our Korea business overall grew by 26% year-over-year.

In China, revenue decreased year-over-year due to a slowdown of our major PC title, *Dungeon&Fighter*. *Dungeon&Fighter*’s active users and paying users decreased year-over-year due to reduced user engagement and constant strengthening of bot sanctions. Revenue decreased accordingly.

In Japan, revenue increased year-over-year driven by *TRAHA*, *V4* and *FIFA MOBILE*, which all launched in FY2020, as well as contributions from *Blue Archive*, which launched in the three months ended March 31, 2021.

In North America and Europe, revenue increased year-over-year primarily driven by increases in revenue from *MapleStory* and *MapleStory M*.

In Rest of World, revenue increased year-over-year driven by *MapleStory*’s revenue growth.

In terms of expenses, cost of sales increased year-over-year primarily due to an increase in royalty costs for *The Kingdom of the Winds: Yeon*. Selling, general and administrative expenses increased year-over-year due to an increase in HR costs due to the introduction of a new compensation package in Korea and increased stock option costs, as well as an increase in platform costs of mobile games including *The Kingdom of the Winds: Yeon* and *KartRider Rush+*. Other expenses decreased due to comparisons with Q1 2020, when we recorded an impairment loss on a subsidiary’s goodwill and the IP of *Choices: Stories You Play*. Income tax expense increased year-over-year as a result of an increase in income before income taxes and an increase in deferred tax expenses on

undistributed profits of our overseas subsidiary.

As a result, for the three months ended March 31, 2021, Nexon Group recorded revenues of ¥88,313 million (up 6.7% year-over-year), operating income of ¥43,321 million (up 4.3% year-over-year), income before income taxes of ¥63,575 million (up 2.6% year-over-year) and net income attributable to owners of the parent company of ¥46,034 million (down 7.8% year-over-year).

Business results by reportable segments for the three months ended March 31, 2021 are as follows:

(a) Japan

Revenues for the three months ended March 31, 2021 amounted to ¥1,340 million (up 49.6% year-over-year), and segment loss amounted to ¥2,285 million (segment loss of ¥655 million for the three months ended March 31, 2020).

(b) Korea

Revenues for the three months ended March 31, 2021 amounted to ¥81,502 million (up 6.8% year-over-year), and segment profit amounted to ¥45,606 million (down 4.4% year-over-year). Revenues in Korea include royalty income of NEOPLE INC. (a subsidiary of NEXON Korea Corporation, our consolidated subsidiary) attributable to license agreements in China.

(c) China

Revenues for the three months ended March 31, 2021 amounted to ¥1,049 million (up 16.2% year-over-year), and segment profit amounted to ¥736 million (up 12.7% year-over-year).

(d) North America

Revenues for the three months ended March 31, 2021 amounted to ¥4,075 million (up 9.7% year-over-year), and segment profit amounted to ¥262 million (segment loss of ¥461 million for the three months ended March 31, 2020).

(e) Others

Revenues for the three months ended March 31, 2021 amounted to ¥347 million (down 62.1% year-over-year), and segment loss amounted to ¥1,023 million (segment loss of ¥461 million for the three months ended March 31, 2020).

(2) Financial Position

(a) Assets, liabilities and equity

(Assets)

Total assets as of March 31, 2021 amounted to ¥932,592 million, an increase of ¥70,431 million from December 31, 2020. Major components include an increase of ¥18,378 million in trade and other receivables, an increase of ¥31,296 million in other deposits and an increase of ¥23,197 million in other financial assets.

(Liabilities)

Total liabilities as of March 31, 2021 amounted to ¥149,222 million, an increase of ¥7,506 million from December 31, 2020. Major components include an increase of ¥7,413 million in income taxes payable, an increase of ¥5,956 million in other liabilities and a decrease of ¥5,267 million in provisions.

(Equity)

Equity as of March 31, 2021 totaled ¥783,370 million, an increase of ¥62,925 million from December 31, 2020. Major components of changes in equity include an increase of ¥43,817 million in retained earnings primarily due to the recording of net income and an increase of ¥16,119 million in other equity interest primarily due to changes in exchange differences on translating foreign operations.

As a result, ratio of equity attributable to owners of the parent company was 82.9% (82.3% as of December 31, 2020).

(b) Cash flows

Cash and cash equivalents (collectively, “cash”) as of March 31, 2021 was ¥243,647 million, a decrease of

¥8,923 million from December 31, 2020. The decrease includes ¥8,819 million in effects of exchange rate changes on cash.

Cash flows from each activity for the three months ended March 31, 2021 and their significant components are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities was ¥17,933 million, compared to ¥29,548 million for the three months ended March 31, 2020. Major components of the increase include income before income taxes of ¥63,575 million. Major components of the decrease include an exchange gain of ¥17,288 million, an increase in trade and other receivables of ¥17,180 million, income taxes paid of ¥7,074 million and a decrease in provisions of ¥5,328 million.

While the amount of increase in trade and other receivables was smaller compared to the three months ended March 31, 2020, net cash provided by operating activities decreased year-over-year due to an increase in other current assets and a decrease in provisions.

(Cash flows from investing activities)

Net cash used in investing activities was ¥32,829 million, compared to ¥1,034 million provided by investing activities for the three months ended March 31, 2020. Major cash outflows include purchases of investment securities of ¥21,563 million and an increase in time deposit of ¥12,853 million.

Net cash used in investing activities increased year-over-year due to purchases of investment securities and an increase in time deposit.

(Cash flows from financing activities)

Net cash used in financing activities was ¥2,846 million, compared to ¥4,177 million for the three months ended March 31, 2020. Major cash inflows include proceeds from exercise of stock options of ¥2,081 million. Major cash outflows include cash dividends paid of ¥2,217 million and net decrease in short-term borrowings of ¥2,094 million.

Net cash used in financing activities decreased year-over-year due to not recording any purchases of treasury stock.

(3) Business and financial issues to be addressed

During the three months ended March 31, 2021, there were no significant changes in business and financial issues to be addressed and no new issues have arisen.

(4) Research and development

Total research and development expense incurred during the three months ended March 31, 2021 amounted to ¥4,976 million. There were no significant changes in research and development activities during the three months ended March 31, 2021.

3 【Important Business Agreements】

During the three months ended March 31, 2021, no important business agreements were decided on or entered into.

III. 【Information on the Company Filing the Report】

1 【Information on the Company's Stock】

(1) 【Total number of shares and related information】

(a) 【Total number of shares】

Class	Total number of authorized shares
Common stock	1,400,000,000 shares
Total	1,400,000,000 shares

(b) 【Outstanding shares】

Class	Number of shares outstanding as of March 31, 2021	Number of shares outstanding as of the filing date (May 13, 2021)	Name of the financial instruments exchange of listing or authorized financial instruments firms association	Description
Common stock	888,567,539 shares	888,653,539 shares	First section of the Tokyo Stock Exchange	Shares with full voting rights, which are standard shares of Nexon with no restrictions on rights. The number of shares per trading unit is 100 shares.
Total	888,567,539 shares	888,653,539 shares	—	—

(Note) “Number of shares outstanding as of the filing date” does not include the number of shares issued upon exercise of stock acquisition rights during the period from May 1, 2021 to the date on which this quarterly securities report is filed.

(2) 【Stock acquisition rights】

(a) 【Stock option plan】

Not applicable.

(b) 【Other stock acquisition rights】

Not applicable.

(3) 【Exercise status of convertible bonds with an exercise price adjustment clause】

Not applicable.

(4) 【Changes in the total number of outstanding shares, capital stock and related information】

Date	Change in total number of outstanding shares (shares)	Total number of outstanding shares (shares)	Change in capital stock (¥ million)	Balance of capital stock (¥ million)	Change in capital reserve (¥ million)	Balance of capital reserve (¥ million)
January 1, 2021 to March 31, 2021 (Note) 1	1,606,000	888,567,539	1,459	23,929	1,459	23,179

- (Notes) 1. The total number of outstanding shares increased by 1,606,000 shares and the amounts of capital stock and capital reserve increased by ¥1,459 million each due to exercise of stock acquisition rights.
2. Between April 1, 2021 and April 30, 2021, the total number of outstanding shares increased by 86,000 shares and the amounts of capital stock and capital reserve increased by ¥74 million each due to exercise of stock acquisition rights.

(5) 【Major shareholders】

There is no entry for the three months ended March 31, 2021 because this is the first quarter.

(6) 【Voting rights】

The status of voting rights as of March 31, 2021 is unavailable because the information cannot be confirmed against our shareholder registry. Therefore, the information below is based on our shareholder registry on the immediately preceding record date (December 31, 2020).

(a) 【Outstanding shares】

As of December 31, 2020

Category	Number of shares (shares)	Number of voting rights (units)	Description
Non-voting shares	—	—	—
Shares with restricted voting rights (including treasury stock)	—	—	—
Shares with restricted voting rights (other)	—	—	—
Shares with full voting rights (including treasury stock)	—	—	—
Shares with full voting rights (other)	Common stock 886,941,900	8,869,419	Standard shares of Nexon with no restrictions on rights
Shares less than one trading unit	Common stock 19,639	—	Same as above
Total number of outstanding shares	886,961,539	—	—
Total number of voting rights	—	8,869,419	—

- (Note) 44 shares of treasury stock held by Nexon are included in the common stock under “shares less than one trading unit.”

(b) 【Treasury stock】

As of December 31, 2020

Name of holder	Address of holder	Number of shares held in own name (shares)	Number of shares held in others' names (shares)	Total number of shares held (shares)	Ratio of the number of shares held to the total number of outstanding shares (%)
—	—	—	—	—	—
Total	—	—	—	—	—

(Note) Nexon holds 44 shares which are less than one trading unit.

2 【Information on the Company's Officers】

Not applicable.

IV. 【Financial Information】

1. Preparation of the quarterly consolidated financial statements

Nexon's condensed quarterly consolidated financial statements are prepared in accordance with the International Accounting Standard No. 34 *Interim Financial Reporting* ("IAS 34"), pursuant to the provisions of Article 93 of the *Regulation on the Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements* (Cabinet Office Ordinance No. 64, 2007; "Quarterly Consolidated Financial Statements Rules").

In the condensed quarterly consolidated financial statements contained herein, amounts of less than one million yen are rounded to the nearest million yen.

2. Audit certification

Pursuant to Article 193-2 (1) of the Financial Instruments and Exchange Act of Japan, Nexon's condensed quarterly consolidated financial statements for the first quarter (from January 1, 2021 to March 31, 2021) and the first three months (from January 1, 2021 to March 31, 2021) ended March 31, 2021 were reviewed by PricewaterhouseCoopers Aarata LLC.

1 【Condensed Quarterly Consolidated Financial Statements】

(1) 【Condensed Quarterly Consolidated Statement of Financial Position】

(Unit: Millions of yen)

	Notes	As of December 31, 2020	As of March 31, 2021
Assets			
Current assets			
Cash and cash equivalents	6	252,570	243,647
Trade and other receivables	6	20,935	39,313
Other deposits	6	273,132	304,428
Other financial assets	6	27,343	26,535
Other current assets		4,552	9,028
Total current assets		578,532	622,951
Non-current assets			
Property, plant and equipment		24,191	24,772
Goodwill	7	38,425	38,909
Intangible assets	7	14,935	14,082
Right-of-use assets		10,029	9,996
Investments accounted for using equity method		5,195	5,187
Other financial assets	6	167,620	191,625
Other non-current assets		1,277	1,876
Deferred tax assets		21,957	23,194
Total non-current assets		283,629	309,641
Total assets		862,161	932,592

(Unit: Millions of yen)

	Notes	As of December 31, 2020	As of March 31, 2021
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	6	10,668	8,897
Deferred income	8	11,505	12,229
Borrowings	6	2,094	—
Income taxes payable		15,774	23,187
Lease liabilities		2,657	2,756
Provisions		6,881	1,608
Other current liabilities		8,388	14,389
Total current liabilities		57,967	63,066
Non-current liabilities			
Deferred income	8	15,180	15,504
Lease liabilities		11,842	11,768
Other financial liabilities	6	868	917
Provisions		304	310
Other non-current liabilities		4,437	4,392
Deferred tax liabilities		51,118	53,265
Total non-current liabilities		83,749	86,156
Total liabilities		141,716	149,222
Equity			
Capital stock	10	22,679	24,141
Capital surplus	10	17,421	18,908
Treasury stock	10	(0)	(0)
Other equity interest		69,975	86,094
Retained earnings		599,807	643,624
Total equity attributable to owners of the parent company		709,882	772,767
Non-controlling interests		10,563	10,603
Total equity		720,445	783,370
Total liabilities and equity		862,161	932,592

(2) 【Condensed Quarterly Consolidated Income Statement】

【For the three months ended March 31, 2020 and 2021】

(Unit: Millions of yen)

	Notes	Three months ended March 31,	
		2020	2021
		(From January 1, 2020 to March 31, 2020)	(From January 1, 2021 to March 31, 2021)
Revenue	5	82,762	88,313
Cost of sales		(15,343)	(18,699)
Gross profit		67,419	69,614
Selling, general and administrative expenses		(20,614)	(26,317)
Other income		1,197	124
Other expenses	7	(6,459)	(100)
Operating income		41,543	43,321
Finance income		21,918	20,995
Finance costs		(1,585)	(650)
Share of profit (loss) of investments accounted for using equity method		113	(91)
Income before income taxes		61,989	63,575
Income taxes expense		(12,235)	(17,842)
Net income		49,754	45,733
Attributable to:			
Owners of the parent company		49,911	46,034
Non-controlling interests		(157)	(301)
Net income		49,754	45,733
Earnings per share			
(attributable to owners of the parent company)	11	(Yen)	(Yen)
Basic earnings per share		56.57	51.86
Diluted earnings per share		56.11	50.78

(3) 【Condensed Quarterly Consolidated Statement of Comprehensive Income】

【For the three months ended March 31, 2020 and 2021】

(Unit: Millions of yen)

	Notes	Three months ended March 31,	
		2020	2021
		(From January 1, 2020 to March 31, 2020)	(From January 1, 2021 to March 31, 2021)
Net income		49,754	45,733
Other comprehensive income			
Items that will not be reclassified to net income			
Financial assets measured at fair value through other comprehensive income	6	256	(324)
Re-measurement of defined benefit pension plans		27	(1)
Income taxes		(81)	81
Total items that will not be reclassified to net income		202	(244)
Items that may be reclassified subsequently to net income			
Exchange differences on translating foreign operations		(35,076)	15,449
Other comprehensive income under equity method		(1)	7
Total items that may be reclassified subsequently to net income		(35,077)	15,456
Total other comprehensive income		(34,875)	15,212
Total comprehensive income		14,879	60,945
Attributable to:			
Owners of the parent company		15,696	60,969
Non-controlling interests		(817)	(24)
Total comprehensive income		14,879	60,945

(4) 【Condensed Quarterly Consolidated Statement of Changes in Equity】

For the three months ended March 31, 2020 (From January 1, 2020 to March 31, 2020)

(Unit: Millions of yen)

	Notes	Equity attributable to owners of the parent company					Non-controlling interests	Total equity	
		Capital stock	Capital surplus	Treasury stock	Other equity interest	Retained earnings			Total
Equity at the beginning of the period		17,967	35,688	(27,219)	38,511	555,038	619,985	11,146	631,131
Net income		—	—	—	—	49,911	49,911	(157)	49,754
Other comprehensive income		—	—	—	(34,215)	—	(34,215)	(660)	(34,875)
Total comprehensive income		—	—	—	(34,215)	49,911	15,696	(817)	14,879
Issue of shares	10	1,036	1,036	—	—	—	2,072	—	2,072
Stock issue cost		—	(8)	—	—	—	(8)	—	(8)
Dividends	9	—	—	—	—	(2,206)	(2,206)	—	(2,206)
Share-based compensation		—	—	—	(238)	—	(238)	—	(238)
Change in interest in controlled subsidiary		—	20	—	—	—	20	51	71
Purchase of treasury stock	10	—	(2)	(2,781)	—	—	(2,783)	—	(2,783)
Retirement of treasury stock	10	—	(22,972)	30,000	—	(7,028)	—	—	—
Reclassification from other equity interest to retained earnings		—	—	—	(3)	3	—	—	—
Total transactions with the owners		1,036	(21,926)	27,219	(241)	(9,231)	(3,143)	51	(3,092)
Equity at the end of the period		19,003	13,762	(0)	4,055	595,718	632,538	10,380	642,918

For the three months ended March 31, 2021 (From January 1, 2021 to March 31, 2021)

(Unit: Millions of yen)

		Equity attributable to owners of the parent company					Non-	Total	
	Notes	Capital stock	Capital surplus	Treasury stock	Other equity interest	Retained earnings	Total	controlling interests	equity
Equity at the beginning of the period		22,679	17,421	(0)	69,975	599,807	709,882	10,563	720,445
Net income		—	—	—	—	46,034	46,034	(301)	45,733
Other comprehensive income		—	—	—	14,935	—	14,935	277	15,212
Total comprehensive income		—	—	—	14,935	46,034	60,969	(24)	60,945
Issue of shares	10	1,462	1,462	—	—	—	2,924	—	2,924
Stock issue cost		—	(11)	—	—	—	(11)	—	(11)
Dividends	9	—	—	—	—	(2,217)	(2,217)	—	(2,217)
Share-based compensation		—	—	—	1,184	—	1,184	—	1,184
Change in interest in controlled subsidiary		—	36	—	—	—	36	64	100
Total transactions with the owners		1,462	1,487	—	1,184	(2,217)	1,916	64	1,980
Equity at the end of the period		24,141	18,908	(0)	86,094	643,624	772,767	10,603	783,370

(5) 【Condensed Quarterly Consolidated Statement of Cash Flows】

(Unit: Millions of yen)

	Notes	Three months ended March 31,	
		2020	2021
		(From January 1, 2020 to March 31, 2020)	(From January 1, 2021 to March 31, 2021)
Cash flows from operating activities			
Income before income taxes		61,989	63,575
Depreciation and amortization		2,147	2,264
Share-based compensation expenses		372	2,109
Interest and dividend income		(3,030)	(1,526)
Interest expense		84	102
Impairment loss		6,063	19
Share of loss (profit) of investments accounted for using equity method		(113)	91
(Gain) loss on valuation of securities		940	381
Exchange (gain) loss		(17,077)	(17,288)
(Increase) decrease in trade and other receivables		(25,347)	(17,180)
(Increase) decrease in other current assets		1,213	(4,469)
(Decrease) increase in trade and other payables		609	(2,134)
(Decrease) increase in deferred income		(119)	267
(Decrease) increase in provisions		151	(5,328)
(Decrease) increase in other current liabilities		1,514	3,356
Other		(549)	(1,276)
Subtotal		28,847	22,963
Interest and dividends received		3,651	2,145
Interest paid		(135)	(101)
Income taxes paid		(2,815)	(7,074)
Net cash provided by operating activities		29,548	17,933
Cash flows from investing activities			
Net decrease (increase) in restricted deposits		138	2,075
Net decrease (increase) in time deposits		10,189	(12,853)
Purchases of property, plant and equipment		(371)	(374)
Proceeds from sales of property, plant and equipment		4	9
Purchases of intangible assets		(323)	(121)
Payments associated with increase in long-term prepaid expenses		(0)	(595)
Purchases of securities by investment funds under consolidated subsidiaries	2	(9,879)	(10,666)
Proceeds from sales of securities by investment funds under consolidated subsidiaries	2	1,433	10,085
Purchases of investment securities	2	—	(21,563)
Proceeds from sales and redemption of investment securities	2	276	1,192
Other		(433)	(18)
Net cash provided by (used in) investing activities		1,034	(32,829)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings		(137)	(2,094)
Proceeds from exercise of stock options		1,554	2,081
Purchases of treasury stock	10	(2,783)	—
Cash dividends paid	9	(2,203)	(2,217)
Repayment of lease liabilities		(608)	(616)
Net cash used in financing activities		(4,177)	(2,846)
Net (decrease) increase in cash and cash equivalents		26,405	(17,742)
Cash and cash equivalents at the beginning of the period		253,636	252,570
Effects of exchange rate changes on cash and cash equivalents		(4,897)	8,819
Cash and cash equivalents at the end of the period		275,144	243,647

【Notes to Condensed Quarterly Consolidated Financial Statements】

1 Reporting entity

NEXON Co., Ltd. (“Nexon”) is a company located in Japan. Nexon’s consolidated financial statements are comprised of Nexon Group entities. Nexon Group is mainly engaged in the production, development and service of PC online and mobile games. Refer to “5 Segment Information” for the description of each business.

Nexon’s parent company is NXC Corporation, which is also the ultimate parent company of Nexon Group.

2 Basis of Preparation

(1) Compliance with IFRS

The condensed quarterly consolidated financial statements of Nexon Group are prepared in accordance with IAS 34 pursuant to the provisions of Article 93 of the Quarterly Consolidated Financial Statements Rules, as Nexon Group satisfies all requirements for a “Specified Company Complying with Designated International Accounting Standards” as defined in Article 1-2 of the Rules. Accordingly, these quarterly consolidated financial statements do not include all the information required in the annual consolidated financial statements and therefore should be read in conjunction with our consolidated financial statements for the year ended December 31, 2020.

Our condensed quarterly consolidated financial statements for Q1 2021 were approved for disclosure on May 13, 2021 by Owen Mahoney, Representative Director, President and Chief Executive Officer of Nexon, and Shiro Uemura, Representative Director and Chief Financial Officer of Nexon.

(2) Changes in presentation method

(Condensed quarterly consolidated statement of cash flows)

For the three months ended March 31, 2020, presentation of “Purchases of securities by investment funds under consolidated subsidiaries” was included in “Purchases of investment securities” under “Cash flows from investing activities,” and “Proceeds from sale of securities by investment funds under consolidated subsidiaries” was included in “Proceeds from sale and redemption of investment securities” under “Cash flows from investing activities.” However, these items are separately listed from the six months ended June 30, 2020 due to increased materiality of each of their monetary amounts. To reflect these changes in the presentation method, reclassifications were made in the condensed consolidated quarterly statement of cash flows for the three months ended March 31, 2020.

Accordingly, the following amounts included in the condensed quarterly consolidated statement of cash flows for the three months ended March 31, 2020 were each reclassified as follows: ¥(9,879) million was reclassified from “Purchases of investment securities” to “Purchases of securities by investment funds under consolidated subsidiaries” under “Cash flows from investing activities,” and ¥1,433 million was reclassified from “Proceeds from sale and redemption of investment securities” to “Proceeds from sale of securities by investment funds under consolidated subsidiaries” under “Cash flows from investing activities.”

3 Significant Accounting Policies

The significant accounting policies used to prepare our condensed quarterly consolidated financial statements for Q1 2021 are consistent with those applied in our consolidated financial statements for the year ended December 31, 2020, unless otherwise noted, except for the newly applied standards as listed below. Our income taxes for the three months ended March 31, 2021 have been calculated based on the estimated average annual effective tax rate.

Nexon Group has applied the following standards since Q1 2021, which did not have any material impact on our condensed quarterly consolidated financial statements in the three months ended March 31, 2021.

Standards	Title	Overview of New or Revised Standard
IFRS 16	Leases	Amended to extend support for lessees accounting for COVID-19-related rent concessions such as rent holidays and temporary rent reductions
IFRS 9	Financial Instruments	Clarified the treatment when replacing an existing interest rate benchmark with an alternative benchmark interest rate as a result of IBOR reform
IAS 39	Financial Instruments: Recognition and Measurement	
IFRS 7	Financial Instruments: Disclosures	
IFRS 4	Insurance Contracts	
IFRS 16	Leases	

4 Significant Accounting Estimates and Judgments

The preparation of the condensed quarterly consolidated financial statements requires the management to apply the accounting policies, as well as make judgments, estimates and assumptions that affect the amounts of assets, liabilities, revenue and expenses reported. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The effects of the review of accounting estimates are recognized in the accounting period in which the estimates were reviewed and in future accounting periods.

In principle, estimates and assumptions that have material impact on the amounts recognized in Nexon Group's condensed quarterly consolidated financial statements are the same as those for the consolidated financial statements for the previous fiscal year.

5 Segment Information

(1) Outline of reportable segments

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

Nexon Group is engaged in the production, development and service of PC online games and mobile games. Nexon (in Japan) and local consolidated subsidiaries (overseas) develop overall strategies and operate business activities for our respective products and services in each region as independent entities. Accordingly, Nexon Group is comprised of geographical business segments based on production, development, and service of PC online and mobile games. Nexon Group's reportable segments are formed by consolidating our business segments based on geographic location, since changes in foreign exchange rates have similar impact on the operating results of our subsidiaries in the same region due to their business characteristics and other factors, and because such impact accounts for a large proportion of their operating results. We have five reportable segments: Japan, Korea, China, North America, and Others. "Others" includes Europe and other Asian countries.

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

(2) Revenue, profit or loss by reportable segment

Information on the segments of Nexon Group is as follows:

For the three months ended March 31, 2020 (From January 1, 2020 to March 31, 2020)

(Unit: Millions of yen)

	Reportable Segments					Total	Adjustments (Note 3)	Consolidated
	Japan	Korea	China	North America	Others			
Revenue								
Revenue from external customers								
PC online	717	62,237	903	984	432	65,273	—	65,273
Mobile	161	13,666	—	2,728	482	17,037	—	17,037
Other	17	433	—	2	—	452	—	452
Total revenue from external customers	895	76,336	903	3,714	914	82,762	—	82,762
Intersegment revenue	224	511	—	144	90	969	(969)	—
Total	1,119	76,847	903	3,858	1,004	83,731	(969)	82,762
Segment profit or loss (Note 1)	(655)	47,724	653	(461)	(461)	46,800	5	46,805
Other income (expense), net								(5,262)
Operating income								41,543
Finance income (costs), net (Note 4)								20,333
Share of profit of investments accounted for using equity method								113
Income before income taxes								61,989

(Notes) 1. Segment profit or loss is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.

2. Price for intersegment transactions is based on the general market price.

3. Adjustments in segment profit or loss of ¥5 million represent elimination of intersegment transactions.

4. A major component of finance income is foreign exchange gain of ¥18,663 million.

5. For PC online and mobile, performance obligations are satisfied and revenue is recognized over time mainly because control over services is transferred over time.

For the three months ended March 31, 2021 (From January 1, 2021 to March 31, 2021)

(Unit: Millions of yen)

	Reportable Segments					Total	Adjustments (Note 3)	Consolidated
	Japan	Korea	China	North America	Others			
Revenue								
Revenue from external customers								
PC online	816	61,663	1,049	1,500	339	65,367	—	65,367
Mobile	504	19,459	—	2,574	8	22,545	—	22,545
Other	20	380	—	1	—	401	—	401
Total revenue from external customers	1,340	81,502	1,049	4,075	347	88,313	—	88,313
Intersegment revenue	181	692	—	206	120	1,199	(1,199)	—
Total	1,521	82,194	1,049	4,281	467	89,512	(1,199)	88,313
Segment profit or loss (Note 1)	(2,285)	45,606	736	262	(1,023)	43,296	1	43,297
Other income (expense), net								24
Operating income								43,321
Finance income (costs), net (Note 4)								20,345
Share of loss of investments accounted for using equity method								(91)
Income before income taxes								63,575

(Notes) 1. Segment profit or loss is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.

2. Price for intersegment transactions is based on the general market price.

3. Adjustments in segment profit or loss of ¥1 million represent elimination of intersegment transactions.

4. A major component of finance income is foreign exchange gain of ¥18,119 million.

5. For PC online and mobile, performance obligations are satisfied and revenue is recognized over time mainly because control over services is transferred over time.

(3) Information by region

Revenue from external customers is as follows.

For the three months ended March 31, 2020 (From January 1, 2020 to March 31, 2020)

	Revenue by major business			Total
	PC online	Mobile	Other	
Main regional market				
Japan	717	836	14	1,567
Korea	28,857	10,504	383	39,744
China	33,047	452	—	33,499
North America and Europe	893	3,236	39	4,168
Rest of World	1,759	2,009	16	3,784
Total	65,273	17,037	452	82,762

(Notes) 1. Revenue is broken down by country or region based on customer location.

2. Categorization by country or region is based on geographic proximity.

3. Major countries or regions contained in each regional category:

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

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

For the three months ended March 31, 2021 (From January 1, 2021 to March 31, 2021)

	Revenue by major business			Total
	PC online	Mobile	Other	
Main regional market				
Japan	816	2,546	20	3,382
Korea	34,933	14,882	352	50,167
China	25,623	175	—	25,798
North America and Europe	1,387	3,415	12	4,814
Rest of World	2,608	1,527	17	4,152
Total	65,367	22,545	401	88,313

(Notes) 1. Revenue is broken down by country or region based on customer location.

2. Categorization by country or region is based on geographic proximity.

3. Major countries or regions contained in each regional category:

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

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

6 Fair Value of Financial Instruments

(1) Calculation method of fair value

As of December 31, 2020

(Unit: Millions of yen)

	Carrying amount			Total	Fair value
	Financial assets/liabilities measured at FVTPL (Note 1)	Financial assets/liabilities measured at FVTOCI (Note 2)	Financial assets/liabilities measured at amortized cost		
Cash and cash equivalents	—	—	252,570	252,570	252,570
Trade and other receivables	—	—	20,935	20,935	20,935
Other deposits	—	—	273,132	273,132	273,132
Other financial assets (current)	18,790	—	8,553	27,343	27,343
Other financial assets (non-current)	2,648	153,492	11,480	167,620	167,620
Trade and other payables	—	—	10,668	10,668	10,668
Borrowings (current)	—	—	2,094	2,094	2,094
Other financial liabilities (non-current)	615	—	253	868	868

(Notes) 1. Financial assets and financial liabilities measured at fair value through profit or loss

2. Financial assets and financial liabilities measured at fair value through other comprehensive income

As of March 31, 2021

(Unit: Millions of yen)

	Carrying amount			Total	Fair value
	Financial assets/liabilities measured at FVTPL (Note 1)	Financial assets/liabilities measured at FVTOCI (Note 2)	Financial assets/liabilities measured at amortized cost		
Cash and cash equivalents	—	—	243,647	243,647	243,647
Trade and other receivables	—	—	39,313	39,313	39,313
Other deposits	—	—	304,428	304,428	304,428
Other financial assets (current)	20,532	—	6,003	26,535	26,535
Other financial assets (non-current)	3,159	176,720	11,746	191,625	191,625
Trade and other payables	—	—	8,897	8,897	8,897
Other financial liabilities (non-current)	631	—	286	917	917

(Notes) 1. Financial assets and financial liabilities measured at fair value through profit or loss

2. Financial assets and financial liabilities measured at fair value through other comprehensive income

The fair value of financial assets and financial liabilities is determined as follows. The fair value of financial instruments is estimated using market prices or by discounting future cash flows when market prices are not available.

Cash and cash equivalents, other deposits, trade and other payables

These are stated at carrying amount as it approximates fair value due to their nearing maturity or settlement.

Trade and other receivables

Fair values are estimated based on the present value of future cash flows of receivables grouped by category discounted at an appropriate risk-free rate (e.g. government bond yields) adjusted for credit risk. Trade and other receivables with short maturities are stated at carrying amount as it approximates fair value.

Other financial assets (current)

Marketable securities are classified as financial assets measured at fair value through profit or loss (“FVTPL”) and measured at fair value at the end of the reporting period. Fair values are based on market prices.

Other items presented in this category are stated at carrying amount as it approximates fair value due to their nearing maturity or settlement.

Other financial assets (non-current)

Marketable equity securities are classified as financial assets measured at fair value through other comprehensive income (“FVTOCI”) and measured at fair value at the end of the reporting period. Fair values are based on market prices.

Unlisted stocks classified as financial assets measured at FVTOCI are measured at fair value at the end of the reporting period. Fair values are estimated primarily by discounting future cash flows.

Other securities are classified as financial assets measured at FVTPL and measured at fair value at the end of the reporting period. Fair values are based on market prices.

For other items presented in this category, fair values are calculated primarily by discounting future cash flows.

Borrowings (current)

The carrying amount of borrowings with floating interest rates approximates fair value as they are quick to reflect the market interest rate and the credit condition of Nexon Group entities is not expected to have changed significantly since the drawdown. The fair value of borrowings with fixed interest rates is estimated by discounting the sum of principal and interest at the rate adjusted for the remaining period and credit risk. Borrowings with short maturity are stated at the carrying amount as it approximates fair value.

Other financial liabilities (non-current)

These are classified primarily as financial liabilities measured at FVTPL and measured at fair value at the end of the reporting period.

(2) Financial instruments measured at fair value

IFRS 13 *Fair Value Measurement* requires fair value measurements to be categorized using the fair value hierarchy based on the significance of the inputs used to measure fair value.

The fair value hierarchy consists of the following three levels:

- Level 1: Quoted prices for identical assets or liabilities in active markets
- Level 2: Inputs made up of prices, other than quoted prices, that are observable, either directly or indirectly
- Level 3: Inputs that include unobservable prices

The level of the fair value hierarchy used to measure fair value is determined based on the lowest level input that is significant to the fair value measurement. Transfers between levels are recognized on the date of the event or change in circumstances that caused the transfer.

The following tables present the financial assets and liabilities recognized at fair value on a recurring basis in the condensed quarterly consolidated statement of financial position classified by fair value hierarchy level.

As of December 31, 2020

(Unit: Millions of yen)

	Level 1	Level 2	Level 3	Total
Other financial assets (current)				
Financial assets measured at FVTPL				
Securities	18,790	—	—	18,790
Other financial assets (non-current)				
Financial assets measured at FVTPL				
Securities	—	—	2,648	2,648
Financial assets measured at FVTOCI				
Securities	126,969	—	26,523	153,492
Total financial assets	145,759	—	29,171	174,930
Other financial liabilities (non-current)				
Financial liabilities measured at FVTPL				
Derivative liabilities without hedge accounting application	—	—	615	615
Total financial liabilities	—	—	615	615

As of March 31, 2021

(Unit: Millions of yen)

	Level 1	Level 2	Level 3	Total
Other financial assets (current)				
Financial assets measured at FVTPL				
Securities	20,532	—	—	20,532
Other financial assets (non-current)				
Financial assets measured at FVTPL				
Securities	—	—	3,159	3,159
Financial assets measured at FVTOCI				
Securities	149,473	—	27,247	176,720
Total financial assets	170,005	—	30,406	200,411
Other financial liabilities (non-current)				
Financial liabilities measured at FVTPL				
Derivative liabilities without hedge accounting application	—	—	631	631
Total financial liabilities	—	—	631	631

The following table presents changes in financial instruments measured at fair value on a recurring basis classified as Level 3:

(Unit: Millions of yen)

	Three months ended March 31, 2020 (From January 1, 2020 to March 31, 2020)		Three months ended March 31, 2021 (From January 1, 2021 to March 31, 2021)	
	Other financial assets	Other financial liabilities	Other financial assets	Other financial liabilities
Balance at January 1	34,886	761	29,171	615
Gains or losses (Note)				
Net income	9	—	31	—
Purchase	—	—	563	—
Sales	(105)	—	(154)	—
Exchange differences on translating foreign operations	(1,967)	(43)	795	16
Balance at March 31	32,823	718	30,406	631

Unrealized gains (losses) recognized in earnings relating to assets held at the end of the previous consolidated fiscal year.

— — — —

(Notes) Gains or losses recognized in net income are presented in finance income and costs.

Fair values of financial instruments classified as Level 3 are measured by the Accounting & Finance Departments of Nexon and our consolidated subsidiaries in accordance with relevant internal rules. Fair values are measured with reasonably estimated inputs using the most appropriate valuation model determined based on the nature of the assets, and a proper internal approval process is followed in making such decisions to ensure the validity of the measurements.

Financial instruments classified as Level 3 are measured at fair value on a recurring basis. The discounted cash flow method is mainly used as the valuation technique for measuring their fair values, and the significant unobservable input is primarily the discount rate. The weighted average capital cost for the discount rate used in the three months ended March 31, 2020 and 2021 was between 9.1% to 14.1% and 10.1% to 15.4%, respectively. These fair values primarily decrease or increase due to a rise or fall in discount rates, respectively. Any change in fair value expected due to the use of a reasonably possible alternative assumption as an input is immaterial.

7 Goodwill and Intangible Assets

Goodwill and intangible assets consisted of the following:

For the three months ended March 31, 2020 (From January 1, 2020 to March 31, 2020)

[Carrying amount]

(Unit: Millions of yen)

	Goodwill	Intangible assets			Total
		Game copyrights (Note 2)	Software	Other (Note 3)	
January 1, 2020	42,480	17,985	910	2,624	21,519
Additions	—	10	230	92	332
Amortization	—	(910)	(134)	(325)	(1,369)
Impairment loss (Note 1)	(3,038)	(2,863)	—	(1)	(2,864)
Transfers between accounts	—	2	(2)	112	112
Exchange differences on translating foreign operations	(2,748)	(933)	(54)	(146)	(1,133)
March 31, 2020	36,694	13,291	950	2,356	16,597

(Notes) 1. During the three months ended March 31, 2020, Nexon Group performed impairment tests based on an indication of impairment and recognized impairment losses as realization of profits originally expected was no longer probable. Those impairment losses are included in other expenses in our condensed quarterly consolidated income statement.

2. Brands related to certain game copyrights are included.

3. Game publishing rights are included in Other.

Major components of impairment loss are as follows:

Type	Reportable segment	Company	Impairment loss (¥ million)
Goodwill	Korea	NEXON GT Co., Ltd.	3,038
Game copyrights	North America	Pixelberry Studios	2,863

For the three months ended March 31, 2021 (From January 1, 2021 to March 31, 2021)

[Carrying amount]

(Unit: Millions of yen)

	Goodwill	Intangible assets			Total
		Game copyrights (Note 1)	Software	Other (Note 2)	
January 1, 2021	38,425	11,953	990	1,992	14,935
Additions	—	1	134	—	135
Amortization	—	(845)	(153)	(294)	(1,292)
Transfers between accounts	—	11	—	—	11
Exchange differences on translating foreign operations	484	219	26	48	293
March 31, 2021	38,909	11,339	997	1,746	14,082

(Notes) 1. Brands related to certain game copyrights are included.

2. Game publishing rights are included in Other.

8 Deferred Income

Deferred income consisted of the following:

(Unit: Millions of yen)

	December 31, 2020		March 31, 2021	
	Current	Non-current	Current	Non-current
In-game microtransactions	9,909	803	10,542	1,006
Royalty	1,574	14,377	1,654	14,498
Other	22	—	33	—
Total	11,505	15,180	12,229	15,504

(Note) Deferred income falls under contract liabilities under IFRS 15 *Revenue from Contracts with Customers*.

9 Dividends

The amounts of dividends paid are as follows:

For the three months ended March 31, 2020 (From January 1, 2020 to March 31, 2020)

	Class of stock	Total dividends	Dividend per share	Record date	Effective date
Resolution of the Board of Directors on February 20, 2020	Common stock	¥2,206 million	¥2.5	December 31, 2019	March 26, 2020

For the three months ended March 31, 2021 (From January 1, 2021 to March 31, 2021)

	Class of stock	Total dividends	Dividend per share	Record date	Effective date
Resolution of the Board of Directors on February 17, 2021	Common stock	¥2,217 million	¥2.5	December 31, 2020	March 26, 2021

10 Equity and other equity interest

Total numbers of authorized shares and outstanding shares of Nexon are as follows:

	(Unit: Shares)	
	Three months ended March 31, 2020	Three months ended March 31, 2021
Total number of authorized shares		
Common stock	1,400,000,000	1,400,000,000
Total number of outstanding shares		
January 1	901,530,560	886,961,539
Increase	2,346,000 (Note 1)	1,606,000 (Note 1)
Decrease	(20,971,021) (Note 2)	—
March 31	882,905,539	888,567,539

(Notes) 1. An increase due to exercise of stock acquisition rights.

2. A decrease due to retirement of treasury stock based on a resolution of the Board of Directors meeting held on February 13, 2020.

The numbers of treasury shares included in the total numbers of outstanding shares stated above are as follows:

	(Unit: Shares)	
	Three months ended March 31, 2020	Three months ended March 31, 2021
Number of treasury shares		
January 1	19,109,021	44
Increase	1,862,044 (Note 1)	—
Decrease	(20,971,021) (Note 2)	—
March 31	44	44

(Notes) 1. An increase of 1,862,000 shares due to purchase of treasury stock based on a resolution of the Board of Directors on September 9, 2019 and an increase of 44 shares due to purchase demand of shares less than one trading unit.

2. A decrease due to retirement of treasury stock based on a resolution of the Board of Directors meeting held on February 13, 2020.

11 Earnings per Share

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

	Three months ended March 31, 2020	Three months ended March 31, 2021
Net income attributable to owners of the parent company (millions of yen)	49,911	46,034
Adjustments to net income used to calculate diluted earnings per share		
Adjustments due to dilutive shares of consolidated subsidiaries (millions of yen)	(148)	(291)
Diluted net income attributable to owners of the parent company (millions of yen)	49,763	45,743
Number of weighted-average common stock applicable to basic EPS (shares)	882,223,517	887,753,495
Dilutive effect: Stock option (shares)	4,722,188	13,116,657
Number of adjusted weighted-average common stock applicable to diluted EPS (shares)	886,945,705	900,870,152
Earnings per share attributable to owners of the parent company		
Basic (yen)	56.57	51.86
Diluted (yen) (Note)	56.11	50.78
(Note) Some of the stock acquisition rights issued by Nexon were not included in the calculation of diluted earnings per share because they were anti-dilutive.		

12 Subsequent Events

(1) Issuance of equity-based stock options (stock acquisition rights)

On March 25, 2021, Nexon's Board of Directors resolved the issuance of stock acquisition rights as equity-based stock options to Nexon's directors, which was approved by Nexon's Annual General Meeting of Shareholders held on the same date, pursuant to the provisions of Articles 236, 238 and 240 of the Companies Act. The stock acquisition rights were allotted on April 12, 2021. This issuance is not considered as issuance under particularly preferential terms as stock acquisition rights were issued as directors' compensation, etc.

The details are as follows:

Date of resolution	March 25, 2021
Category and number of eligible persons (persons)	Nexon's directors: 5
Number of stock acquisition rights (units) *	1,672,866 (Note) 1
Class, description and number of underlying shares (shares) *	Common stock: 1,672,866 (Note) 2, 3
Amount to be paid upon exercise of stock acquisition rights (yen) *	No cash payment or contribution of non-cash assets is required.
Exercise period of stock acquisition rights *	April 12, 2021 to March 15, 2025
Issue price and the amount of capital stock to be increased by issuance of shares upon exercise of stock acquisition rights (yen) *	Issue price: 2,303~3,560 Amount of capital stock to be increased: 1,152~1,780
Conditions for exercise of stock acquisition rights *	• A portion of the number of units granted shall vest at the end of each Annual General Meeting of Shareholders to be held in 2022, 2023 and 2024. The remaining number of units shall vest according to the given level of achievement by the date of the Annual General Meeting of Shareholders to be held in 2023 and 2024. • Only directors (including former directors) may exercise stock acquisition rights. Specifically, the person must be a director of Nexon at the time of the exercise to be eligible, and those who are no longer a director may exercise the stock acquisition rights only if they lose their position as a director due to retirement, resignation or dismissal (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. • Partial exercise of stock acquisition rights is not allowed.
Assignment of stock acquisition rights *	Acquisition of stock acquisition rights by assignment shall require the approval of the Board of Directors.
Issuance of stock acquisition rights associated with Nexon's restructuring *	Not applicable

* The information above is as of the issuance of stock acquisition right certificates (April 12, 2021).

- (Notes)
1. The number of underlying shares per unit of stock acquisition right is one share of Nexon's common stock.
 2. In the event that Nexon carries out a stock split (including gratis allocation) or stock consolidation, the number of underlying shares shall be adjusted according to the formula outlined below. However, such adjustment shall be made only to the number of underlying shares of stock acquisition rights unexercised at the time of the adjustment.

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

In addition, in case of merger, company split, share exchange, share transfer, share issuance or other events that compel the number of shares to be adjusted, the number of shares shall be adjusted to the extent reasonable by taking into consideration the terms and conditions of such merger, company split, share exchange, share transfer or share issuance.

3. Any fraction less than one share included in the number of shares to be issued to the holders of the stock acquisition rights who have exercised the rights shall be rounded down.

(2) Acquisition of crypto-assets

Based on the resolution of the Board of Directors on April 2, 2021, Nexon purchased approximately ¥11.1 billion (\$100 million) worth of bitcoin (crypto-assets) in the same month.

2 【Other】

At the Board of Directors meeting held on February 17, 2021, it was resolved to conduct dividends of surplus as follows:

(a) Total dividends..... ¥2,217 million

(b) Dividend per share.....¥2.5

(c) Effective date of payment demand and payment start date..... March 26, 2021

(Note) Payments are made to shareholders listed or recorded in our shareholder registry as of December 31, 2020.

Part II 【Information on Guarantors for the Company Filing the Report】

Not applicable.