



January 20, 2022

Name of Company: NEXON Co., Ltd.
Representative: Owen Mahoney, Representative Director,
President and Chief Executive Officer
(Stock Code: 3659, TSE First Section)
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Financial Officer
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Notice of Change in Equity Method Affiliate (Share Transfer)
and Expectation of Recording Extraordinary Gain

NEXON Co., Ltd. (“Nexon”) announced that the transfer of all of the shares of Six Waves Inc. (Nexon’s equity method affiliate) owned by Nexon to Stillfront Group AB (publ) was approved by its Board of Directors on the night of January 19, 2022. The details are as follows.

Furthermore, Six Waves Inc. will be removed from Nexon’s equity method affiliates due to this share transfer.

1. Reason for the share transfer

In 2011, Nexon made a strategic investment in Six Waves Inc. for the purpose of aggressively expanding its domain of business into the social gaming field. The investment at the time was made with an expectation that the partnership will generate synergy between Six Waves Inc.’s track record in social games and Nexon’s track record in the operations of popular online games and its expertise in the microtransaction model of monetization. Since then, Nexon and Six Waves Inc. have not achieved the business results initially expected and the investment came to be positioned as pure investment at Nexon.

In this situation, Six Waves Inc. came to us with a request that they wanted us to sell the shares in our holding to Stillfront Group AB (publ) for their vision of further growth in the future. Upon reviewing the matter, Nexon agreed with Six Waves Inc.’s wishes and decided to transfer all of the company’s shares owned by Nexon to Stillfront Group AB (publ).

2. Overview of the equity method affiliate subject to change (as of September 30, 2021)

(1)	Name	Six Waves Inc.		
(2)	Location	Hong Kong Special Administrative Region, China		
(3)	Name and title of the representative	Chow Bong Leong, Arthur, CEO		
(4)	Description of business	Mobile game development and service business		
(5)	Capital stock	USD 44,677 thousand		
(6)	Date of establishment	December 3, 2008		
(7)	Major shareholders and their shareholding ratios	NEXON Co., Ltd. 34.8%; Ng Lok Shun, Rex 20.5%; Chow Bong Leong, Arthur 13.2%		
(8)	The listed company's relationship with the company	Capital relationship	Nexon owns 34.8% of outstanding shares of the company	
		Personal relationship	1 director and 1 employee of Nexon's consolidated subsidiary concurrently serve as the company's directors	
		Transactional relationship	Not applicable	
(9)	Results of operations and financial position of the company for the last three years (Note)			
	Fiscal year	FY2018	FY2019	FY2020
	Total equity	USD 12,512 thousand JPY 1,439 million	USD 20,847 thousand JPY 2,398 million	USD 31,558 thousand JPY 3,630 million
	Total assets	USD 29,533 thousand JPY 3,397 million	USD 39,564 thousand JPY 4,551 million	USD 48,900 thousand JPY 5,625 million
	Net assets per share	USD 0.12 JPY 13.65	USD 0.20 JPY 22.74	USD 0.44 JPY 50.74
	Revenue	USD 64,878 thousand JPY 7,462 million	USD 91,600 thousand JPY 10,536 million	USD 137,410 thousand JPY 15,805 million
	Operating income (loss)	(USD 6,944 thousand) (JPY 799 million)	USD 4,591 thousand JPY 528 million	USD 32,105 thousand JPY 3,693 million
	Net income (loss)	(USD 7,152 thousand) (JPY 823 million)	USD 8,356 thousand JPY 961 million	USD 33,635 thousand JPY 3,869 million
	Net income (loss) per share	(USD 0.07) (JPY 7.80)	USD 0.08 JPY 9.12	USD 0.33 JPY 37.85

(Note) These are financial numbers of the company at the time of equity method application. Therefore, they may differ from the financial numbers of the company finalized by closing of accounts. The foreign exchange rate presumes a rate of USD 1 = JPY 115.02 (as of December 31, 2021).

3. Overview of the counterparty of share transfer (as of November 30, 2021)

(1) Name	Stillfront Group AB (publ)	
(2) Location	Stockholm, Sweden	
(3) Name and title of the representative	Jörgen Larsson, CEO	
(4) Description of business	Game development and service business	
(5) Capital stock	SEK 26 million (about JPY 326 million)	
(6) Date of establishment	November 2, 2006	
(7) Major shareholders and their shareholding ratios	Laureus Capital GmbH 12.0%, Swedbank Robur Funds 9.2%, SEB Funds 6.1%, Handelsbanken Funds 4.3%, AMF Pension & Funds 3.6%	
(8) The listed company's relationship with the company	Capital relationship	Not applicable
	Personal relationship	Not applicable
	Transactional relationship	Not applicable
	Related party situation	Not applicable

4. Number of shares transferred, transfer price and status of shares owned before and after the transfer

(1) Number of shares owned before the transfer	26,500,000 shares (Number of voting rights: 26,500,000) (Voting rights ratio: 34.8%)
(2) Number of shares transferred	26,500,000 shares (Number of voting rights: 26,500,000)
(3) Transfer price	About USD 93 million (about JPY 10,674 million) (Note)
(4) Number of shares owned after the transfer	— shares (Number of voting rights: -) (Voting rights ratio: -%)

(Note) The transfer price will be adjusted based on factors including the assets and liabilities of Six Waves Inc. on the effective date of the share transfer.

5. Timeline

(1) Resolution of the Board of Directors	January 19, 2022
(2) Date of share transfer agreement	January 19, 2022
(3) Date of share transfer	January 31, 2022 (scheduled)

6. Future Outlook

Due to this share transfer, Nexon will record a gain on sales of investments in subsidiaries and affiliates in its standalone accounting for the year ending December 31, 2022 and, in its consolidated accounting for the three months ending March 31, 2022, a gain on sales of investments in affiliates under finance income upon making any adjustment necessary for consolidated accounting.

Furthermore, the impact of this share transfer on the consolidated results for the three months ending March 31, 2022 is currently under examination and we will promptly make an announcement if any impact that should be disclosed is found.