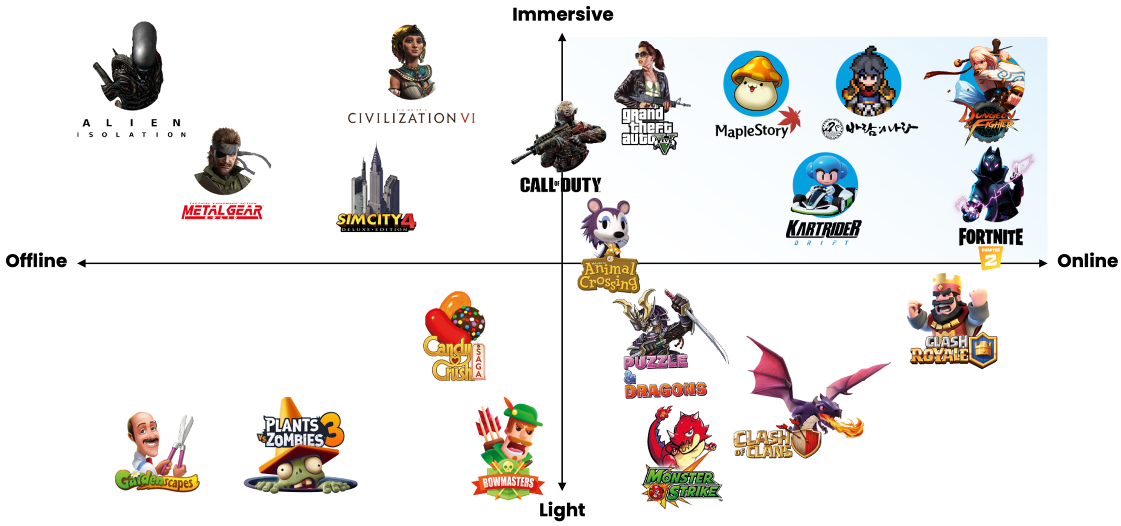
LETTER TO SHAREHOLDERS
FY 2022

To Our Shareholders,

The global economy is proving to be increasingly challenging over the last 12 months, and even the most respected companies are slashing ad spending and laying off tech workers by the tens of thousands. Within the games space specifically, many companies have commented on the additional concerns about rising costs and high competition among highly-funded AAA games, the decline in play-times due to the end of COVID, and the impaired unit economics as a result of changes in IDFA from Apple.

In sharp contrast to that gloomy operating environment, Nexon's performance has never been better, and has been getting even stronger. Nexon achieved its best ever revenue year in 2022, growing 19% over the previous year on a constant currency basis. Performance of all of our largest live games has been excellent. And now we're launching a number of major new Virtual Worlds in 2023.

Nexon teams around the world are clearly firing on all cylinders. But we also think there is an additional factor at work, one that is vital for investors to understand. That is: Nexon's business — the business of deeply immersive Virtual Worlds — is so different from other game companies as to constitute a wholly different entertainment industry category altogether.



1 The letters, graphics, symbols, logos and other marks, and illustrations, characters and other works, which are shown in this material are trademarks, registered trademarks, copyrighted works or other legally protected materials owned by respective right holders.

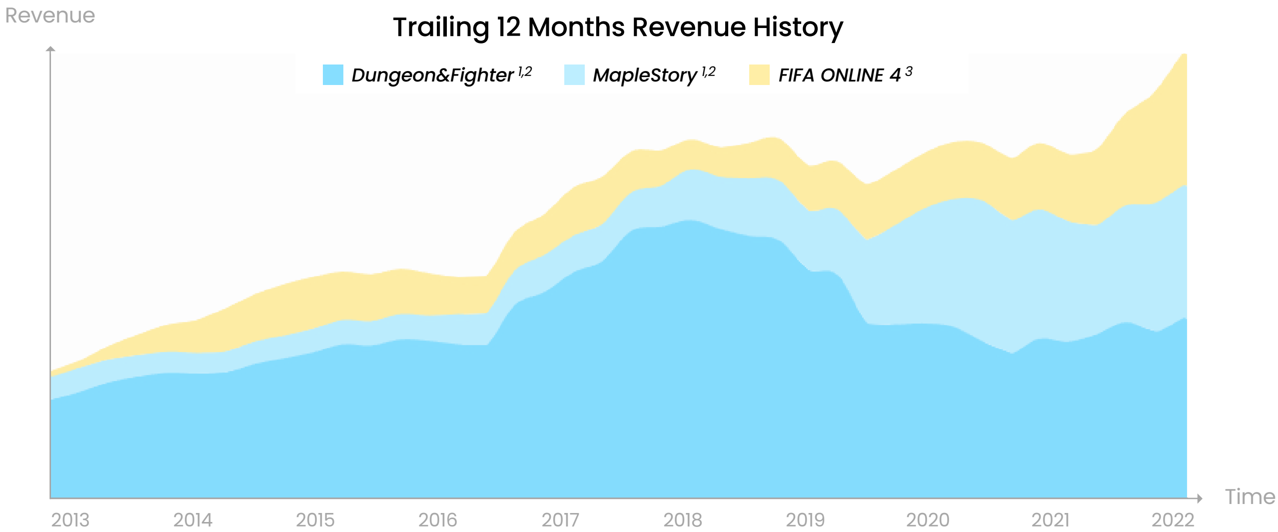
2 The categorization of the games shown in this material is based on our own view. It may not necessarily reflect the common views in the market.

Nexon's business is commonly mis-classified as "games", a generalized category that includes an incredible diversity of gameplay styles, business models, and target audiences. Industry observers frequently assume that these differences are minor, as if making casual games or single-player RPGs is similar to making and marketing online Virtual Worlds. It's not. We operate a different category of the entertainment business altogether.

This legacy misclassification is a trap for investors. But since so many market participants use legacy mental models, there is a significant opportunity for the investor who uses an updated set of tools.

So what do we mean by the category of Virtual Worlds?

- First, we obsess about time spent in a game, over what a user pays us in an individual month.
- We focus on assembling a community of dedicated players, over near-term monetization. We'd rather miss our quarterly revenue forecast for the game than hurt the community. We have made this decision many times in the past and it has served our shareholders extremely well.
- Over a period of years, a successful Virtual World will have ups and downs over the short term, but we will see through those near-term fluctuations to achieve our objective of growing a community of players who are highly engaged.
- Player lifetime in a Virtual World is indefinite, spanning years and in some cases decades. In our world, a "whale" is not someone who spends a lot of money in the near term, it is someone who is highly engaged and has a large and active network of friends in their chosen Virtual World.
- Finally, a concentrated portfolio of well-run Virtual Worlds may double revenues in the period of a few years without launching a single new game. Very few people understand this.



1 PC only
2 Global revenues
3 Official titles are *EA SPORTS™ FIFA ONLINE 4* (PC) and *EA SPORTS™ FIFA ONLINE 4 M* (mobile).

Why do we take this approach? We see ourselves as investors, not traders. We look for compounding growth over the long term. Our objective is to make Nexon a strong, resilient business.

So what does this mean for you the investor? Our view is that it's best to start over, and recognize we're talking about an entirely different industry, one that has similarities to the standard games business, but is in fact operating from a different set of principles.

One example of where to start over is the game lifecycle fallacy: the belief that a game starts, grows and then dies in a relatively predictable pattern. That pattern does not apply to a well-run Virtual World.

A second useless analytical fallacy is the focus on timing of product launches to predict revenue. Again, this matters a lot in the traditional games business but is of very limited use in Virtual Worlds.

What should you do instead? Here's how we think of Nexon in the coming couple of years:

- Our base of live Virtual Worlds has proven again and again to be very solid. Within any quarter some will be up and some will be down, but we believe our portfolio is anti-fragile, and serves as a stable base of revenue and profit in the coming years.
- On top of that base, we then have eight major projects in the pipeline over the next 18 months. If one hits, we're looking at another year of strong double-digit growth. If two hit, we're a whole different company.
- We don't know the exact timing of most of these launches but that doesn't affect your investment decision much because the impact in whatever month they launch will be dwarfed by the performance in following quarters and years.
- Net, we see our business as an asymmetric opportunity: with limited risk to the downside and much opportunity to the upside. We have in fact designed it that way.

We expect you to come to your own conclusion on how to forecast our business, but it’s important for you to see the business through our eyes, so you can make more informed decisions.

President and CEO
Owen Mahoney

Tokyo, Japan
March 23, 2023