

Dear Fellow Shareholders:

2014 was a year of building for Nexon, and our performance during the year is best characterized by a core theme that we have been talking about since we formed the new management team last March: quality. In reinvigorating our business in this way, we believed it would require roughly two years to set the company on the path for growth we envisioned. In 2014, we made significant progress on a number of fronts. Full year revenues were 172.9 billion yen, up 11% year over year. Operating income was 45.5 billion yen, a 10 % decrease year over year, with a 26% operating margin. This operating income includes an impairment loss of 11 billion yen relative to our Japan mobile business. Net income was 29.3 billion yen, down 3% year-over-year.

Our focus on quality applies to both new games in development as well as live games that we currently service around the globe. Our philosophy is simple and powerful: we want to build games that we ourselves would love to play – games that are fun and highly differentiated. In our experience, business success and shareholder value creation follow from that basic approach. We are pleased that our focus has produced results quickly in several key areas:

**China:** We introduced a series of high-quality content updates for *Dungeon&Fighter* in 2014. We had strong financial performance in the fourth quarter, with 36% year-over-year revenue growth on an as-reported basis.

**Korea:** Year-over-year revenue growth was 52%, driven by both the strength of our PC online business as well as our growing mobile business, which grew over 8x year-over-year. Many of our PC online titles in Korea are nearly a decade old, yet still continuing to grow. Our performance in Korea is a great illustration of how our focus on maximizing the quality of new titles and the longevity of existing titles can revive and accelerate growth when executed consistently.

**North America:** Under the leadership of a new, highly talented management team, revenue growth turned positive in the second half of the year. This performance is the result of improved live operations in the region, as well as successful marketing and promotional efforts. Now that our operational engine is in stronger shape, we intend to accelerate our growth with the introduction of several new games in PC and mobile.

**Japan:** Our Japan business continued to face difficulties in 2014. Our games did not consistently meet our high standards for quality as we worked through the year in rapidly changing mobile browser and native game market dynamics. We believe we have the right strategy, but did not execute as well as we need to. In 2015, we will sharpen our focus on quality, with a high level of attention on execution.

Looking ahead, we believe we have the most robust and exciting new product pipeline in Nexon's history. These new game titles include *DomiNations*, *MapleStory 2*, *Ghost in the Shell Online*, and several more on mobile and PC that reflect our deep belief in making games that are extremely fun and highly differentiated. We also continue to augment our own capabilities by selectively partnering – in the most recent quarter, we announced a licensing agreement with Warner Brothers Group to develop a mobile game based on the LEGO® franchise – one of the most high profile and recognized entertainment brands in the world.

Going into 2015, we continue to further sharpen our relentless focus on quality, because we know quality is key to driving longevity. With longevity comes financial growth and shareholder value. You'll see this reflected in our allocation of resources: we're investing in fewer games – those that are highly differentiated and truly fun, and that we believe can achieve long life cycles. For live game operations, we are placing greater value on long-term growth and player retention.

To sum it up, on top of the very substantial base of revenues coming from our existing live games, we will drive long-term growth through three main avenues: first, by introducing high-quality PC online

February 12, 2015

and mobile games; second, by building our business in the West, beginning with a slate of high-quality PC online and mobile games hitting starting in 2015; and third, through acquisitions of companies that have great IP and development talent and are available at reasonable prices.

Importantly, Nexon's Board of Directors and management team remain committed to driving long-term shareholder value. In addition to delivering value by growing the business, we are focused on returning capital to shareholders through a combination of dividends and share buy-backs, as appropriate.

2015 will be an exciting year for Nexon and I look forward to building on our strong foundation as the Company enters our next phase of growth.

I would like to express deep appreciation to our employees, our customers around the world, and our partners.

We appreciate your continued trust and support. Thank you for being a valued shareholder.

Sincerely,



Owen Mahoney, President and Chief Executive Officer

Tokyo, Japan

February 12, 2015