



Investor Presentation

Q4 2013

NEXON Co., Ltd.

Shiro Uemura

General Manager, Accounting & Finance Department

Q4 2013 Results

Highlights

- **Fourth quarter revenues were above the high end of guidance**
 - ¥34.5 billion revenues, up 12% year-over-year, down 9% on a constant currency basis
 - China performed in line with our expectations
 - Korea: Strong performance of *FIFA Online 3* and several other existing titles drove revenue increase of 24% year-over-year on a constant currency basis
 - Underperformance in Japan, North America, and Europe

- **Operating income was ¥0.3 billion and net loss¹ was ¥4.4 billion primarily due to impairment loss**
 - Effect on Operating income: Recorded impairment loss of ¥9.5 billion from goodwill and intangible assets, primarily from consolidated subsidiary NDOORS
 - Effect on Net loss: Impairment loss of ¥2.5 billion from equity method affiliates, related to 6waves, recorded in finance costs²

¹ Net income/loss refers to net income/loss attributable to owners of the parent, as stated in Nexon's consolidated financial results.

² Impairment loss from equity method affiliates is included in finance costs under IFRS.

Q4 Financial Results

(Unit: ¥ millions, except per share data)

Select Consolidated Financial Data (IFRS)

	<u>Q4 2012</u>	<u>Q4 2013 Outlook</u>		<u>Q4 2013</u>	<u>YoY %</u>
Revenues	¥30,882	¥31,775	~ ¥33,606	¥34,467	12%
PC	23,813	25,916	~ 27,198	27,750	17%
Mobile	7,070	5,860	~ 6,408	6,717	-5%
Operating income ¹	8,793	6,748	~ 7,921	327	-96%
Net income/(loss) ²	552	4,814	~ 5,730	(4,437)	
Earnings (loss) per share	1.27	10.96	~ 13.05	(10.10)	
Cash and cash equivalents	84,736			138,843	
Exchange rates					
100 KRW/JPY	7.10	8.94	8.94	9.48	
CNY/JPY	12.64	16.06	16.06	16.40	
USD/JPY	79.82	98.95	98.95	100.46	

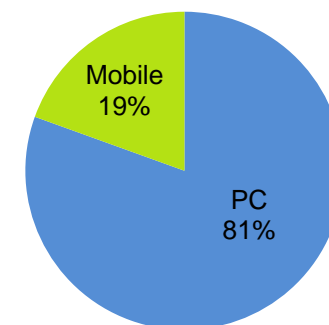
¹ Q4 2013 Operating Income includes impairment loss of ¥9.5 billion from goodwill and intangible assets, primarily from consolidated subsidiary NDOORS.

² Net income/(loss) refers to net income/(loss) attributable to owners of the parent, as stated in Nexon's consolidated financial results. Nexon also recognized a loss of ¥2.5 billion from equity method affiliates related to 6waves.

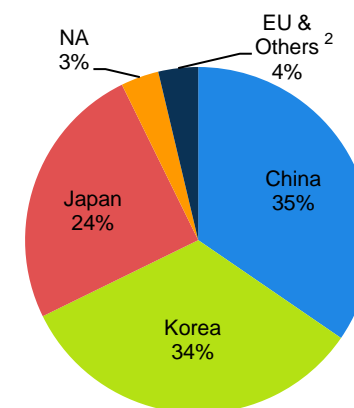
Regional Revenues and Selected Performance Metrics

(Unit: ¥ millions)	Q4 2012	Q4 2013		YoY % Change	
		(As-Reported)	(Constant Currency)	(As-Reported)	(Constant Currency)
Revenue by Region¹					
China	¥11,074	¥12,065	¥9,047	9%	-18%
Korea	7,057	11,654	8,728	65%	24%
Japan	10,037	8,274	8,274	-18%	-18%
North America	1,117	1,201	949	8%	-15%
Europe and Others ²	1,596	1,273	959	-20%	-40%
Nexon Total	30,882	34,467	27,956	12%	-9%
Revenue by Platform					
PC	23,813	27,750	21,353	17%	-10%
Mobile	7,070	6,717	6,603	-5%	-7%
Nexon Total	30,882	34,467	27,956	12%	-9%
FX Rate					
100 KRW/JPY	7.10	9.48	7.10		
CNY/JPY	12.64	16.40	12.64		
USD/JPY	79.82	100.46	79.82		
Selected Performance Data (Excluding Mobile)³	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013
MAU (millions)	68.3	71.5	71.0	62.6	53.9
Pay Rate	10.5%	11.5%	10.2%	10.4%	10.0%
ARPPU ⁴	1,683	2,532	2,181	2,447	2,617
ARPPU (constant currency) ⁵	1,683	2,272	1,822	2,175	2,181

Q4 2013 Revenue by Platform



Q4 2013 Revenue by Region¹



¹ Based on the regions in which revenues originate; not a representation of revenues according to Nexon entities.

² Europe and Others includes other Asian countries and South American countries.

³ Selected Performance Data is not dependent on accounting methods. The selected performance above excludes the mobile business.

⁴ ARPPU (Average Revenue Per Paying User) is the average of monthly ARPPUs for the quarter.

⁵ On a constant currency basis (using Q4 2012 currency exchange rates).

China – Highlights

- Revenues were ¥12.1 billion, up 9% year-over-year and down 18% on a constant currency basis, in line with our expectations
 - Traditionally slower quarter due to back-to-school season
 - No tier 1 content updates in Q4
- *Dungeon&Fighter* declined single-digit year-over-year on a constant currency basis, in line with high end of our expectations
- *Counter-Strike Online* results fell short of expectations, largely due to an update that did not perform as expected
- *Cyphers* had a slower start than initially expected

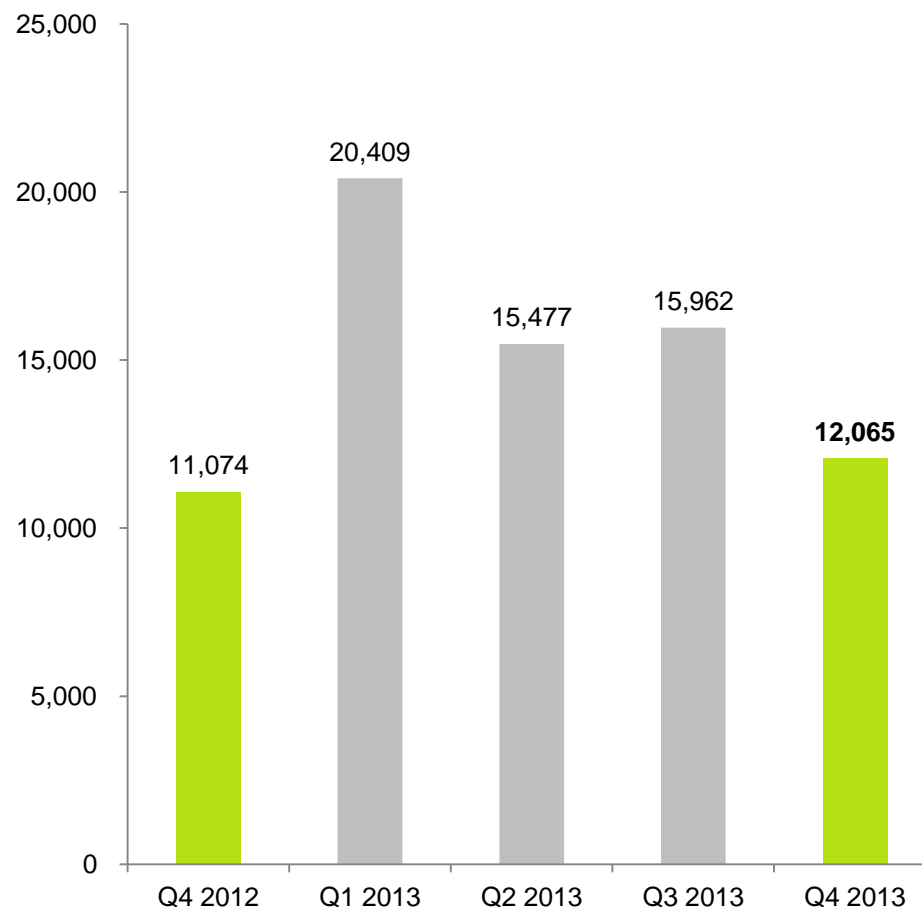
(Unit: ¥ millions)

China

YoY% change:

As Reported: +9%

Constant Currency: -18%



Korea – Highlights

- Revenues were ¥11.7 billion, up 65% year-over-year, 24% on a constant currency basis
- Sequential decline in line with seasonality
- FIFA Online 3* continued strong performance
 - Reached MCCU of 180K
 - Exceeded 20% PC café market share¹ in December
- Strong quarter for existing titles *Dungeon&Fighter*, *Sudden Attack*, and *Mabinogi*, all of which grew double-digit year-over-year on a constant currency basis
- Dota 2* and *Counter-Strike Online 2* had slower starts than initially expected
- Launched five mobile games in Q4
 - MonMonMon* for Kakao and *Puzzle Three Kingdoms* for Kakao both exceeded thirty days revenue of one billion KRW

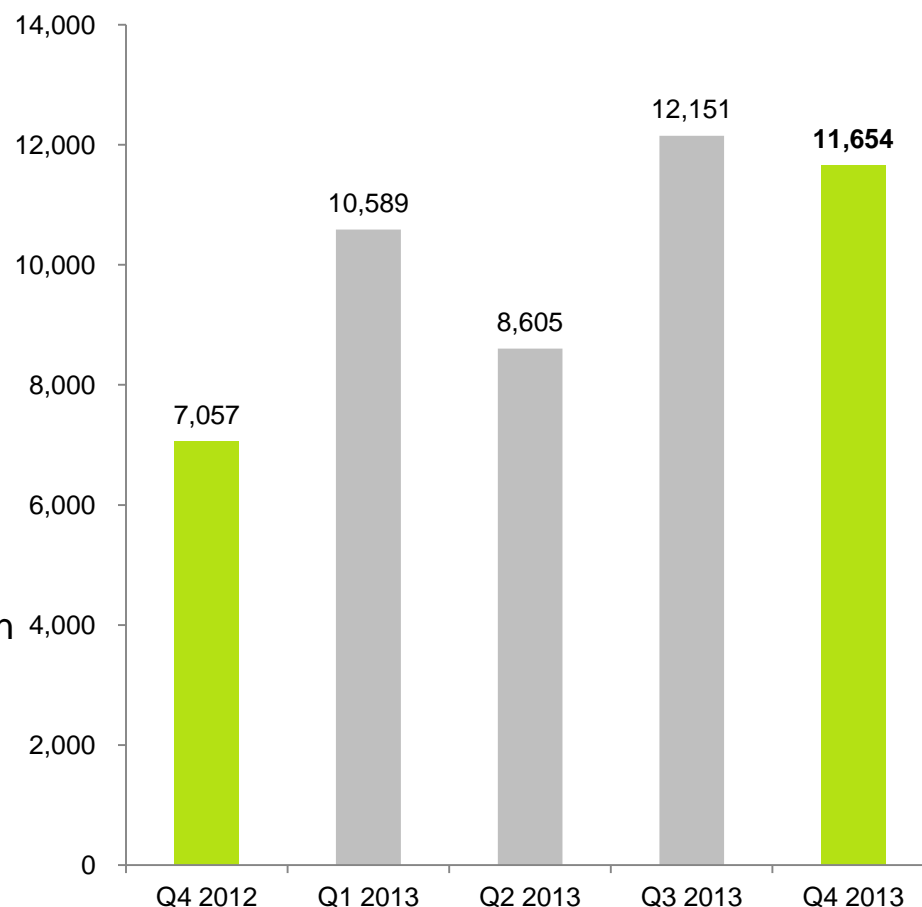
(Unit: ¥ millions)

Korea

YoY% change:

As Reported: +65%

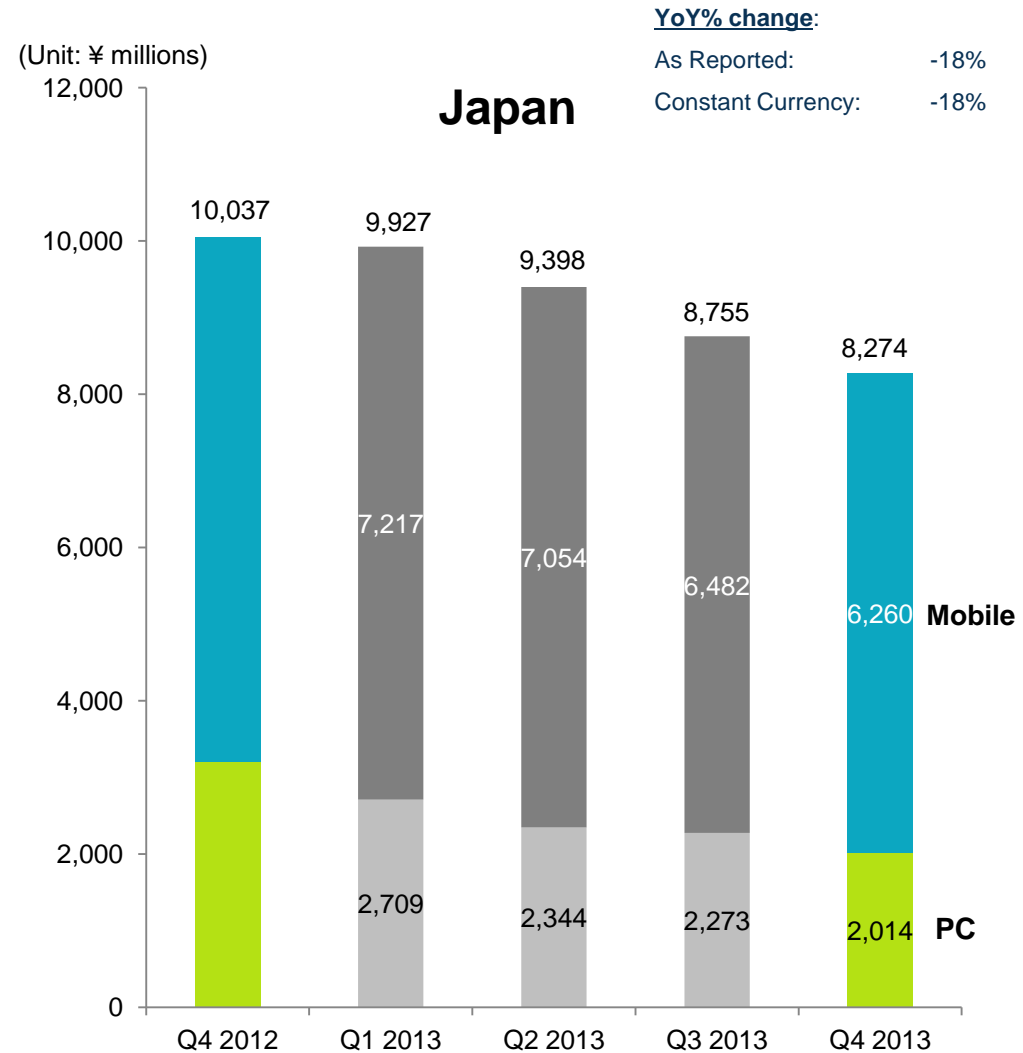
Constant Currency: +24%



¹ Data source: Gametrics

Japan – Highlights

- Revenues were ¥8.3 billion, down 18% year-over-year
- PC online and mobile browser revenues decreased year-over-year
- Launched new mobile titles *Skylock* and *Wake Up! Girls*
- *Skylock* had a strong start following October launch



North America, Europe, and Others – Highlights

- Revenues in North America were ¥1.2 billion, an increase of 8% year-over-year, or a decrease of 15% on a constant currency basis
- Revenues in Europe and other regions were ¥1.3 billion, a decrease of 20% year-over-year, or a decrease of 40% on a constant currency basis

YoY% change:

As Reported: +8%

Constant Currency: -15%

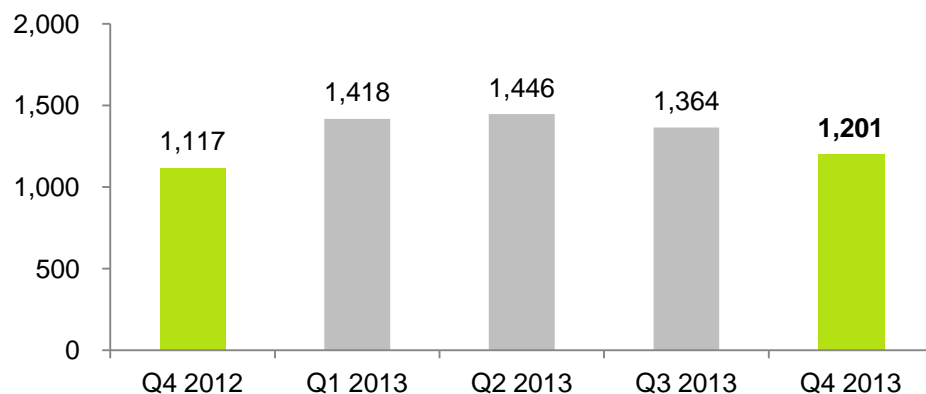
YoY% change:

As Reported: -20%

Constant Currency: -40%

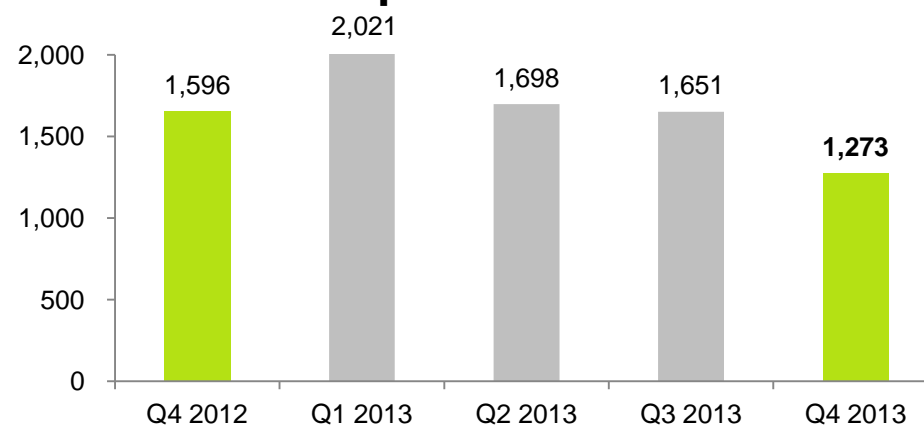
(Unit: ¥ millions)

North America



(Unit: ¥ millions)

Europe and Others



Summary of Key Impacts: Year-over-Year Comparison

(Unit: ¥ millions)	Q4 2012	Q4 2013	Comments
Revenues	¥30,882	¥34,467	Results above high end of guidance. FX also impacted revenue favorably.
COGS	5,921	9,357	Mainly from increased royalty payments due to <i>FIFA Online 3</i> revenue contribution. A weaker JPY also resulted in overall cost increase.
SG&A	14,200	15,974	Mainly from increased HR costs with increase in headcount. A weaker JPY also resulted in overall cost increase.
Other Income	1,080	1,147	
Other Expense	3,050	9,956	Impairment loss from goodwill and intangible assets (mainly from NDOORS).
Operating Income	8,793	327	
Net Income/(Loss)¹	552	(4,437)	In addition to the above, a 2.5 billion JPY impairment loss for equity method affiliates (mainly from 6waves) was recorded ² .

¹ Net Income/(Loss) refers to Net Income/(Loss) attributable to owners of the parent, as stated in Nexon's consolidated financial results.

² Impairment losses in equity method affiliates are recorded in finance costs under IFRS.

Q1 2014 Outlook

Q1 2014 Business Outlook

(Unit: ¥ millions, except per share data)

	Q1 2013	Q1 2014			YoY		
Revenues	¥44,364	¥42,030	~	45,661	-5%	~	3%
PC	36,877	35,672	~	38,658	-3%	~	5%
Mobile	7,487	6,358	~	7,003	-15%	~	-6%
Operating income	20,716	15,619	~	18,704	-25%	~	-10%
Net income¹	15,150	12,128	~	14,480	-20%	~	-4%
 Earnings per share	 34.77	 27.60	 ~	 32.96	 -21%	 ~	 -5%
 FX Rate Assumptions							
100 KRW/JPY	8.53	9.48		9.48			
CNY/JPY	14.73	16.40		16.40			
USD/JPY	92.42	100.46		100.46			

Every one Japanese yen move against the U.S. dollar would have the following impact on our financials for the first quarter of 2014².

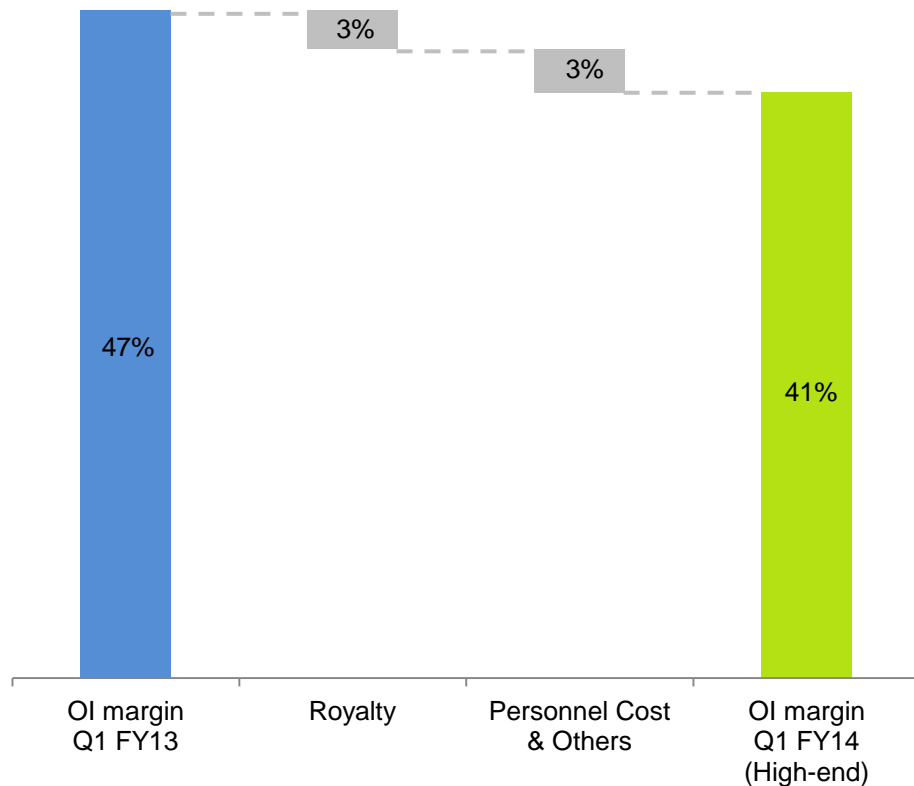
Revenue	0.37 billion yen
Operating Income	0.17 billion yen

¹ Net income refers to net income attributable to owners of the parent, as stated in Nexon's consolidated financial results.

² In most situations, the exchange rates of both the South Korean won and the Chinese yuan are linked to the U.S. dollar.

Q1 2014 Operating Income Margin Outlook

Margin Structure Shift Illustration¹






Expect Q1 2014 operating margin of 37% to 41% due to:







- Royalties: Costs associated with third-party licensed games, including *FIFA Online 3*
- Personnel Cost: Increased headcount for development and support

¹ Chart is an approximation.

Q1 2014 Regional Outlook

	Market Conditions	Nexon-Specific Factors	Key Performance Drivers and Risks
	<ul style="list-style-type: none"> ▪ Q1 is a seasonally stronger quarter with Lunar New Year holiday ▪ No blockbuster competitive launches expected in the market 	<ul style="list-style-type: none"> ▪ Expect YoY double digit decrease on a constant currency basis ▪ Focus on live development in 2014 ▪ Tier 1 <i>Dungeon&Fighter</i> Lunar New Year update on January 21 ▪ Limited revenue contribution expected from new PC launches 	<ul style="list-style-type: none"> ▪ Performance of <i>Dungeon&Fighter</i> and <i>Counter-Strike Online</i>, particularly during Lunar New Year holiday
	<ul style="list-style-type: none"> ▪ Q1 is a seasonally stronger quarter with Lunar New Year holiday ▪ No blockbuster competitive launches expected in the market 	<ul style="list-style-type: none"> ▪ Expect YoY double digit increase on a constant currency basis ▪ Lunar New Year updates for major games ▪ 5 mobile titles in Q1, including <i>Legion of Heroes</i> and <i>Candy Coaster for Kakao</i> ▪ Limited revenue contribution expected from new PC launches 	<ul style="list-style-type: none"> ▪ Performance of major titles including <i>FIFA Online 3</i>, <i>Sudden Attack</i>, and <i>Dungeon&Fighter</i>, particularly during Lunar New Year holiday ▪ Hit mobile title generating more revenue than expected
	<ul style="list-style-type: none"> ▪ Small market for PC Online games ▪ Browser mobile games not growing ▪ Market share of native app mobile games increasing 	<ul style="list-style-type: none"> ▪ Expect YoY double digit decrease on a constant currency basis ▪ Shift to native apps as browser games decline ▪ No major Nexon PC launches expected ▪ Expect PC online games to continue to decline 	<ul style="list-style-type: none"> ▪ Faster than expected decline of the browser games market ▪ Performance of new titles including <i>Glorious Blades</i>, a co-development browser game with Square Enix
NA, EU & Others	<ul style="list-style-type: none"> ▪ Large markets both for PC Online and mobile games 	<ul style="list-style-type: none"> ▪ Expect YoY double digit decrease on a constant currency basis ▪ Less than 10% of Nexon's current revenues ▪ No major Nexon PC launches expected ▪ Expect PC online games to continue to decline 	<ul style="list-style-type: none"> ▪ Performance of existing PC titles













2014 Major Title Tier 1 Content Update Schedule

		Q1	Q2	2H
China		Lunar New Year Update	Content Update	National Holiday Update
		Lunar New Year Update		
			World Cup Update	
Korea		You&I Content Update	11 th Anniversary Update	
		Content Update		Thanksgiving Update
		Lunar New Year Update		
	Others		Mabinogi 10 th Anniversary Update Dota 2 Sponsorship League	

Note 1: As of 12/31/2013

Note 2: Key updates are circled

2014 Pipeline

	Q1 2014	Q2 2014	2H 2014
PC			 <i>Ghost in the Shell, from Neople Studio (Korea)</i>  (Korea)
Mobile	 (Korea)  (Korea)  (Japan)  (Korea)	 <i>Title from Devcat Studio (Korea)</i>	 <i>Title from GameHi (Korea)</i>  <i>Title from SecretNewCo (US)</i>  <i>Title from gloops (Japan)</i>  <i>Title from Rumble Entertainment (US)</i>  <i>Title from Shiver Entertainment (US)</i>

Owen Mahoney

Chief Financial Officer, Chief Administrative Officer

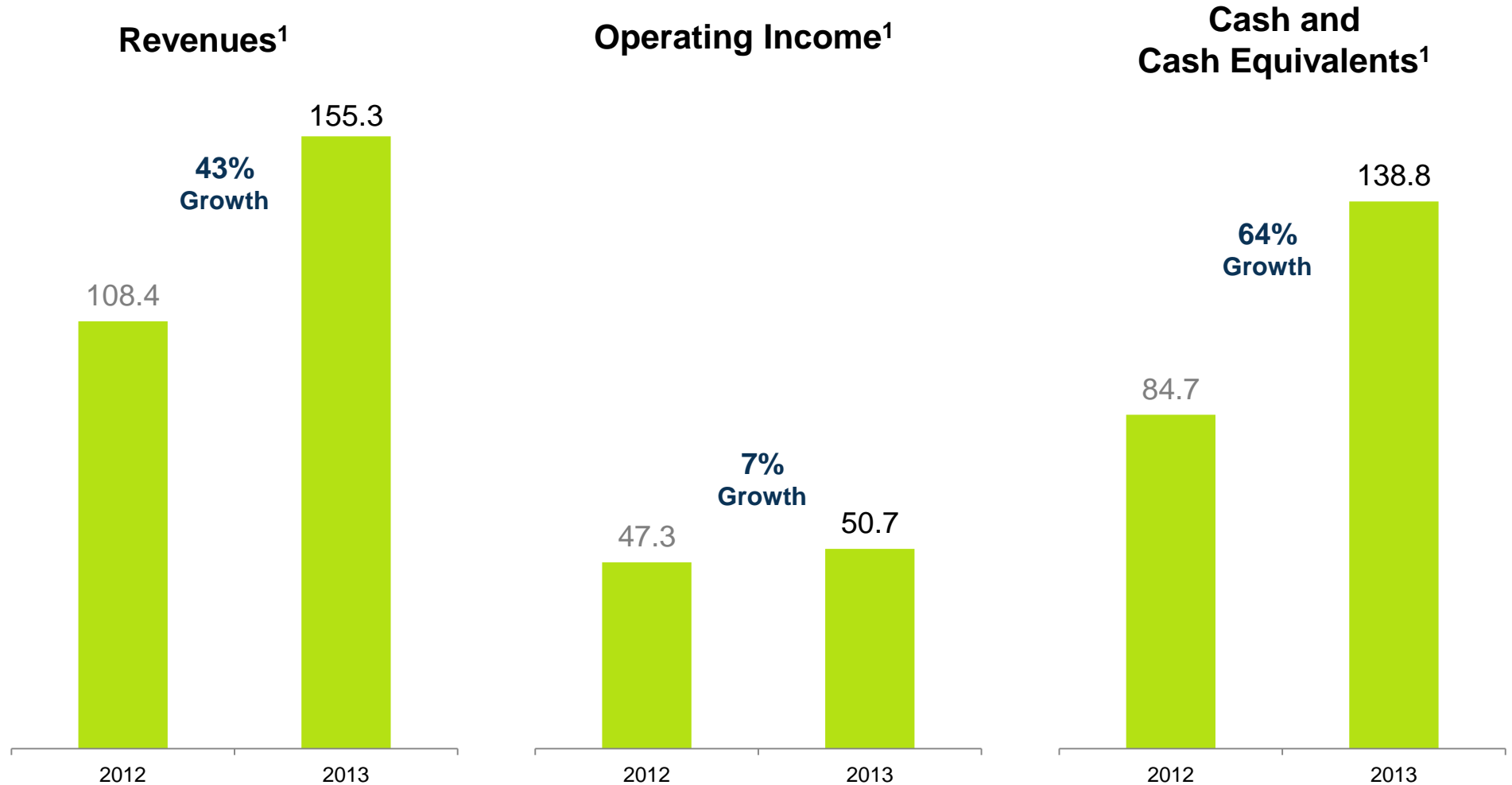
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- Context and Drivers in Online Games
- 2014 Priorities

FY 2013 Highlights and Overview

Growth in 2013

(Unit: ¥ billions)



¹ Includes impact from consolidation of gloops, started Q4 2012.

2013 in Review

1. Renewed growth in Korea

Strong performance of existing titles and successful launch of FIFA Online 3 drove a return to growth

2. Continued stable performance in China driven by *Dungeon&Fighter*

Achieved year-over-year growth and continued strong cash flow; remains #1 RPG in China

3. Underperformance in Japan, North America, and Europe

Year of investment to secure world-class IP and stabilize operations

4. Challenge in launching strong new games in 2013

Context and Drivers in Online Games

Context and Drivers in Online Games

Keys to understanding and analyzing our business:

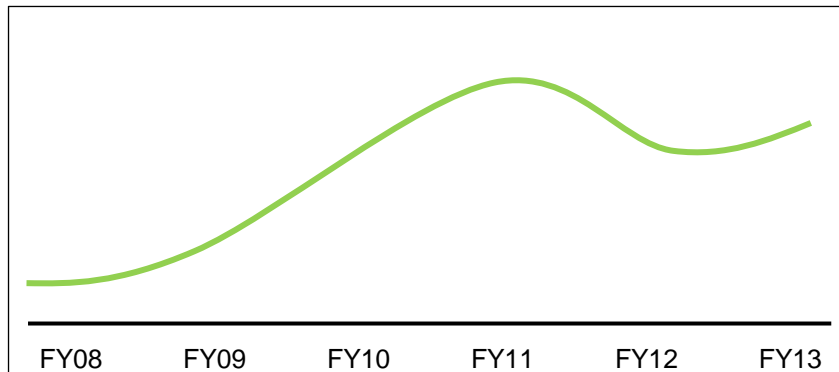
- 1. Performance of online games fluctuates over time**
- 2. Quality drives revenues and growth in this industry**
- 3. KPI relationship to revenue**

Context and Drivers in Online Games

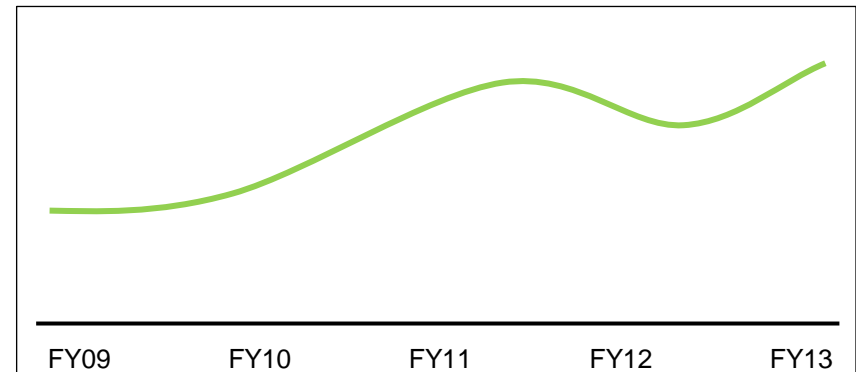
Performance of online games fluctuates over time

- In Korea, *Mabinogi* and *Dungeon&Fighter* both declined YoY in 2012, but saw double-digit YoY growth in 2013 (local currency)
- Live development's focus on creating high quality content brought both games back to a growth trajectory
- Experiments with updates and promotions have varying results

Korea *Mabinogi* Revenue ¹



Korea *Dungeon&Fighter* Revenue ¹



¹ Graphs are simplified and not to scale.

Context and Drivers in Online Games

Quality drives revenues and growth in this industry

- Quality is the single most important growth driver in any creative industry
- Nexon remains sharply focused on quality of launches over quantity of launches

New Titles Launched in 2013



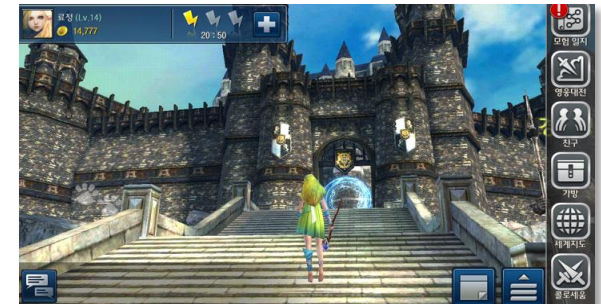
FIFA Online 3 (left) and Skylock (below) are examples where focus on quality resulted in strong performance



Titles in Development



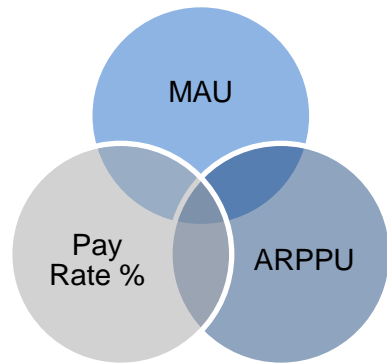
MapleStory 2



Legion of Heroes

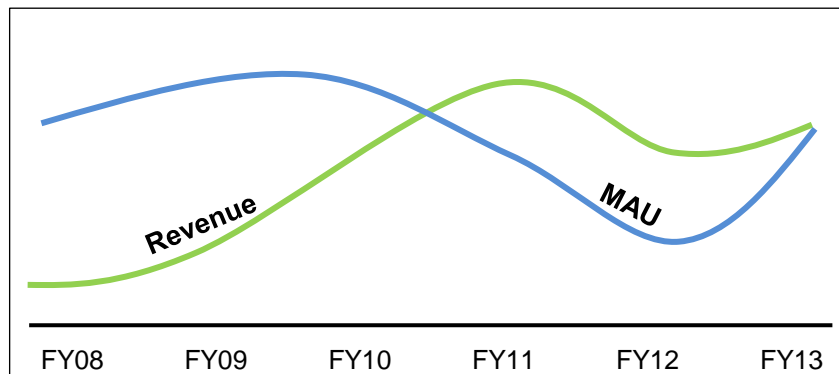
Context and Drivers in Online Games

No single KPI is by itself a leading indicator of revenue

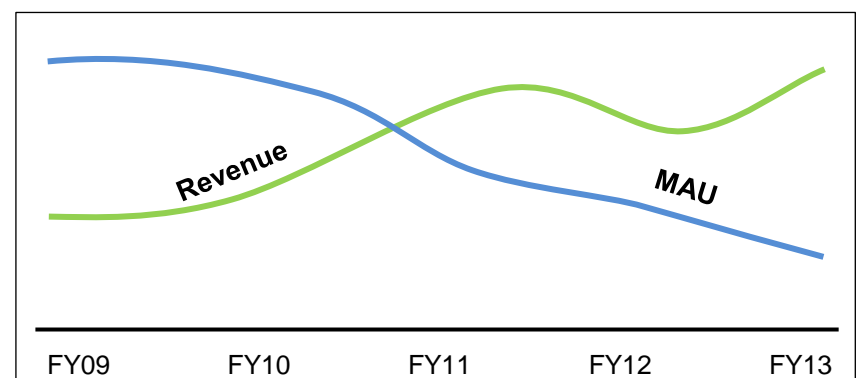


- History shows that MAUs, Pay Rates, and ARPPUs do not always move in tandem
- MAUs declined YoY in 2013 largely due to sanctioning of bots and other illegal activity in China *Dungeon&Fighter* but revenue was still up YoY on a constant currency basis
- The key to optimizing performance is maintaining a balance between MAUs, Pay Rates, and ARPPUs

*Korea Mabinogi*¹



*Korea Dungeon&Fighter*¹



¹ Graphs are simplified and not to scale.

2014 Priorities

2014 Priorities

- 1. Sharpen focus on developing high quality products**
- 2. Sharpen focus on excellence in live development**
- 3. Improve business in the West and Japan through content and operational improvements**

2014 Priorities

Sharpen focus on developing high quality products

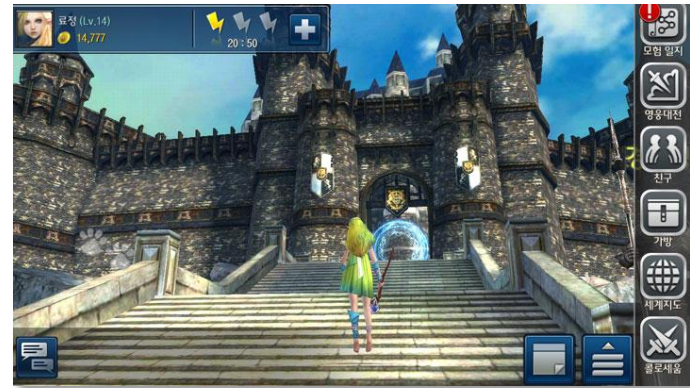
MapleStory2 (Nexon)



Peria Chronicles (Thingsoft)



Legion of Heroes (NDOORS)







King's Road / Ballistic (Rumble)



2014 Priorities

Sharpen focus on excellence in live development

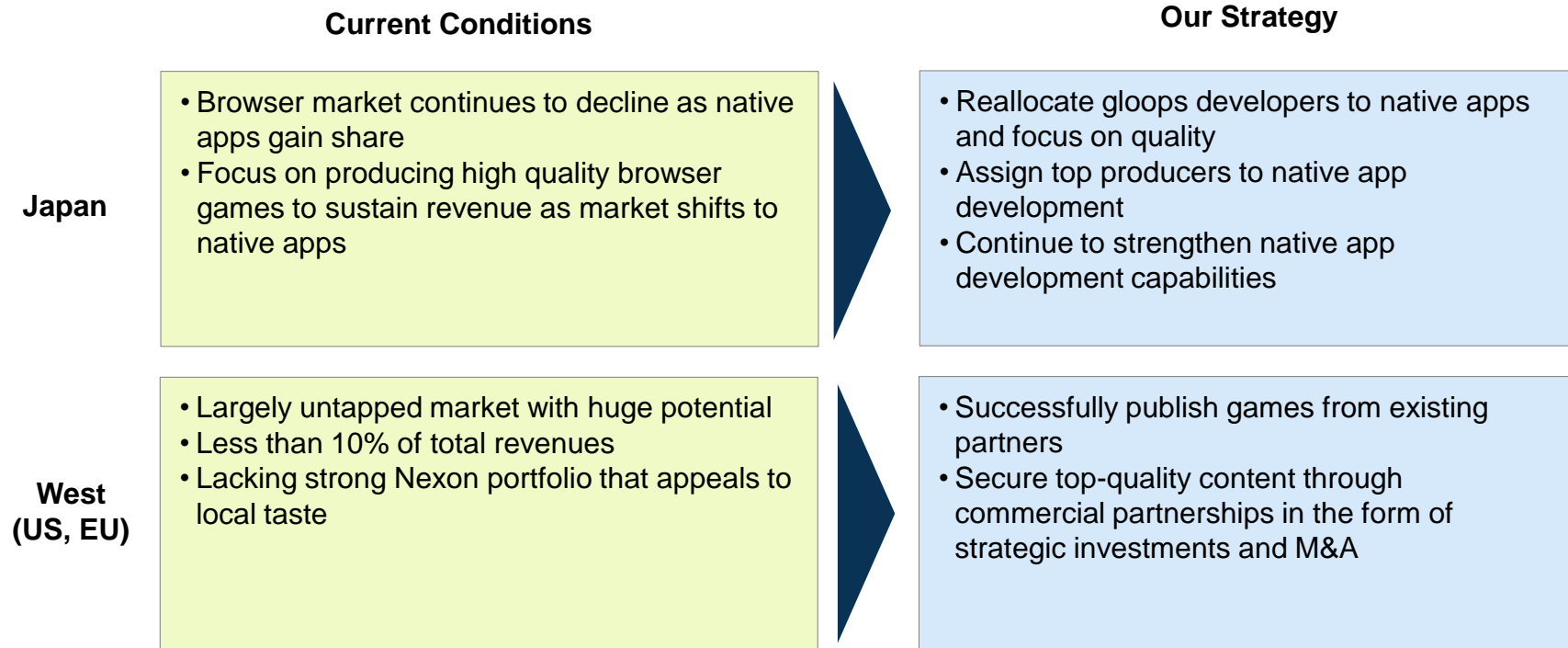
		Q1	Q2	2H
China		Lunar New Year Update	Content Update	National Holiday Update
	COUNTER STRIKE ONLINE	Lunar New Year Update		
			World Cup Update	
Korea	MapleStory	You&I Content Update	11 th Anniversary Update	
		Content Update		Thanksgiving Update
		Lunar New Year Update		
	Others		Mabinogi 10 th Anniversary Update Dota 2 Sponsorship League	

Note 1: As of 12/31/2013

Note 2: Key updates are circled

2014 Priorities

Improve business in the West and Japan through content and operational improvements



2014 Key Revenue Drivers and Risks

Key Drivers

Key Risks



- Expect *Dungeon&Fighter* to continue to be the largest revenue contributor
- *Counter-Strike Online* and other titles to also contribute to revenue

- Weaker than expected performance of *Dungeon&Fighter* despite tier 1 updates
- Delay in government approval of new games



- Expect *FIFA Online 3* to drive revenue with the Brazil World Cup in 2014 and the mobile version launch
- *Dungeon&Fighter*, *Sudden Attack*, and other existing titles continue to be large revenue contributors
- Additional revenue contribution from mobile with a rich line-up of mobile titles hitting the market in 2014

- Weaker than expected performance of *FIFA Online 3* and its mobile version, especially during the World Cup
- Lack of hit mobile titles



- Mobile (browser): Expect existing and new browser titles to continue to be main revenue contributors in 2014
- Mobile (native): Expect new native app titles to contribute revenue in the second half of 2014
- PC Online: Market remains slow

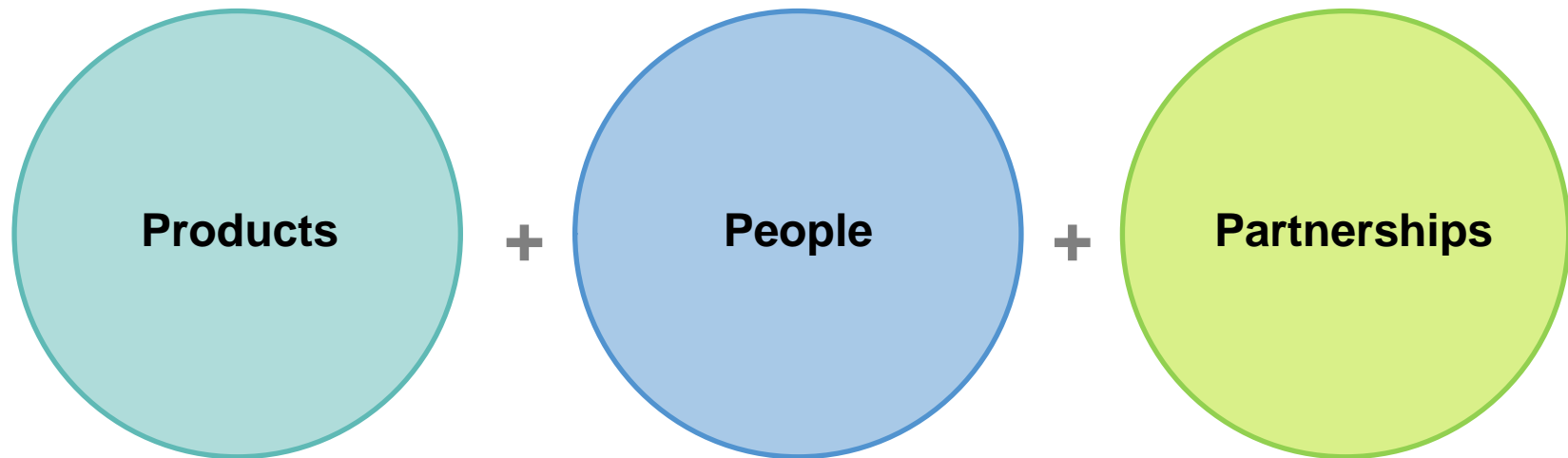
- Faster than expected decline of the mobile browser game market and PC Online market
- Slower than expected native app development or launch delays
- Lack of hit mobile titles

NA, EU &
Others

- PC Online: Market remains slow
- Expect revenue contribution from new titles in the second half of 2014

- Slower than expected new titles development and delay in launch of titles
- Lack of hit content for games

Conclusion: Where are we heading?



Q&A Session

Appendix

Summary of Results and Key Operational Metrics

(Unit: ¥ millions except per share data)

	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	YoY%
<i>(By Region)</i>									
China	¥15,175	¥10,738	¥11,404	¥11,074	¥20,409	¥15,477	¥15,962	¥12,065	9%
Korea	8,857	6,251	6,579	7,057	10,589	8,605	12,151	11,654	65%
Japan	3,097	2,826	3,232	10,037	9,927	9,398	8,755	8,274	-18%
North America	1,398	1,516	1,341	1,117	1,418	1,446	1,364	1,201	8%
Europe and Others	1,850	1,546	1,701	1,596	2,021	1,698	1,651	1,273	-20%
<i>(By Business)</i>									
PC online	30,151	22,697	23,567	23,813	36,877	29,333	32,995	27,750	17%
Mobile	226	180	690	7,070	7,487	7,291	6,887	6,717	-5%
Revenue	30,377	22,877	24,257	30,882	44,364	36,624	39,883	34,467	12%
Operating income	16,760	11,112	10,602	8,793	20,716	13,425	16,237	327	-96%
Net income/(loss) ¹	12,996	7,383	7,352	552	15,150	11,365	8,054	(4,437)	n/a
Earnings/(losses) per share	30.26	17.05	16.94	1.27	34.77	25.98	18.35	(10.10)	n/a
Cash and deposits	111,786	105,941	116,362	84,736	110,510	112,235	103,820	138,843	
FX rate									
100 KRW/JPY	7.03	7.00	6.98	7.10	8.53	8.81	8.94	9.48	
CNY/JPY	12.55	12.63	12.55	12.64	14.73	15.94	16.06	16.40	
USD/JPY	79.28	79.74	79.37	79.82	92.42	98.76	98.95	100.46	
Key Performance (Excluding Mobile)									
MAU (millions)	82.8	77.4	78.8	68.3	71.5	71.0	62.6	53.9	
Pay Rate	10.9%	10.3%	9.6%	10.5%	11.5%	10.2%	10.4%	10.0%	
ARPPU (as-reported)	1,761	1,521	1,729	1,683	2,532	2,181	2,447	2,617	
ARPPU (constant currency) ²	n/a	n/a	n/a	1,683	2,272	1,822	2,175	2,181	

¹ Net income/(loss) refers to net income attributable to owners of the parent, as stated in Nexon's consolidated financial results.

² Using the currency rates of Q4 2012. Q1, Q2 and Q3 2012 ARPPU on a constant currency base are not available.

COGS and SG&A

(Unit: ¥ millions)

	FY2012				FY2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total Cost of Revenue ¹	¥4,405	¥3,786	¥4,490	¥5,921	¥7,831	¥7,734	¥9,229	¥9,358
Royalty ²	1,569	934	1,434	1,548	2,673	2,180	3,539	3,046
HR cost (COGS) ³	1,624	1,650	1,691	2,405	2,875	3,193	3,014	3,219
Other(COGS) ⁴	1,212	1,201	1,365	1,968	2,283	2,361	2,676	3,093
Total SG&A ¹	8,031	7,805	9,038	14,200	15,343	13,945	14,313	15,973
HR cost	1,912	2,017	2,055	2,802	3,004	3,241	2,814	3,063
PG fee ⁵	1,260	1,026	765	1,993	2,259	2,037	2,322	2,202
R&D	587	766	644	558	659	860	1,035	1,263
Marketing / advertising expenses	1,023	870	1,857	2,461	1,878	3,202	2,211	2,409
Depreciation and amortization	1,903	1,917	1,885	2,190	2,488	2,552	2,556	2,753
Other ⁶	1,346	1,210	1,833	4,195	5,055	2,052	3,375	4,283
Other Income ⁷	78	126	63	1,080	164	102	225	1,146
Other Expense ⁸	1,259	300	189	3,050	638	1,622	329	9,956

¹ Breakdown of COGS and SG&As are unaudited.

² Royalty costs include royalties paid to third-party developers for the right to publish their games.

³ HR cost includes salaries, bonuses and benefits for our live game developers, who support post launch servicing, updating and support for our games.

⁴ Other (COGS) primarily consists of depreciation and amortization of assets related to existing games, connection fees (mainly comprised of co-location and datacenter fees, Internet bandwidth and access fees), and the costs of purchasing and maintaining our servers and computer equipment.

⁵ PG fees increased in Q4 2012 due to the consolidation of gloops, which resulted in increased carrier payment commission.

⁶ Other includes mobile platform commission fees.

⁷ Other Income includes rent income, other non-operating income, reversal of deferred revenues, gain on sale of properties, and gain on change in equity.

⁸ Other Expense includes other non-operating expenses, loss on sale/disposal of properties, loss on impairment of tangible fixed assets, loss on impairment of intangible assets, loss on impairment of other fixed assets, loss on change in equity, and loss on liquidation of subsidiaries. Q2 2013 and Q4 2013 Other Expense includes impairment of game IP and impairment of goodwill.

P&L Below Operating Income

(Unit: ¥ millions)

	FY2012				FY2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Operating Income	¥16,760	¥11,112	¥10,602	¥8,793	¥20,716	¥13,425	¥16,237	¥327
Finance Income ¹	1,501	394	576	1,408	2,336	2,342	739	1,244
Finance Costs ²	164	1,502	1,125	3,260	196	1,471	3,137	3,819
Equity income/(losses) of affiliates, equity method companies	(959)	(159)	(189)	(464)	(268)	(99)	15	258
Income/(Loss) before Income Tax	17,138	9,845	9,864	6,477	22,588	14,197	13,854	(1,990)
Tax expense	(4,245)	(2,342)	(2,474)	(6,104)	(7,238)	(2,875)	(5,714)	(2,519)
Net Income/(loss) ³	12,996	7,383	7,352	552	15,150	11,365	8,054	(4,437)

¹ 2013 Q1 and Q2 Financial Income are mainly caused by FX

² 2013 Q2 Finance Costs are primarily due to a loss recorded from the disposal of JCE shares. 2013 Q3 Finance Costs are primarily due to the U.S. dollar to Korean won exchange rate impact chiefly associated with *Dungeon&Fighter* royalties from China. Finance cost for Q4 2013 includes impairment loss of equity method affiliates, mainly from 6waves.

Impairment losses in equity method affiliates are recorded in finance costs under IFRS.

³ Net income/(loss) refers to net income attributable to owners of the parent, as stated in Nexon's consolidated financial results.

Key Cash Flow Statement

(Unit: ¥ millions)

	12 months ended December 31, 2012	12 months ended December 31, 2013
Cash flows from operating activities	¥42,451	¥60,208
Cash flows from investing activities	(112,155)	(6,345)
Cash flows from financing activities	29,764	(13,033)
Effect of exchange rate change on cash and cash equivalents	7,077	13,277
Net increase in cash and cash equivalents	(39,940)	40,830
Cash and cash equivalents at beginning of fiscal year	117,599	84,736
Cash and cash equivalents at end of fiscal year	84,736	138,843

Balance Sheet

(Unit: ¥ millions)

	December 31, 2012	December 31, 2013
Asset		
Current Assets		
Cash and cash equivalents	¥84,736	¥138,843
Other current assets	70,428	78,956
Total current assets	155,164	217,799
Noncurrent assets		
Tangible assets	10,527	22,080
Intangible assets	30,800	26,653
Goodwill	46,475	45,802
Others	77,222	135,060
Total noncurrent assets	165,024	201,052
Total assets	320,188	418,851
Liability		
Current liabilities		
Current tax liabilities, current	9,491	8,502
Current borrowings	11,505	13,408
Others	23,324	135,060
Total current liabilities	44,320	50,453
Noncurrent liabilities		
Non-current borrowings	42,670	34,605
Others ¹	10,953	20,734
Total noncurrent liabilities	53,623	55,339
Total liabilities	97,943	105,792
Equity		
Issued capital	51,342	51,952
Share premium	50,188	50,688
Other equity interest	11,905	74,468
Retained earnings	105,293	131,374
Non-controlling interests	3,517	4,577
Total equity	222,245	313,059
Total liabilities and total equity	320,188	418,851

Glossary of Terms

Term / Abbreviation	Meaning
AOS	AOS is a sub-genre of the real-time strategy genre, in which two teams of players compete with each other in discrete games, with each player controlling a single character through an RTS-style interface.
FPS (first person shooter)	A game in which the player plays from the point of view of the game character in three-dimensional graphics.
RTS (real-time strategy)	A game that is usually played from a third-person perspective, in which the player controls vast numbers of in-game characters in a tactical scenario.
MMORPG (massively multiplayer online role playing game)	An online role-playing game that has a “massive” number (usually several hundred or more) of players who play concurrently.
MAU (monthly active user)	The total number of accounts of users who log in and play a particular game in a given month.
ARPPU (average revenue per paying user)	Online game net revenues for any given period divided by the average number of paying players of such games during the period.
Pay Rate	The number of paying users divided by monthly active users for any given period of time.
MCCU (maximum concurrent users)	The maximum number of users concurrently accessing a game at a particular moment. MCCU is generally used to measure the popularity of a game.
Closed Beta	A trial period during which a trial model (beta version) of a game is tested by a limited number of users or groups.
Open Beta	A trial period during which a trial model (beta version) of a game is tested without restrictions on participation.
Tier One Update	Large scale updates to existing PC games typically launched in Q1 or Q3 around peak season.
Tier Two Update	Smaller updates to existing PC games released throughout the year.
Immersive Games	Games that are designed to be played continuously for hours and enable thousands of concurrent users to interact with each other in real time. Our games are architected to evolve over years, in contrast to packaged goods games, which often have finite story lines and comparatively less open-ended player engagement.

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- Continued growth and popularity of Nexon’s key titles;
- Nexon’s ability to maintain favorable relationships with key licensing partners;
- Nexon’s continued ability to offer games in China, through local partners or otherwise;
- Nexon’s ability to compete effectively in the online games industry;
- Nexon’s ability to address hacking, viruses, security breaches and other technical challenges;
- Fluctuations in currency exchange rates;
- Nexon’s ability to maintain and further develop its brand name;
- Effective acquisition of new companies, businesses, technologies and games from third parties and the possibility of recognizing impairment losses;
- Continued growth of the online games market, including the underlying infrastructure, and free-to-play/item-based revenue generation model;
- Nexon’s ability to adapt to new technologies;
- Nexon’s ability to enter into licensing arrangements for third-party titles on terms favorable to it;
- Effective defense of Nexon’s intellectual property; and
- Legislative, regulatory, accounting and taxation changes in the countries in which Nexon operates.

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