



NEXON

Investor Presentation Q3 2016

November 10, 2016

NEXON Co., Ltd.



Owen Mahoney

President and Chief Executive Officer

- Delivered solid quarter; revenues exceeded outlook driven by Korea and China businesses
 - Korea: Stronger-than-expected results from longstanding hits *MapleStory* and *Dungeon&Fighter*
 - China: Strong early momentum of National Day *Dungeon&Fighter* update introduced on September 27th

- Impact on consolidated financials limited, but good starts of new titles in Japan launched late in Q3:
 - *Tree of Savior* (PC)
 - *HIDE AND FIRE* (mobile) – exceeded 1 million downloads to date
 - More games to come in 2016 and beyond, including *Ghost in the Shell S.A.C. ONLINE* (PC); *HIT* (mobile); *Dungeon & Fighter: Spirit*¹ (mobile)

¹ Official service name of *Dungeon&Fighter* 3D mobile.

- Good early performance of new mobile games launched in October – *Sangokushi Sousouden Online*; *MapleStoryM* (Korea)
- Completed closed beta test for *Dungeon & Fighter: Spirit*¹ in October
- Exhibiting 35 games – 28 mobile games; 7 PC online games at G-STAR 2016 (November 17-20)
 - Mobile: *Dungeon & Fighter: Spirit*¹, *Project Dynasty Warriors*² (Tentative), *DARK AVENGER 3*, etc.
 - PC: *LawBreakers*, *Moonlight Blade*, etc.
- Entry into Thai market through 49% equity investment in Thai game publisher iDCC
 - Follows establishment of Nexon Taiwan³ subsidiary
 - Expect to acquire remaining 51% stake upon Thai government approval

¹ Official service name of *Dungeon&Fighter 3D* mobile.

² Mobile games based on *Dynasty Warriors 7* IP.

³ Nexon Taiwan Limited: A 100% subsidiary of Nexon Korea, established in December 2015. Nexon Taiwan is responsible for supporting Nexon's mobile game service (marketing, customer support, community management etc.) in Taiwan, Hong Kong, and Macau.

- At the beginning of large wave of new games launching in Korea and globally; early successes in Japan with *Tree of Savior* (PC), *HIDE AND FIRE* (mobile)
- China remains a huge and stable market for Nexon
- Highlights core strength of Nexon business model: robust and very consistent base of revenues from significant IP base
- New games give optionality into new revenue streams
 - Strong early wins and more to come throughout 2017
 - Looking to make as large and consistent as our existing games
- Nexon strongly positioned as global entertainment business changes, millions of consumers shift to spending leisure time online and on mobile devices



Shiro Uemura

Chief Financial Officer



Q3 2016 Results

Overview

- Stronger-than-expected results driven by strong performance of key PC online titles in Korea and China
- As-reported results negatively impacted by Japanese yen appreciation

Financials

- Revenues ¥44.3 billion, down 11% year-over-year on as-reported basis, up 4% on constant currency¹ basis – exceeded our outlook driven by:
 - **Korea:** Exceptionally strong performance of *MapleStory*; strong performance of *Dungeon&Fighter*
 - **China:** Solid performance of *Dungeon&Fighter* with an early strong momentum of National Day update
- Operating income ¥16.3 billion – exceeded our outlook due to:
 - Outperformance of revenues, particularly in China with higher margin
 - Lower-than-planned costs including marketing costs
- Net income² ¥7.6 billion, below outlook primarily due to FX loss in U.S. dollar-denominated cash deposits and account receivables

¹ Beginning with 2016 Q3, we have implemented a new calculation methodology to more accurately reflect "constant currency" for *Dungeon&Fighter* China revenues. For details, see footnote on page10, "Regional Revenues".

² Net income refers to net income attributable to owners of the parent, as stated in Nexon's consolidated financial results.

Q3 Financial Results

NEXON Co., Ltd.
Q3 2016
INVESTOR PRESENTATION

(Unit: ¥ millions, except per share data)

| | Q3 2015 | Q3 2016 Outlook | | Q3 2016 | YoY % |
|-------------------------------|----------------|-----------------|------------------|----------------|--------------|
| | | Low end | High end | | |
| Revenues | ¥49,811 | ¥38,350 | ~ ¥41,322 | ¥44,255 | (11%) |
| PC ¹ | 39,481 | 29,426 | ~ 31,406 | 34,474 | (13%) |
| Mobile | 10,330 | 8,924 | ~ 9,916 | 9,781 | (5%) |
| Japan | 3,747 | | | 2,673 | (29%) |
| ex-Japan | 6,583 | | | 7,108 | 8% |
| Operating income | 18,436 | 10,634 | ~ 12,927 | 16,292 | (12%) |
| Net income² | 19,184 | 9,648 | ~ 11,598 | 7,635 | (60%) |
| Earnings per share | 44.47 | 22.11 | ~ 26.57 | 17.50 | |
| Exchange rates | | | | | |
| 100 KRW/JPY | 10.46 | 9.11 | 9.11 | 9.15 | (13%) |
| CNY/JPY | 19.48 | 15.58 | 15.58 | 15.36 | (21%) |
| USD/JPY | 122.23 | 103.98 | 103.98 | 102.43 | (16%) |

¹ PC revenue includes revenues other than PC/mobile revenues.

² Net income refers to net income attributable to owners of the parent, as stated in Nexon's consolidated financial results.

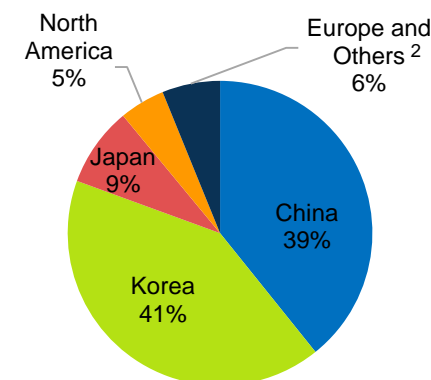
Regional Revenues

Beginning with 2016 Q3, we have implemented a new calculation method to more accurately reflect "constant currency" for *Dungeon&Fighter* China revenues. Only *Dungeon&Fighter* China revenues are impacted by the new calculation method. For details see footnote 4 below.

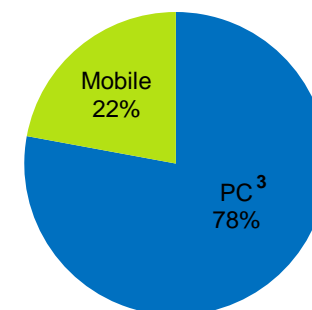
(Unit: ¥ millions)

| | Q3 2015 | Q3 2016 | | | YoY % Change | | |
|--------------------------------------|---------------|---------------|------------------------------------|------------------------------------|--------------|------------------------------------|------------------------------------|
| | | As-Reported | New Constant Currency ⁴ | Old Constant Currency ⁴ | As-Reported | New Constant Currency ⁴ | Old Constant Currency ⁴ |
| Revenue by Region¹ | | | | | | | |
| China | ¥20,247 | ¥17,360 | ¥21,652 | ¥19,982 | (14%) | 7% | (1%) |
| Korea | 20,163 | 18,298 | 20,965 | 20,965 | (9%) | 4% | 4% |
| Japan | 4,972 | 3,735 | 3,735 | 3,735 | (25%) | (25%) | (25%) |
| North America | 2,045 | 2,138 | 2,527 | 2,527 | 5% | 24% | 24% |
| Europe and Others ² | 2,384 | 2,724 | 3,153 | 3,153 | 14% | 32% | 32% |
| Nexon Total | 49,811 | 44,255 | 52,032 | 50,362 | (11%) | 4% | 1% |
| Revenue by Platform | | | | | | | |
| PC ³ | 39,481 | 34,474 | 41,136 | 39,466 | (13%) | 4% | (0%) |
| Mobile | 10,330 | 9,781 | 10,896 | 10,896 | (5%) | 5% | 5% |
| Japan | 3,747 | 2,673 | 2,673 | 2,673 | (29%) | (29%) | (29%) |
| ex-Japan | 6,583 | 7,108 | 8,223 | 8,223 | 8% | 25% | 25% |
| Nexon Total | 49,811 | 44,255 | 52,032 | 50,362 | (11%) | 4% | 1% |
| FX Rate | | | | | | | |
| 100 KRW/JPY | 10.46 | 9.15 | 10.46 | 10.46 | (13%) | | |
| CNY/JPY | 19.48 | 15.36 | 19.48 | 19.48 | (21%) | | |
| USD/JPY | 122.23 | 102.43 | 122.23 | 122.23 | (16%) | | |

Q3 2016 Revenue by Region¹



Q3 2016 Revenue by Platform



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 PC revenue includes revenues other than PC/mobile revenues.

⁴ "Old Constant Currency" is the measure of constant currency we have been providing since the IPO. It is a non-GAAP measure used to show performance unaffected by fluctuations in FX rates versus JPY. Using the major local functional currency for respective Nexon Group entities' locations, the constant currency basis amounts are calculated using the average FX rates for the comparable fiscal quarter in the prior year and applied to the current fiscal quarter. For example, Neople, the Korean entity that develops *Dungeon&Fighter* for China, records its revenues in South Korean Won (KRW). The "old constant currency" figures show what Neople revenues would have been had the KRW/JPY exchange rate not changed from last year's same fiscal quarter.

However, the constant currency revenue recognition mechanism in China is complex. Specifically, Neople receives royalty revenues for *Dungeon&Fighter* China service from the local publisher (Tencent) in USD; Neople is a Korean entity and therefore keeps its accounting records in KRW; and Nexon Group is a Japanese-listed company and consolidated financial statements are therefore reported in JPY. Given the recent trend of the CNY, we no longer believe our prior approach is the most accurate presentation of constant currency results for China. As a result, we are changing the calculation methodology to more fully reflect that complexity.

"New Constant Currency" is a new calculation method we have introduced beginning with 2016 Q3 and will utilize going forward. Under the "New constant currency" method, we calculate royalty revenues from China *Dungeon&Fighter* by applying the same CNY/USD, USD/KRW and KRW/JPY exchange rates from last year's same fiscal quarter. Only *Dungeon&Fighter* China revenues are impacted by the calculation methodology change.

⁵ For the KPIs (MAU, Pay Rate and ARPPU) of PC online games, please refer to appendix of this presentation.

▪ *Dungeon&Fighter*

- Introduced Summer update (7/14) / National Day update (9/27) – both well-received
- Strong initial momentum of National Day update in particular contributed to Q3 outperformance
- Quarter-over-quarter MAUs increased in line with typical seasonality; quarter-over-quarter paying users decreased
- Year-over-year MAUs decreased; year-over-year paying users increased

(Revenues in ¥ millions)

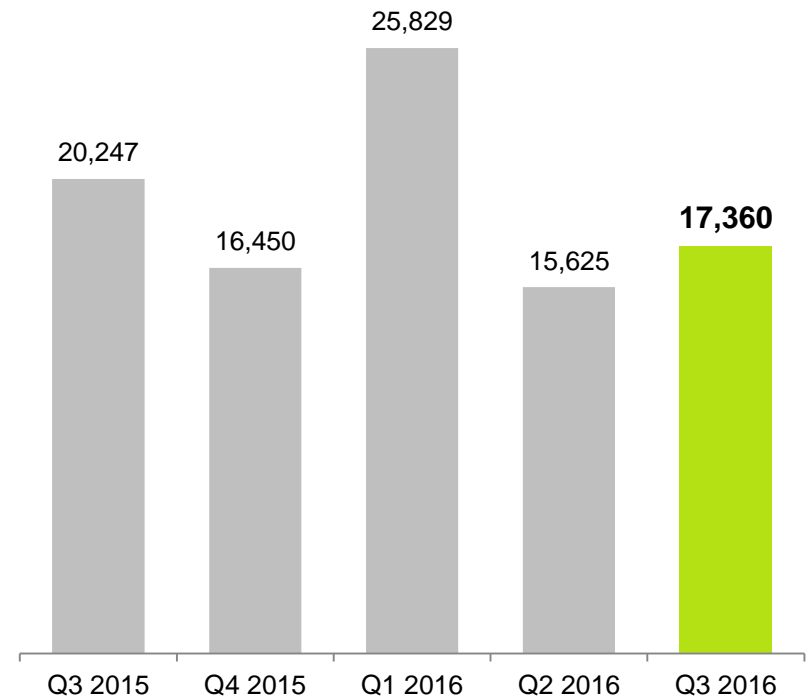
YoY% change:

As Reported:

-14%

Constant Currency¹:

+7%



Dungeon&Fighter
National Day Update



Dungeon&Fighter Gameplay

¹ Beginning with 2016 Q3, we have implemented a new calculation methodology to more accurately reflect "constant currency" for *Dungeon&Fighter* China revenues. For details, see footnote on page10, "Regional Revenues".

PC

- Strong performance of longstanding hits *MapleStory* and *Dungeon&Fighter*
 - Driven by successful tier-1 content updates, events and item package sales
 - MapleStory* performed exceptionally strongly

Mobile

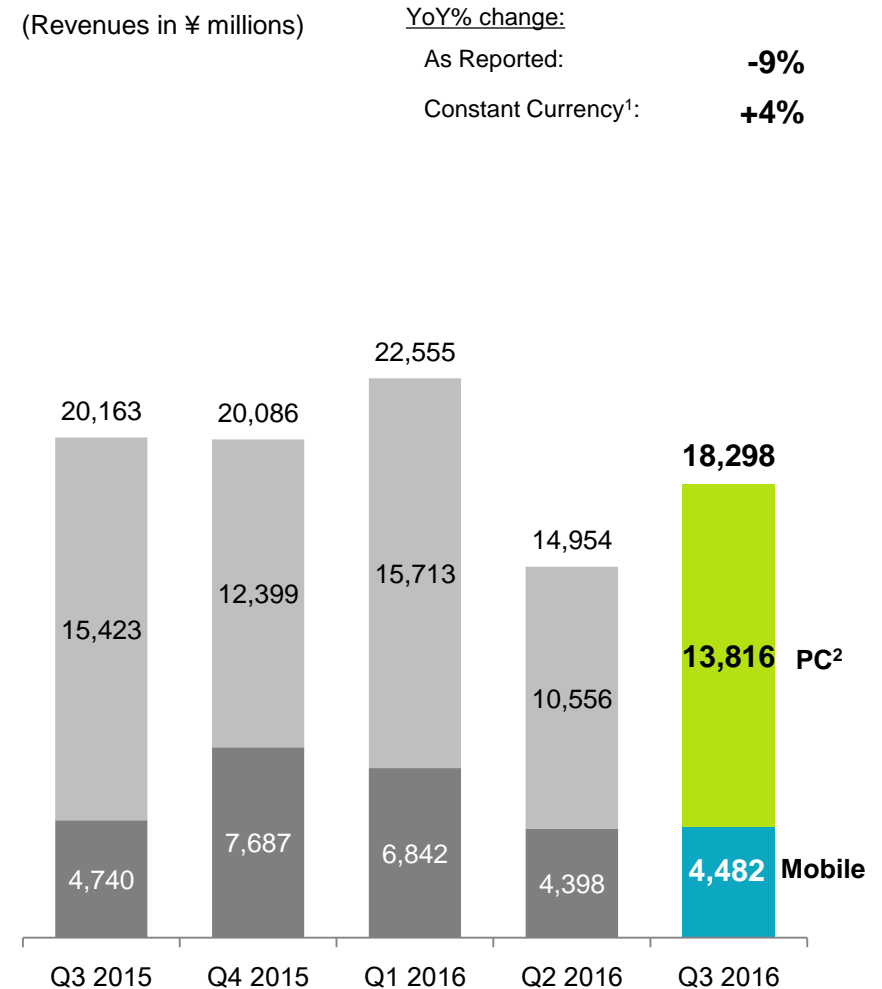
- Constant currency revenue up 9% year-over-year
- Launched multiple new titles including *Chaos Chronicle* (Aug); *M.O.E (Master of Eternity)* (Sep)



MapleStory V Update (tier-1 update)



M.O.E (Master of Eternity)



¹ Beginning with 2016 Q3, we have implemented a new calculation methodology to more accurately reflect "constant currency" for *Dungeon&Fighter* China revenues. For details, see footnote on page10, "Regional Revenues".

² PC revenue includes revenues other than PC/mobile revenues.

PC¹

- Revenue ¥1.1 billion, up 24% quarter-over-quarter
- Started commercial service of *Tree of Savior* (Sep)

Mobile

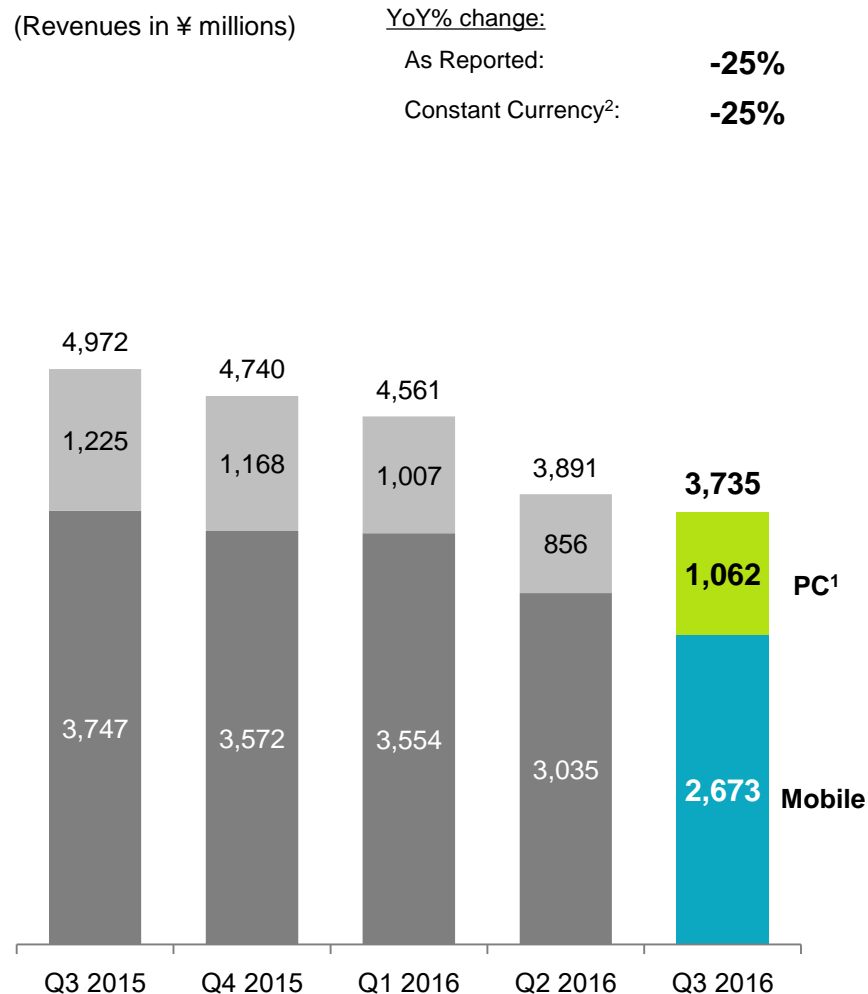
- Revenue ¥2.7 billion, down 12% quarter-over-quarter, primarily due to declining browser game revenues
- Launched multiple native games including *Fantasy War Tactics* (July); *Chaos Chronicle* (Aug); *HIDE AND FIRE* (Sep)



Tree of Savior



HIDE AND FIRE



¹ PC revenue includes revenues other than PC/mobile revenues.

² Beginning with 2016 Q3, we have implemented a new calculation methodology to more accurately reflect "constant currency" for *Dungeon&Fighter* China revenues. For details, see footnote on page10, "Regional Revenues".

North America, Europe and Others¹ – Highlights

- *Riders of Icarus* released into open beta test (July); *HIT* launched globally² (July) – contributed to year-over-year growth in North America
- Good performance of *HIT* in Asia including Taiwan, Hong Kong, Macau, Thailand and Vietnam; drove year-over-year growth in Europe and Others

(Revenues in ¥ millions)

YoY% change:

As Reported: **+5%**

Constant Currency³: **+24%**

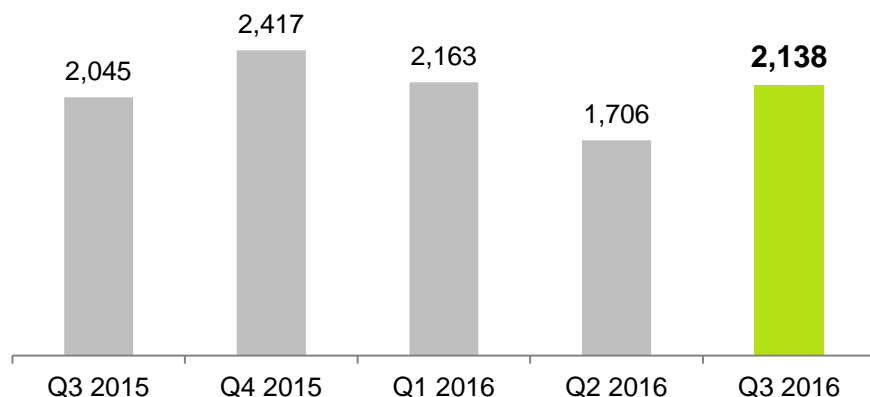
(Revenues in ¥ millions)

YoY% change:

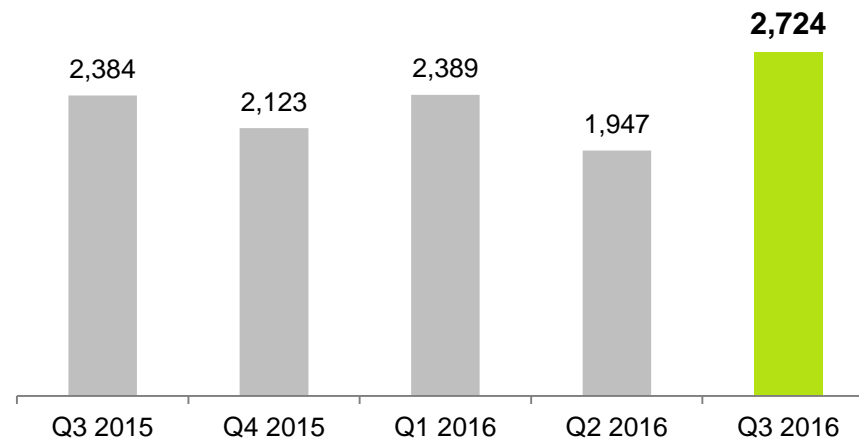
As Reported: **+14%**

Constant Currency³: **+32%**

North America



Europe and Others



¹ Europe and Others includes Asian countries (excluding Japan, Korea and China) and South American countries.

² Launched in 140 countries excluding Japan and China.

³ Beginning with 2016 Q3, we have implemented a new calculation methodology to more accurately reflect "constant currency" for *Dungeon&Fighter* China revenues. For details, see footnote on page10, "Regional Revenues".



Q4 2016 Outlook

Q4 2016 Business Outlook

- Expect revenues to be:
 - Down 14% to 8% year-over-year on as-reported basis
 - Flat to up 7% year-over-year on constant currency¹ basis

(Unit: ¥ millions, except per share data)

| | Q4 2015 | Q4 2016 Outlook | | YoY % | |
|-------------------------------|----------------|-----------------|------------------|--------------|---------------|
| Revenues | ¥45,816 | ¥39,329 | ~ ¥42,164 | (14%) | ~ (8%) |
| PC ² | 32,677 | 28,013 | ~ 29,714 | (14%) | ~ (9%) |
| Mobile | 13,139 | 11,316 | ~ 12,450 | (14%) | ~ (5%) |
| Operating income | 10,315 | 8,173 | ~ 10,325 | (21%) | ~ 0% |
| Net income³ | 4,399 | 7,697 | ~ 9,504 | 75% | ~ 116% |
| Earnings per share | 10.14 | 17.73 | ~ 21.89 | | |
| FX Rate Assumptions | | | | | |
| 100 KRW/JPY | 10.52 | 9.23 | 9.23 | (12%) | |
| CNY/JPY | 19.00 | 15.42 | 15.42 | (19%) | |
| USD/JPY | 121.50 | 103.81 | 103.81 | (15%) | |

- Forex sensitivity: every one Japanese yen move against the U.S. dollar would have the following impact on our financials for the fourth quarter of 2016⁴

| | |
|-------------------------|------------------|
| Revenue | 0.34 billion yen |
| Operating Income | 0.10 billion yen |

¹ Beginning with 2016 Q3, we have implemented a new calculation methodology to more accurately reflect "constant currency" for *Dungeon&Fighter* China revenues. For details, see footnote on page10, "Regional Revenues".

² PC revenue includes revenues other than PC/mobile revenues.

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

⁴ In most situations, the exchange rates of both the South Korean Won and the Chinese Yuan are linked to the U.S. dollar. For simplicity, forex sensitivity is calculated based on the assumption that Korean Won and Chinese Yuan move similarly against Japanese yen when there is an exchange rate movement in U.S. dollar and Japanese yen.

Q4 2016 Regional Outlook



China

- As-reported basis: Expect 20+% to low teens % YoY decrease
- Constant currency¹ basis: Expect low single digit % YoY decrease to high single digit % YoY increase
- *Dungeon&Fighter*: Scheduled to introduce Winter update (Dec)
- Scheduled to launch a new mobile game *Fantasy War Tactics* (publisher: SPTT)



Japan

- As-reported basis or constant currency¹ basis: Expect low single digit % YoY decrease to high single digit % YoY increase
- PC: Scheduled to launch *Ghost in the Shell S.A.C. ONLINE* (Nov)
- Mobile
 - Scheduled to launch *DUNGEON STRIKER G* (Nov)
 - Pre-registration started for *HIT* (Nov)



Korea

- As-reported basis: Expect low teens to high single digit % YoY decrease
- Constant currency¹ basis: Expect low single digit % YoY decrease to high single digit % YoY increase
- Mobile
 - Launched *Sangokushi Sousouden Online* (Oct); *MapleStoryM* (Oct)
 - *Dungeon & Fighter: Spirit2*: Conducted CBT (Oct)
- G-STAR (Nov 17-20): Exhibiting 35 games – 28 mobile games; 7 PC online games



North America, Europe and Others³

- North America
 - As-reported basis: Expect high teens to high single digit % YoY decrease
 - Constant currency¹ basis: Expect low single digit % decrease to high single digit % YoY increase
- Europe and Others³
 - As-reported basis: Expect low single digit % decrease to high single digit % YoY increase
 - Constant currency¹ basis: Expect low teens to 20+% YoY increase

¹ Beginning with 2016 Q3, we have implemented a new calculation methodology to more accurately reflect "constant currency" for *Dungeon&Fighter* China revenues. For details, see footnote on page10, "Regional Revenues".

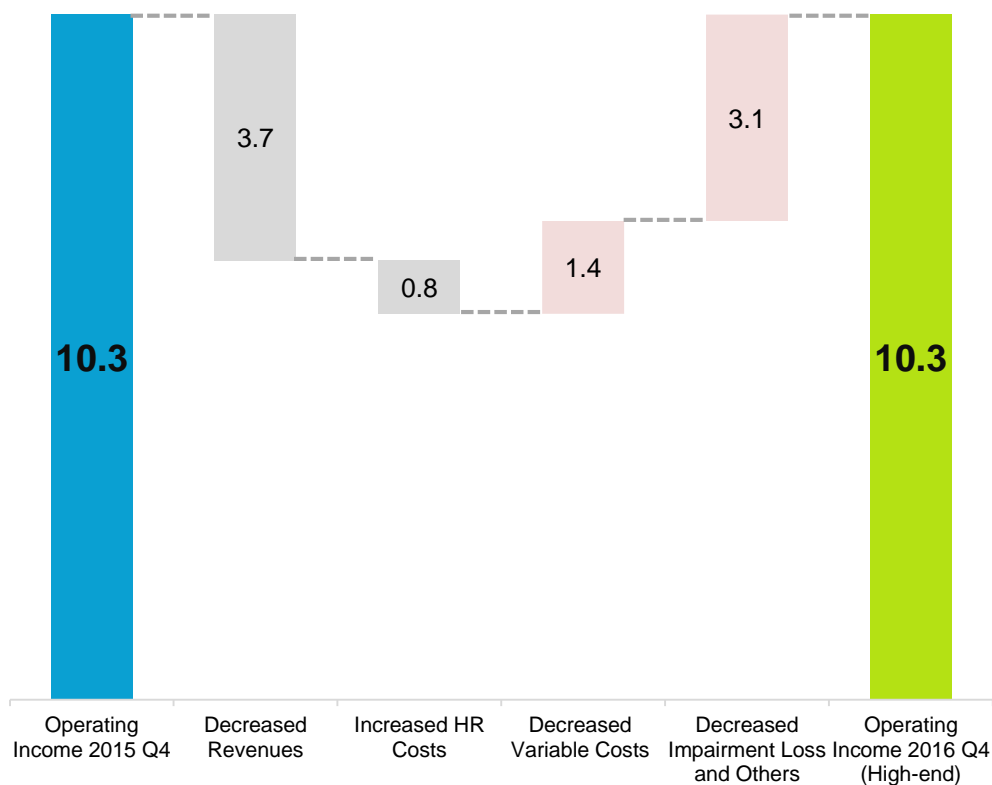
² Official service name of *Dungeon&Fighter 3D* mobile.

³ Europe and Others includes other Asian countries and South American countries.

Q4 2016 Operating Income Outlook

YoY Operating Income Comparison

(Unit: ¥ billions)



Expect Q4 2016 operating income of ¥8.2 to ¥10.3 billion due to:

- Revenues decrease due to significant depreciation of the Korean Won and the Chinese Yuan against the Japanese Yen
- Increase of HR costs driven by increased headcount primarily in Korea
- Offset by:
 - Lower variable costs including third-party royalty costs
 - Decreased one-off impairment loss

Completion of Share Repurchase Program

- Announced share repurchase program on September 5th, 2016
- The program completed on October 31st, 2016
- Aggregate amount of shares repurchased as of October 31st, 2016
 - Total number of shares acquired: 3,168,600 shares
 - Total amount: ¥ 4,999,884,500
- Cancellation of shares repurchased resolved by the Board of Directors

- Details of the program:
 - Total number of shares: Up to 4.5 million shares (1.0% of the total number of outstanding shares)
 - Total amount: Up to ¥5 billion
 - Period: From September 8th to October 31st, 2016
 - Acquisition method: Purchase at market on the Tokyo Stock Exchange

Pipeline¹ (1)

2016 Q4 and beyond

PC Online



Ghost in the Shell
S.A.C. ONLINE



Titanfall™



Moonlight Blade



MapleStory2



HYPER UNIVERSE



Need for Speed™ Edge



LawBreakers

Mobile



HIT



Elsword Slash



LEGO® Quest & Collect⁴



TANGO 5 : The Last Dance



MapleStoryM



Dungeon&Fighter 2D mobile⁵



Dungeon & Fighter: Spirit²



Project Dynasty Warriors³
(Tentative)



DARK AVENGER 3



© KOEI TECMO GAMES
Sangokushi Sousouden
Online



Durango



FINAL FANTASY® XI
mobile⁵

¹ Chart is illustrative excerpt pipeline.

² Official service name of *Dungeon&Fighter 3D* mobile.

³ Mobile games based on *Dynasty Warriors 7* IP.

⁴ Official service name of *LEGO®* mobile.

⁵ Mobile games based on the original IPs.

⁶ The letters, graphics, symbols, logos and other marks shown in this material are trademarks or registered trademarks owned by respective right holders.

Pipeline (2) – Gameplay



MapleStoryM (Mobile)



Dungeon & Fighter: Spirit¹ (Mobile)



Sangokushi Sousouden Online (Mobile)



Ghost in the Shell S.A.C. ONLINE (PC)

¹ Official service name of *Dungeon&Fighter 3D* mobile.

² The letters, graphics, symbols, logos and other marks shown in this material are trademarks or registered trademarks owned by respective right holders.

2016 Tier 1 Content Update Schedule

| | Game Title | 1H 2016 | Q3 2016 | Q4 2016 |
|-------|--|--|---|---|
| China |  <i>Dungeon&Fighter</i> | Q1: Female Ghost Knight 2 nd Awakening Update, Lunar New Year Update Q2: Labor Day Update, 8 th Anniversary Update | Summer Update National Day Update | Winter Update |
| |  <i>Counter-Strike Online</i> | Q1: Lunar New Year Update | Summer Update National Day Update | |
| Korea |  <i>EA SPORTS™ FIFA Online 3</i> | Q1: Roster Update, Lunar New Year Update Q2: Children's Day promotion, E-Sports system Update, Manager Update 2.0 | EC Season Renewal Update U23 Korea National Team Update Europe League Legend Update | Trade 3.0 Update, Roster Update, FOM Update, Legendary Update, Winter Vacation promotion, 4 th Anniversary promotion |
| |  <i>MapleStory</i> | Q1: Heroes of Maple Update: Final Act, New Boss Monster Update Q2: 13 th Anniversary Event | MapleStory V Update 5 th Job Advancement | Winter Update |
| |  <i>Dungeon&Fighter</i> | Q1: New Dungeon Game Mode Update, New Character Update: Demonic Lancer Q2: Children's day Package, Supplementary story characters 2 nd awakening | Summer Update 11 th Anniversary Update Korean Thanksgiving Update | Rare Avatar & Christmas Package |
| |  <i>Sudden Attack</i> | Q1: Winter Update, Celebrity Character Update Q2: Spring Update | Summer Event & Update | Winter Event & Update |

¹ The letters, graphics, symbols, logos and other marks shown in this material are trademarks or registered trademarks owned by respective right holders.



Appendix

Summary of Results and Key Operational Metrics

NEXON Co., Ltd.
Q3 2016
INVESTOR PRESENTATION

(Unit: ¥ millions except per share data)

| | Q1 2015 | Q2 2015 | Q3 2015 | Q4 2015 | Q1 2016 | Q2 2016 | Q3 2016 | YoY% |
|--|---------------|---------------|---------------|---------------|----------------|---------------|---------------|--------------|
| <i>(By Region)</i> | | | | | | | | |
| China | ¥22,697 | ¥15,994 | ¥20,247 | ¥16,450 | ¥25,829 | ¥15,625 | ¥17,360 | (14%) |
| Korea | 20,464 | 16,251 | 20,163 | 20,086 | 22,555 | 14,954 | 18,298 | (9%) |
| Japan | 5,858 | 5,455 | 4,972 | 4,740 | 4,561 | 3,891 | 3,735 | (25%) |
| North America | 1,695 | 2,814 | 2,045 | 2,417 | 2,163 | 1,706 | 2,138 | 5% |
| Europe and Others ¹ | 1,258 | 2,150 | 2,384 | 2,123 | 2,389 | 1,947 | 2,724 | 14% |
| <i>(By Platform)</i> | | | | | | | | |
| PC ² | 43,602 | 32,511 | 39,481 | 32,677 | 45,054 | 28,915 | 34,474 | (13%) |
| Mobile | 8,370 | 10,153 | 10,330 | 13,139 | 12,443 | 9,208 | 9,781 | (5%) |
| Japan | 4,487 | 4,073 | 3,747 | 3,572 | 3,554 | 3,035 | 2,673 | (29%) |
| ex-Japan | 3,883 | 6,080 | 6,583 | 9,567 | 8,889 | 6,173 | 7,108 | 8% |
| Revenue | 51,972 | 42,664 | 49,811 | 45,816 | 57,497 | 38,123 | 44,255 | (11%) |
| Operating income | 22,219 | 11,320 | 18,436 | 10,315 | 3,703 | 13,379 | 16,292 | (12%) |
| Net income/(loss) ³ | 18,539 | 13,010 | 19,184 | 4,399 | (6,272) | 7,564 | 7,635 | (60%) |
| Earnings/(loss) per share | 43.05 | 30.35 | 44.47 | 10.14 | (14.43) | 17.36 | 17.50 | |
| FX rate | | | | | | | | |
| 100 KRW/JPY | 10.85 | 11.07 | 10.46 | 10.52 | 9.62 | 9.30 | 9.15 | (13%) |
| CNY/JPY | 19.32 | 19.76 | 19.48 | 19.00 | 17.65 | 16.53 | 15.36 | (21%) |
| USD/JPY | 119.09 | 121.36 | 122.23 | 121.50 | 115.48 | 108.14 | 102.43 | (16%) |
| Key Performance Indicators (Excluding Mobile) | | | | | | | | |
| MAU (millions) | 48.9 | 48.2 | 49.1 | 46.5 | 51.4 | 44.7 | 44.3 | (10%) |
| Pay Rate | 10.0% | 10.0% | 10.1% | 11.8% | 10.9% | 11.3% | 11.4% | 13% |
| ARPPU (as-reported) | 4,805 | 3,508 | 4,470 | 3,162 | 4,676 | 3,161 | 3,651 | (18%) |

¹ Europe and Others includes Asian countries (excluding Japan, Korea and China) and South American countries.

² PC revenue includes revenues other than PC/mobile revenues.

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

(Unit: ¥ millions)

| | FY2015 | | | | FY2016 | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|---------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| Total Cost of Revenue ¹ | ¥12,602 | ¥11,092 | ¥12,552 | ¥13,455 | ¥13,075 | ¥10,475 | 11,242 |
| Royalty ² | 5,621 | 4,263 | 5,355 | 5,745 | 5,935 | 3,274 | 3,988 |
| HR cost (COGS) ³ | 4,022 | 3,950 | 4,334 | 4,674 | 4,528 | 4,409 | 4,335 |
| Other (COGS) ⁴ | 2,959 | 2,879 | 2,863 | 3,036 | 2,612 | 2,792 | 2,919 |
| Total SG&A ¹ | 16,776 | 19,585 | 18,269 | 19,582 | 16,412 | 14,202 | 16,362 |
| HR cost | 3,695 | 3,738 | 3,428 | 3,602 | 3,261 | 3,463 | 3,668 |
| PG fee ⁵ | 4,631 | 4,813 | 5,128 | 5,708 | 5,491 | 4,046 | 4,608 |
| R&D | 1,963 | 1,971 | 1,729 | 1,569 | 1,649 | 1,939 | 1,886 |
| Marketing/advertising expenses | 1,630 | 3,728 | 3,921 | 5,272 | 3,209 | 1,941 | 3,618 |
| Depreciation and amortization | 3,026 | 3,176 | 2,275 | 950 | 797 | 859 | 896 |
| Other | 1,831 | 2,159 | 1,788 | 2,481 | 2,005 | 1,954 | 1,686 |
| Other Income ⁶ | 124 | 90 | 101 | 1,306 | 147 | 120 | 217 |
| Other Expense ⁷ | 499 | 757 | 655 | 3,770 | 24,454 | 187 | 576 |

¹ Breakdown of COGS and SG&As are unaudited.

² Royalty includes royalties paid to third-party developers in order for us to obtain 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 fee in SG&A includes commissions made to external payment gateway companies when users purchase in-game items in PC Online games that we service. It also includes mobile carrier-related commissions we pay regarding our Japanese mobile browser games, commissions we pay to Apple/Google regarding our mobile native games globally, and platform commission fees related to mobile browser games.

⁶ Other Income includes other non-operating income, reversal of deferred revenue, gain on sale of properties, and gain on change in equity.

⁷ 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. It also includes impairment loss of game IPs and goodwill.

P&L Below Operating Income

(Unit: ¥ millions)

| | FY2015 | | | | FY2016 | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| Operating Income | ¥22,219 | ¥11,320 | ¥18,436 | ¥10,315 | ¥3,703 | ¥13,379 | ¥16,292 |
| Finance Income ¹ | 2,576 | 2,331 | 4,277 | 841 | 823 | 808 | 819 |
| Finance Costs ² | 117 | 97 | 234 | 3,952 | 6,549 | 4,401 | 7,016 |
| Equity income of affiliates, equity method companies | 4 | 11 | 11 | 65 | 16 | 53 | 80 |
| Income/(Loss) before Income Tax | 24,682 | 13,565 | 22,490 | 7,269 | (2,007) | 9,839 | 10,175 |
| Tax expense ³ | 5,835 | 452 | 3,239 | 2,879 | 4,072 | 2,262 | 2,357 |
| Net income/(loss) ⁴ | 18,539 | 13,010 | 19,184 | 4,399 | (6,272) | 7,564 | 7,635 |

¹ 2015 Q1, Q2, Q3 Finance Income includes FX conversion gain related to foreign currency deposits & A/R. In addition, 2015 Q1 Finance Income includes dividend received from investee.

² 2015Q4 and 2016Q1, Q2, Q3 Finance Costs are primarily caused by FX conversion loss related to foreign currency deposits & A/R.

³ 2015 Q2 Tax Expense was small because of the partial reversal of income taxes payable due to the difference in opinion between the tax authorities being resolved during 2015 Q2 with regards to the estimate of income taxes payable recorded in FY2014 at a Korean subsidiary based on findings from tax inspection by the tax authorities.

⁴ 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)

| | 9 months ended September 30, 2015 | 9 months ended September 30, 2016 |
|---|--------------------------------------|--------------------------------------|
| Cash flows from operating activities | ¥45,016 | ¥51,374 |
| Cash flows from investing activities | (13,258) | (91,024) |
| Cash flows from financing activities | (16,263) | (7,012) |
| Net increase / (decrease) in cash and cash equivalents | 15,495 | (46,662) |
| Cash and cash equivalents at beginning of fiscal year | 117,729 | 194,225 |
| Effect of exchange rate change on cash and cash equivalents | (4,988) | (21,590) |
| Cash and cash equivalents at end of fiscal year | 128,236 | 125,973 |

Balance Sheet

(Unit: ¥ millions)

| | December 31, 2015 | September 30, 2016 |
|---|----------------------|-----------------------|
| Asset | | |
| Current Assets | | |
| Cash and cash equivalents | ¥194,225 | ¥125,973 |
| Other current assets | 137,445 | 191,358 |
| Total current assets | 331,670 | 317,331 |
| Noncurrent assets | | |
| Tangible assets | 22,027 | 19,814 |
| Goodwill | 35,387 | 16,196 |
| Intangible assets | 7,520 | 7,618 |
| Others | 28,982 | 34,355 |
| Total noncurrent assets | 93,916 | 77,983 |
| Total assets | 425,586 | 395,314 |
| Liability | | |
| Current liabilities | | |
| Current tax liabilities, current | 7,135 | 3,462 |
| Current borrowings | 1,916 | 1,840 |
| Others | 27,833 | 22,608 |
| Total current liabilities | 36,884 | 27,910 |
| Noncurrent liabilities | | |
| Non-current borrowings | 2,501 | 835 |
| Others | 6,520 | 13,776 |
| Total noncurrent liabilities | 9,021 | 14,611 |
| Total liabilities | 45,905 | 42,521 |
| Equity | | |
| Capital stock | 56,441 | 2,816 |
| Capital surplus | 34,597 | 91,127 |
| Treasury shares | - | (2,167) |
| Other equity interest | 73,308 | 41,172 |
| Retained earnings | 210,101 | 215,192 |
| Non-controlling interests | 5,234 | 4,653 |
| Total equity | 379,681 | 352,793 |
| Total liabilities and total equity | 425,586 | 395,314 |

Tokyo Game Show / Press Conference for *Ghost in the Shell* S.A.C. ONLINE

NEXON Co., Ltd.
Q3 2016
INVESTOR PRESENTATION

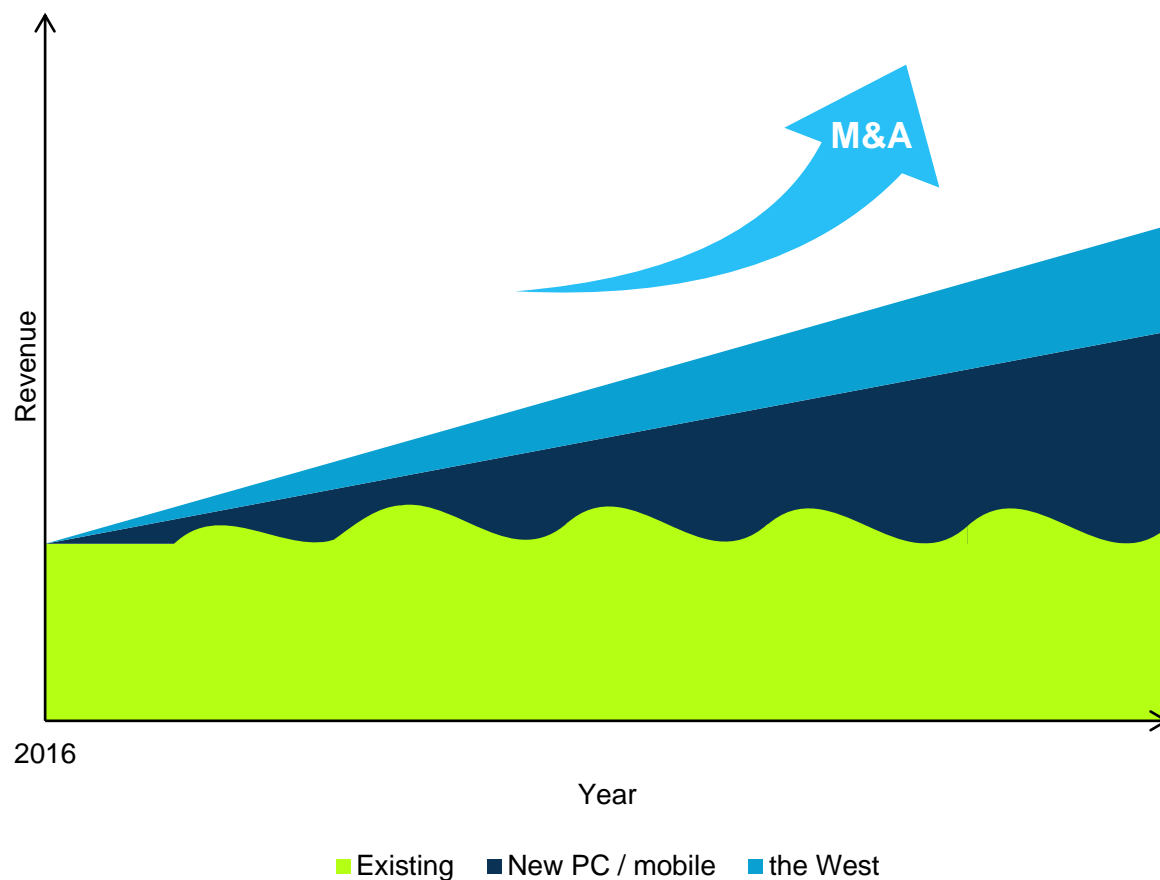
Ghost in the Shell S.A.C. ONLINE exhibited at Tokyo Game Show



Press Conference for *Ghost in the Shell* S.A.C. ONLINE



Long-term Growth Vision and Evolution¹



¹ Above graph is illustrative and not to scale.

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 Test (CBT) | A trial mode (beta version) of a game taken in a certain period with a limited number of users or groups; a Limited Beta Test is an even smaller-scale trial mode of a game with fewer numbers of users or groups |
| Open Beta Test (OBT) | A trial mode (beta version) of a game usually taken after CBT 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. |

This presentation is prepared to offer reference information about NEXON group to the investors and is intended to generally provide investors and analysts with financial and operational information about Nexon, but not to solicit or recommend any sale or purchase of stock or other securities of Nexon. NEXON Co., Ltd. (“Nexon”) has not verified and would assume no responsibility for the accuracy, appropriation, or completeness thereof. This presentation does not contain all relevant information relating to Nexon or the sale of its shares, including, without limitation, the information that would be stated under the captions “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business” in an annual report. Any investment decision with respect to any shares of Nexon should be made solely upon the basis of the information contained in the disclosure documents and is qualified in its entirety by reference to the detailed information appearing in the disclosure documents.

This presentation includes non-GAAP and non-IFRS financial measures, including but not limited to key performance indicators, as well as ratios calculated on the basis thereof. These non-GAAP and non-IFRS financial measures should not be considered in isolation or as a substitute for the most directly comparable financial measures included in our consolidated financial statements and presented in accordance with IFRS.

This presentation includes forward-looking statements. In some cases, you can identify forward-looking statements by terms such as “anticipate”, “assume”, “believe”, “estimate”, “expect”, “forecast”, “may”, “plan”, “potential”, “predict”, “seek”, “should”, or “will”, or by other similar terminology. These statements discuss expectations, identify strategies, contain projections of Nexon’s financial condition or results of operations or state other forward-looking information. The forward-looking statements in this presentation are subject to various risks, uncertainties and assumptions about Nexon’s business and results of operations. The expectations expressed in these forward-looking statements may not be achieved, and actual results could differ materially from and be worse than expectations. Potential risks and uncertainties that could cause actual results to differ materially from expectations include, without limitation:

- 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.

Nexon does not intend, and disclaims any duty, to update or revise any forward-looking statements contained in this presentation to reflect new information, future events or otherwise. We caution you not to place undue reliance on the forward-looking statements contained in this presentation.

Q4 2016 Earnings Release Schedule (Tentative)

Q4 2016 financial results are scheduled for release on **February 10 (Fri), 2017**.

Nexon management is scheduled to host an earnings presentation (in Japanese), and a live earnings conference call (in English) for investors, analysts and the media on the same day.

Details of the earnings presentation / conference call will be available on our IR website about a month prior to the release.



NEXON