

NEXON

Investor Presentation Q2 2018

August 9, 2018 NEXON Co., Ltd.

Owen Mahoney

President and Chief Executive Officer

- *MapleStory* and *Dungeon&Fighter* are powerful growth drivers – demonstrates longevity and power of Nexon’s IPs.
 - Korea *MapleStory*: A 15-year franchise grew 61% year over year.
 - China *Dungeon&Fighter*: Consistent growth. 10th anniversary celebrations demonstrated its strengthening position in China.
- *EA SPORTS™ FIFA ONLINE 4*: Nexon’s biggest transition to date. Transition is going well.
- Massive cash flows from existing business enable us to invest to build tomorrow’s business.
- Multiple titles slated for launch worldwide.

MapleStory Off-line Events



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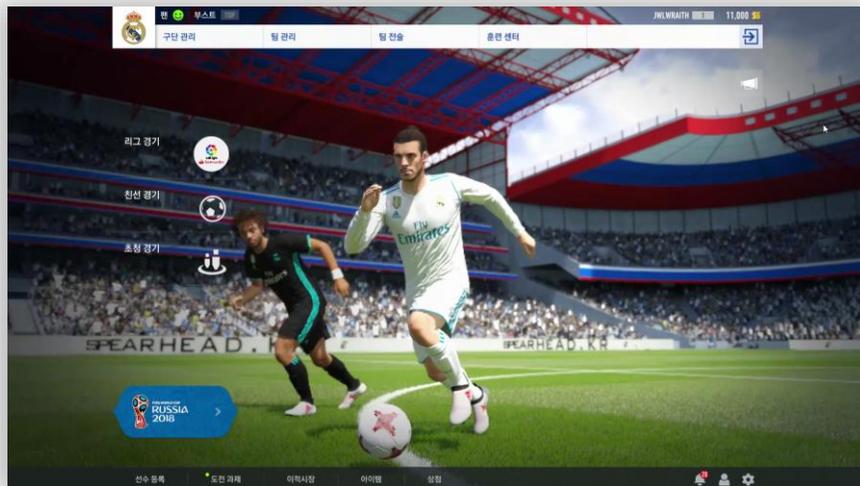
Dungeon&Fighter 10th Anniversary



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EA SPORTS™ FIFA ONLINE 4

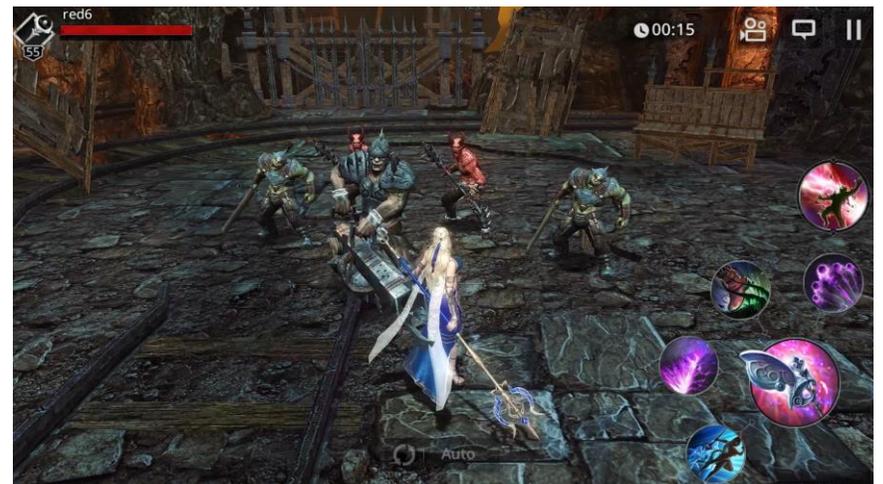


OVERHIT Japan Service



Darkness Rises Global Service

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MapleStory M Global Service



Shiro Uemura

Chief Financial Officer

Q2 2018 Results

Q2 Highlights

- Revenues ¥47.8 billion, up 2% year over year as-reported, down 2% constant currency¹
- PC revenues exceeded our outlook, driven by strong performance of *MapleStory* in Korea, while mobile revenues were below our outlook.
- Operating income ¥16.0 billion – exceeded our outlook. Outperformance primarily due to ¥2.7 billion gain on step acquisitions related to consolidation of NAT Games, as well as lower-than-planned costs, including platform fees, royalties, and marketing costs.
- Net income² ¥32.2 billion – exceeded our outlook, due to ¥15.5 billion FX gain on U.S. dollar-denominated cash deposits and account receivables.

(Unit: ¥ millions, except per share data)

	Q2 2017	Q2 2018 Outlook		Q2 2018	YoY %
		Low end	High end		
Revenues	¥47,064	¥45,081	~ ¥49,062	¥47,794	2%
PC ³	35,540	33,312	~ 36,010	37,037	4%
Mobile	11,524	11,769	~ 13,052	10,757	(7%)
Japan	3,488			2,413	(31%)
ex-Japan	8,036			8,344	4%
Operating income	16,278	10,475	~ 13,543	16,012	(2%)
Net income²	19,448	11,216	~ 13,804	32,248	66%
Earnings per share ⁴	22.21	12.62	~ 15.53	36.24	
Exchange rates					
100 KRW/JPY	9.85	10.08	10.08	10.12	3%
CNY/JPY	16.19	17.06	17.06	17.10	6%
USD/JPY	111.09	107.44	107.44	109.07	(2%)

¹ Constant currency is a non-GAAP measure used to show performance unaffected by fluctuations in foreign currency exchange rates. Constant-currency basis amounts are calculated using the average foreign currency exchange rates for the comparable period in the prior year and applied to the current period. As an example, 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.

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

³ PC revenues include other revenues besides PC online games and mobile games.

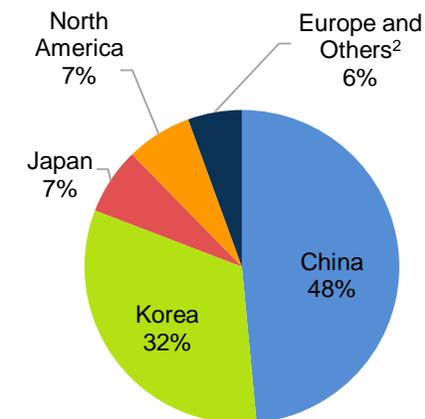
⁴ Nexon conducted a two-for-one stock split of its common stock as of April 1, 2018. The amount of Earnings per share has been calculated based on the assumption that such stock split was conducted at the beginning of the previous consolidated accounting year.

Revenue Breakdown

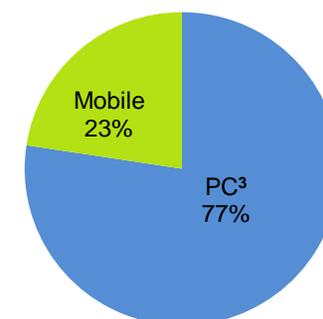
(Unit: ¥ millions)

	Q2 2017	Q2 2018		YoY % Change	
		As-Reported	Constant Currency ⁴	As-Reported	Constant Currency ⁴
Revenue by Region¹					
China	¥20,803	¥23,183	¥22,005	11%	6%
Korea	15,801	15,459	15,015	(2%)	(5%)
Japan	4,412	3,281	3,281	(26%)	(26%)
North America	1,886	3,224	3,268	71%	73%
Europe and Others ²	4,162	2,647	2,636	(36%)	(37%)
Nexon Total	47,064	47,794	46,205	2%	(2%)
Revenue by Platform					
PC ³	35,540	37,037	35,541	4%	0%
Mobile	11,524	10,757	10,664	(7%)	(7%)
Japan	3,488	2,413	2,413	(31%)	(31%)
ex-Japan	8,036	8,344	8,251	4%	3%
Nexon Total	47,064	47,794	46,205	2%	(2%)
FX Rate					
100 KRW/JPY	9.85	10.12	9.85	3%	
CNY/JPY	16.19	17.10	16.19	6%	
USD/JPY	111.09	109.07	111.09	(2%)	

Q2 2018 Revenue by Region¹



Q2 2018 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 Europe as well as other Asian countries and South American countries.

³ PC revenues include other revenues besides PC online games and mobile games.

⁴ Constant currency is a non-GAAP measure used to show performance unaffected by fluctuations in foreign currency exchange rates. Constant-currency basis amounts are calculated using the average foreign currency exchange rates for the comparable period in the prior year and applied to the current period. As an example, 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.

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

China/Korea – Highlights

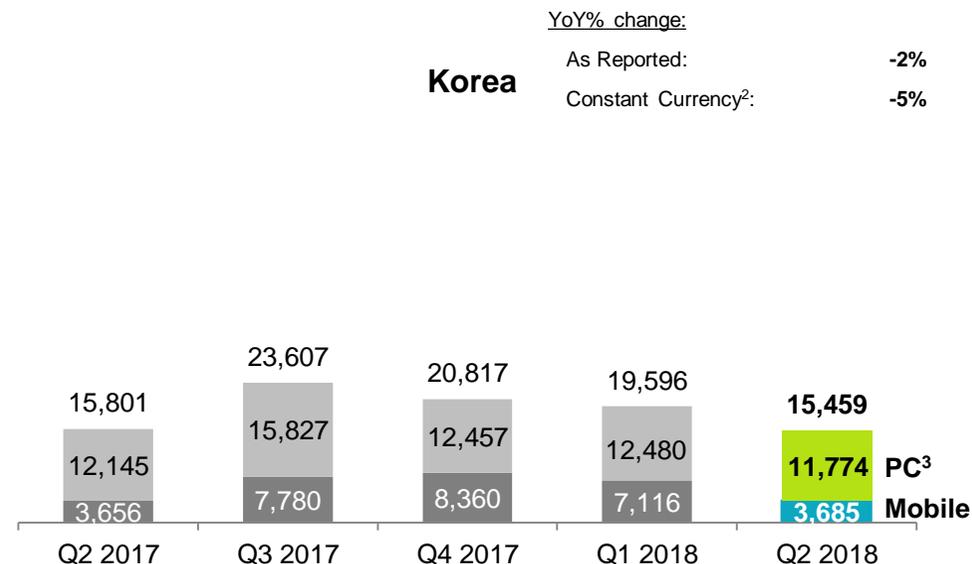
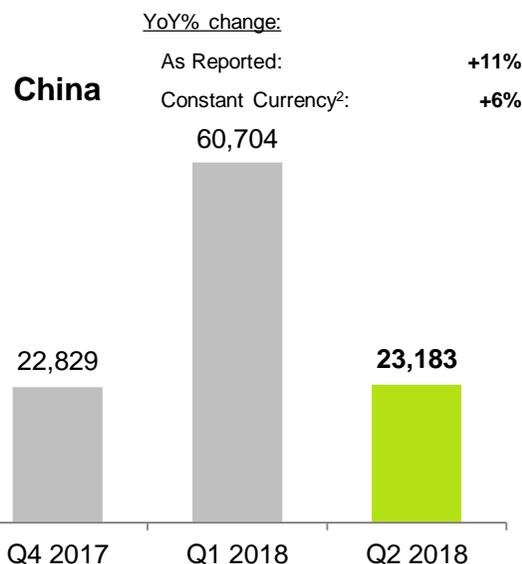
China

- *Dungeon&Fighter*
 - Focused on enhancing user engagement during the quarter. Delivered results as planned.
 - Introduced Labor Day Update (4/26 – 6/7) and 10th Anniversary Update (6/19). Both were well received.
 - Revenues and paying users increased year over year; MAUs and ARPPU decreased year over year.
 - Seasonal sequential decline in revenues, ARPPU and MAUs, while paying users increased driven by small item sales.

Korea

- *FIFA Online 3¹/ FIFA ONLINE 4¹*: Launched *FIFA ONLINE 4¹* in late May. Revenues decreased year over year, due to service transition impact.
- *MapleStory* recorded strong double-digit year-over-year growth, driven by successful 15th anniversary events and Summer Update.
- Mobile revenues flat year over year. While *OVEHIT*, *AxE*, and *KAISER* contributed as year-over-year growth drivers, these were offset by *FIFA Online 3 M¹*'s decline.

(Unit: ¥ millions)



¹ Official titles are EA SPORTS™ FIFA Online 3, EA SPORTS™ FIFA Online 3 M and EA SPORTS™ FIFA ONLINE 4.

² Constant currency is a non-GAAP measure used to show performance unaffected by fluctuations in foreign currency exchange rates. Constant-currency basis amounts are calculated using the average foreign currency exchange rates for the comparable period in the prior year and applied to the current period. As an example, 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.

³ PC revenues include other revenues besides PC online games and mobile games.

Japan/North America/Europe and Others¹ – Highlights

Japan

- Year-over-year decrease primarily due to the deceleration of *HIT* and mobile browser games.
- Launched *OVERHIT* in late May. Delivered stronger-than-expected results.

North America

- Year-over-year growth, primarily driven by contribution from Pixelberry Studios.
- Launched *Darkness Rises* in late June.

Europe and Others¹

- Year-over-year decrease, primarily due to the deceleration of *Dynasty Warriors: Unleashed* in Asia.
- Launched *Darkness Rises* in late June.

(Unit: ¥ millions)

YoY% change:

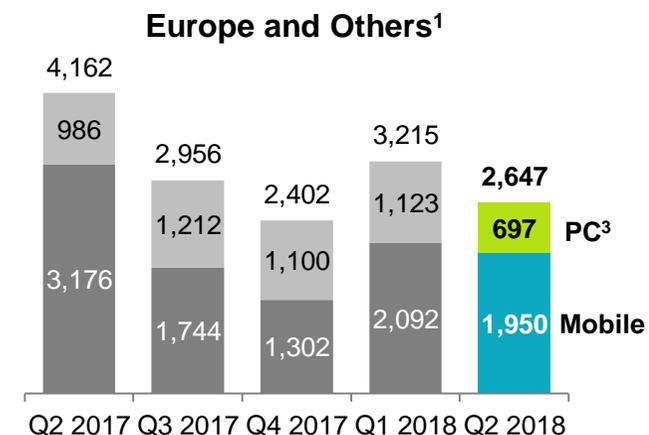
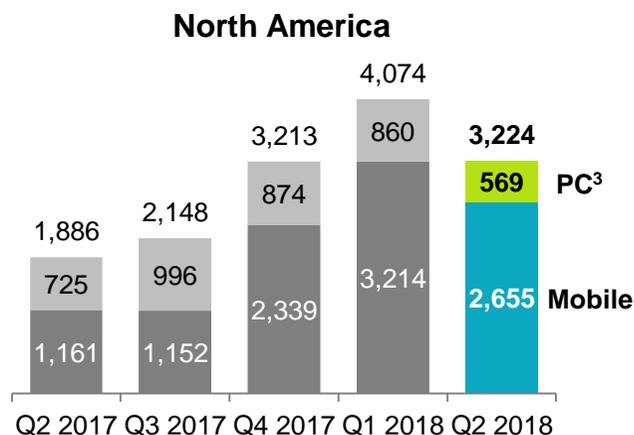
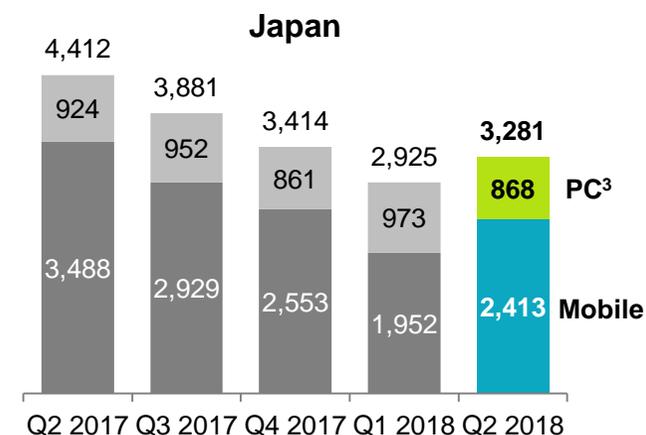
As Reported: -26%
Constant Currency²: -26%

YoY% change:

As Reported: +71%
Constant Currency²: +73%

YoY% change:

As Reported: -36%
Constant Currency²: -37%



¹ "Europe and Others" includes Europe as well as other Asian countries and South American countries.

² Constant currency is a non-GAAP measure used to show performance unaffected by fluctuations in foreign currency exchange rates. Constant-currency basis amounts are calculated using the average foreign currency exchange rates for the comparable period in the prior year and applied to the current period. As an example, 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.

³ PC revenues include other revenues besides PC online games and mobile games.

Acquired Additional Shares of NAT Games

- Paid ¥14.7 billion for approximately 30% of outstanding shares. Consolidated NAT Games in late June.
- The total shareholding ratio at the time of acquisition was 49%.
- Booked ¥10.6 billion in goodwill and ¥21.2 billion in intangible assets as of Q2 end in relation to the consolidation.
- The expected impact on our consolidated P&L is approximately ¥0.7 billion per quarter beginning in Q3 in amortization costs on intangible assets.

Q3 2018 Outlook

Q3 2018 Business Outlook

- Expect revenues to be:
 - Up 1% to 9% year over year on as-reported basis
 - Flat to up 8% year over year on constant-currency¹ basis

(Unit: ¥ millions, except per share data)

	Q3 2017	Q3 2018 Outlook		YoY %	
Revenues	¥60,398	¥60,929	~	¥65,878	1% ~ 9%
PC ²	46,755	45,619	~	48,812	(2%) ~ 4%
Mobile	13,643	15,310	~	17,066	12% ~ 25%
Operating income	22,704	20,988	~	25,213	(8%) ~ 11%
Net income³	19,606	20,527	~	24,017	5% ~ 22%
Earnings per share ⁴	22.27	23.01	~	26.93	
FX Rate Assumptions					
100 KRW/JPY	9.82	9.94		9.94	1%
CNY/JPY	16.65	16.61		16.61	(0%)
USD/JPY	111.03	111.38		111.38	0%

- Forex sensitivity⁵: Every one Japanese yen move against the U.S. dollar would have the following impact on our financials for Q3 2018

Revenues	0.56 billion yen
Operating Income	0.23 billion yen

¹ Constant currency is a non-GAAP measure used to show performance unaffected by fluctuations in foreign currency exchange rates. Constant-currency basis amounts are calculated using the average foreign currency exchange rates for the comparable period in the prior year and applied to the current period. As an example, 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.

² PC revenues 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 Nexon conducted a two-for-one stock split of its common stock as of April 1, 2018. The amount of Earnings per share has been calculated based on the assumption that such stock split was conducted at the beginning of the previous consolidated accounting year.

⁵ 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.

Q3 2018 and Full-Year Regional Outlook



China

Q3

- As-reported or Constant currency¹: Expect high single digit % YoY decrease to low single digit % YoY increase
- *Dungeon&Fighter*: Introduced Summer Update (July); scheduled to introduce National Day Update (September)

Full-Year

- Continue development / preparation for *Dungeon&Fighter* 2D Mobile (Publisher: Tencent)



Korea

Q3

- As-reported or Constant currency¹: Expect low teens % to high single digit % YoY decrease
- Launched *EA SPORTS™ FIFA ONLINE 4M* (July)

Full-Year

- Preparing multiple PC and mobile games for 2018



Japan

Q3

- As-reported or constant currency¹: Expect high teens % to high single digit % YoY decrease
- Launched *GIGANT SHOCK* (July); Started pre-registration for *Dynasty Warriors: Unleashed* (August)

Full-Year

- Preparing multiple mobile games for 2018

North America, Europe and Others²

Q3

- North America
 - As-reported or constant currency¹: Expect over 2x YoY increase
 - Launched *MapleStory M* (July)
- Europe and Others²
 - As-reported or constant currency¹: Expect over 2x YoY increase
 - Launched *MapleStory M* (July)

Full-Year

- Preparing multiple mobile games for 2018

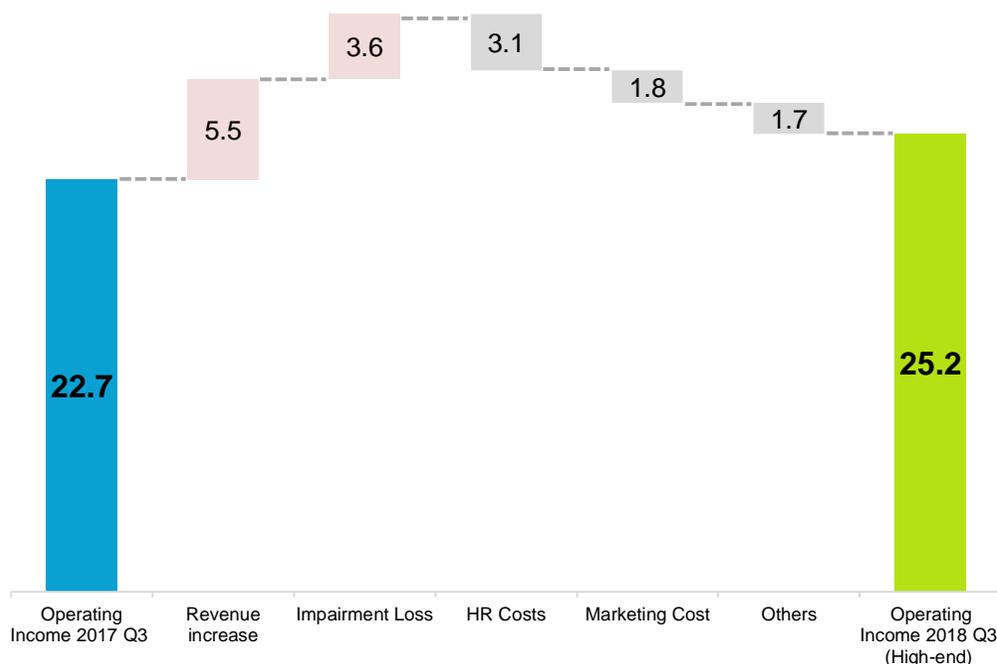
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² "Europe and Others" includes Europe as well as other Asian countries and South American countries.

Q3 2018 Operating Income Outlook

YoY Operating Income Comparison

(Unit: ¥ billions)



Expect Q3 2018 operating income of ¥21.0 to ¥25.2 billion due to:

Positive drivers

- Increased revenues, primarily driven by growth in North America, Europe and Others
- Decreased impairment loss

Negative drivers

- Increase in HR costs, primarily due to higher stock option expenses and increased headcount
- Increase in marketing costs associated with new titles, including *Darkness Rises*, *OVERHIT*, and *MapleStory M*; promotions for *Choices: Stories You Play* and *Korea MapleStory*
- Others include increased platform fees and amortization costs; decreased royalties and other income

2018 China *Dungeon&Fighter* Update Schedule

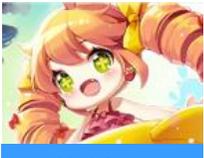
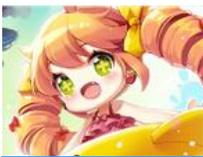
Period	Tier 1 Content Update	2017	2018
Q1	Lunar New Year Update	January 17 th	February 1 st
	2017: Level Cap Update	January 17 th	N/A
Q2	Labor Day Update	April 27 th	April 26 th
	Anniversary Update	June 22 nd	June 19 th
Q3	Summer Update	July 6 th	July 5 th
	National Day Update	September 21 st	September
Q4	Winter Update	N/A	TBD

* 2018 update schedule is subject to change depending on various operational factors

 Indicates financially important updates

Pipeline¹

PC ONLINE MOBILE

KOREA										
	CHINA									
	JAPAN									
		NORTH AMERICA & REST OF THE WORLD								
										

¹ Chart is illustrative excerpt of pipeline.

² Mobile games based on original IPs.

³ 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

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Q2 2018
INVESTOR PRESENTATION

(Unit: ¥ millions, except per share data)

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	YoY%
(By Region)							
China	¥43,951	¥20,803	¥27,806	¥22,829	¥60,704	¥23,183	11%
Korea	20,279	15,801	23,607	20,817	19,596	15,459	(2%)
Japan	5,406	4,412	3,881	3,414	2,925	3,281	(26%)
North America	2,077	1,886	2,148	3,213	4,074	3,224	71%
Europe and Others ¹	3,079	4,162	2,956	2,402	3,215	2,647	(36%)
(By Platform)							
PC ²	63,114	35,540	46,755	38,080	76,074	37,037	4%
Mobile	11,678	11,524	13,643	14,595	14,440	10,757	(7%)
Japan	4,240	3,488	2,929	2,553	1,952	2,413	(31%)
ex-Japan	7,438	8,036	10,714	12,042	12,488	8,344	4%
Revenue	74,792	47,064	60,398	52,675	90,514	47,794	2%
Operating income	39,762	16,278	22,704	11,760	54,729	16,012	(2%)
Net income/(loss)³	19,906	19,448	19,606	(2,210)	46,615	32,248	66%
Earnings/(loss) per share⁴	22.85	22.21	22.27	(2.51)	52.80	36.24	
FX rate							
100 KRW/JPY	9.88	9.85	9.82	10.22	10.11	10.12	3%
CNY/JPY	16.50	16.19	16.65	17.08	17.07	17.10	6%
USD/JPY	113.64	111.09	111.03	112.98	108.30	109.07	(2%)
KPI (Excluding Mobile)							
MAU (millions)	44.9	41.2	42.2	39.7	35.3	33.3	(19%)
Pay Rate	16.1%	15.6%	15.6%	14.3%	19.3%	20.5%	
ARPPU (as-reported)	5,628	3,241	4,202	3,503	8,028	3,313	2%

¹ "Europe and Others" includes Europe as well as other Asian countries and South American countries.

² PC revenues include revenues other than PC/mobile revenues.

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

⁴ Nexon conducted a two-for-one stock split of its common stock as of April 1, 2018. The amount of Earnings/(loss) per share has been calculated based on the assumption that such stock split was conducted at the beginning of the previous consolidated accounting year.

COGS and SG&A

NEXON Co., Ltd.
Q2 2018
INVESTOR PRESENTATION

(Unit: ¥ millions)

	FY2017				FY2018	
	Q1	Q2	Q3	Q4	Q1	Q2
Total Cost of Revenue ¹	¥14,767	¥12,584	¥14,953	¥14,352	¥14,337	¥13,135
Royalty ²	5,635	4,413	5,271	4,383	3,979	2,980
HR cost (COGS) ³	6,258	5,447	6,754	6,585	6,277	6,394
Other (COGS) ⁴	2,874	2,724	2,928	3,384	4,081	3,761
Total SG&A ¹	17,298	16,648	19,834	21,308	21,474	20,562
HR cost	4,036	3,527	3,887	4,853	5,434	5,265
PG fee ⁵	5,229	4,715	5,928	5,524	5,553	4,433
R&D	2,007	2,056	1,951	2,057	2,124	2,412
Marketing/advertising expenses	3,173	3,650	5,122	5,910	5,631	5,610
Depreciation and amortization	1,009	856	600	669	656	605
Other	1,844	1,844	2,346	2,295	2,076	2,237
Other Income ⁶	181	714	762	(272)	359	3,006
Other Expense ⁷	3,146	2,268	3,669	4,983	333	1,091
Includes: impairment loss	2,689	2,185	3,618	4,246	319	805

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, gain on change in equity and gain on step acquisition.

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 and loss on change in equity. It also includes impairment loss of game IPs and goodwill.

P&L Below Operating Income

NEXON Co., Ltd.
Q2 2018
INVESTOR PRESENTATION

(Unit: ¥ millions)

	FY2017				FY2018	
	Q1	Q2	Q3	Q4	Q1	Q2
Operating Income	¥39,762	¥16,278	¥22,704	¥11,760	¥54,729	¥16,012
Finance Income ¹	1,202	6,271	2,117	2,463	1,869	18,026
Finance Costs ²	15,920	294	15	15,728	3,225	222
Equity loss of affiliates, equity method companies	(12)	(340)	(178)	(75)	(23)	(187)
Income/(Loss) before Income Tax	25,032	21,915	24,628	(1,580)	53,350	33,629
Tax expense	5,220	2,613	4,981	664	6,845	1,613
Net income/(loss) ³	19,906	19,448	19,606	(2,210)	46,615	32,248

¹ Finance Income includes interest income primarily on cash deposits. 2017 Q2, Q3 and 2018 Q2 Finance Income includes FX conversion gains related to foreign currency deposits and accounts receivable.

² 2017 Q1, Q4 and 2018 Q1 Finance Costs are primarily caused by FX conversion loss related to foreign currency deposits & A/R.

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

Cash Flow Statement

(Unit: ¥ millions)

	6 months ended June 30, 2017	6 months ended June 30, 2018
Cash flows from operating activities	¥42,369	¥66,902
Cash flows from investing activities	(20,181)	(50,733)
Cash flows from financing activities	3,088	4,877
Net increase / (decrease) in cash and cash equivalents	25,276	21,046
Cash and cash equivalents at beginning of fiscal year	152,683	153,242
Effect of exchange rate change on cash and cash equivalents	(1,171)	(4,910)
Cash and cash equivalents at end of fiscal year	176,788	169,378

Balance Sheet

NEXON Co., Ltd.
Q2 2018
INVESTOR PRESENTATION

(Unit: ¥ millions)

	December 31, 2017 ¹	June 30, 2018
Asset		
Current Assets		
Cash and cash equivalents	¥153,242	¥169,378
Other deposits	234,092	263,487
Other current assets	55,285	43,555
Total current assets	442,619	476,420
Noncurrent assets		
Tangible assets	27,303	25,429
Goodwill	18,957	28,742
Intangible assets	12,784	34,924
Others	41,568	35,936
Total noncurrent assets	100,612	125,031
Total assets	543,231	601,451
Liability		
Current liabilities		
Current tax liabilities	7,698	6,041
Current borrowings	3,490	2,502
Others	30,359	23,157
Total current liabilities	41,547	31,700
Noncurrent liabilities		
Non-current borrowings	-	-
Others	31,466	33,405
Total noncurrent liabilities	31,466	33,405
Total liabilities	73,013	65,105
Shareholders' equity		
Capital stock	9,390	13,415
Capital surplus	41,021	33,848
Treasury shares	-	(1)
Other equity interest	91,033	60,753
Retained earnings	323,763	413,908
Non-controlling interests	5,011	14,423
Total equity	470,218	536,346
Total liabilities and total equity	543,231	601,451

¹ With the finalization of provisional accounting related to the business combination for Pixelberry conducted in November 2017, the consolidated financial statements for the fiscal year ended December 31, 2017 have been revised retrospectively.

P&L by Reporting Segment¹

NEXON Co., Ltd.
Q2 2018
INVESTOR PRESENTATION

(Unit: ¥ millions)

	FY2017				FY2018	
	Q1	Q2	Q3	Q4	Q1	Q2
Japan						
Revenue from external customers	¥3,532	¥3,067	¥2,866	¥2,641	¥2,469	¥2,112
Segment profit/(loss)	(903)	(948)	(700)	(1,458)	(1,756)	(2,018)
Korea						
Revenue from external customers	67,616	41,390	54,236	45,544	81,826	40,857
Segment profit/(loss)	44,005	20,120	28,109	20,368	57,739	17,962
China						
Revenue from external customers	1,305	665	699	528	646	597
Segment profit/(loss)	933	300	326	131	353	242
North America						
Revenue from external customers	2,128	1,802	2,473	3,647	5,440	4,187
Segment profit/(loss)	(1,272)	(1,587)	(2,072)	(1,937)	(1,460)	(1,951)
Others						
Revenue from external customers	211	140	124	315	133	41
Segment profit/(loss)	(31)	(55)	(102)	(84)	(177)	(135)
Adjustments						
Revenue from external customers	-	-	-	-	-	-
Segment profit/(loss)	(5)	2	50	(5)	4	(3)
Total						
Revenue from external customers	74,792	47,064	60,398	52,675	90,514	47,794
Segment profit/(loss)	42,727	17,832	25,611	17,015	54,703	14,097

¹ Representation based on location of Nexon's entities; not based on regions in which revenues originate.

Number of Employees by Reporting Segment

NEXON Co., Ltd.
Q2 2018
INVESTOR PRESENTATION

	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018	June 30, 2018
Full-time employees						
Japan	585	561	532	537	545	551
Korea	4,263	4,292	4,334	4,426	4,439	4,878
China	260	254	273	239	227	218
North America	322	332	351	445	424	428
Others	104	113	110	121	81	74
Total	5,534	5,552	5,600	5,768	5,716	6,149

Nexon Japan Corporate Entity Financial Statement¹ (1)

NEXON Co., Ltd.
Q2 2018
INVESTOR PRESENTATION

(Unit: ¥ millions)

Condensed Income Statement	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Revenue	¥11,657	¥11,236	¥7,987	¥5,815	¥5,208	¥5,927
Cost of revenue	4,732	4,829	3,679	3,117	3,134	3,438
Gross profit	6,924	6,407	4,308	2,698	2,074	2,489
SG&A	6,517	7,275	7,585	6,470	6,736	6,941
Operating profit / (loss)	406	(868)	(3,277)	(3,772)	(4,662)	(4,452)
Non-operating income	697	14,186	28,335	19,163	636	5,049
Includes: dividend income	135	12,926	24,613	18,869	22	4,612
Non-operating expenses	582	603	526	1,246	1,826	1,969
Ordinary income	521	12,715	24,532	14,145	(5,852)	(1,372)
Extraordinary income	-	-	244	6,443	852	58
Extraordinary losses	2,624	4,451	18,717	6,897	39,573	9,643
Income / (loss) before income taxes	(2,102)	8,264	6,059	13,691	(44,573)	(10,957)
Tax expense	50	725	4,656	5,519	(201)	234
Net income / (loss)	(2,153)	7,539	1,403	8,172	(44,372)	(11,191)

¹ Excerpt of NEXON Co., Ltd.'s standalone financial statements included in Annual Securities Report (Yuuka Shouken Houkokusho). Please note NEXON Co., Ltd.'s standalone financial statements are based on J-GAAP (Nexon Group's consolidated financial statements are based on IFRS).

Nexon Japan Corporate Entity Financial Statement¹ (2)

NEXON Co., Ltd.
Q2 2018
INVESTOR PRESENTATION

(Unit: ¥ millions)

Condensed Balance Sheet	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017
Current assets	¥51,806	¥45,632	¥46,760	¥70,444	¥52,632	¥42,946
Includes: cash and cash equivalents	48,952	32,367	30,711	68,997	49,531	41,868
Non-current assets	99,900	135,011	101,337	38,190	6,438	5,494
Property, plant and equipment	216	183	222	200	74	7
Intangible assets	59	56	60	66	-	-
Investments and other assets	99,624	134,772	101,055	37,924	6,364	5,487
Total assets	151,707	180,643	148,097	108,634	59,070	48,440
Current liabilities	14,302	13,103	16,345	3,506	2,341	1,796
Non-current liabilities	40,230	39,644	23,154	498	448	457
Total liabilities	54,532	52,747	39,499	4,004	2,789	2,253
Shareholder's equity	105,943	110,163	98,122	99,779	50,669	41,230
Capital stock	51,342	51,868	52,332	56,227	3,307	9,183
Capital surplus	51,202	51,728	42,192	36,087	88,621	43,021
Includes: other capital surplus	50,000	50,000	40,000	30,000	86,064	34,588
Retained earnings	3,398	6,567	3,598	7,465	(41,259)	(10,974)
Includes: other retained earnings	3,398	6,130	2,724	6,160	(41,476)	(11,191)
Treasury shares	-	(0)	-	-	(0)	-
Valuation and translation adjustments	(9,555)	15,844	6,536	246	77	(10)
Subscription rights to shares	786	1,889	3,940	4,605	5,535	4,967
Total net assets	97,174	127,896	108,598	104,630	56,281	46,187
Statement of changes in equity (excerpt)	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017
Payment of dividends	-	(4,807)	(4,372)	(4,305)	(4,352)	-
Acquisition of treasury shares	-	(0)	(10,000)	(10,000)	(5,000)	(10,000)
Cancellation of treasury shares	-	-	10,000	10,000	5,000	10,000

¹ Excerpt of NEXON Co., Ltd.'s standalone financial statements included in Annual Securities Report (Yuuka Shouken Houkokusho). Please note NEXON Co., Ltd.'s standalone financial statements are based on J-GAAP (Nexon Group's consolidated financial statements are based on IFRS).

Key Titles by Region



China



Dungeon&Fighter (PC)



Counter-Strike Online (PC)



MapleStory (PC)



MapleStory2 (PC)



Korea



MapleStory (PC)



Dungeon&Fighter (PC)



Sudden Attack (PC)



EA SPORTS™ FIFA ONLINE 4 (PC)



EA SPORTS™ FIFA ONLINE 4M (Mobile)



AxE (Mobile)



OVERHIT (Mobile)



Japan



HIT (Mobile)



HIDE AND FIRE (Mobile)



OVERHIT (Mobile)



MapleStory (PC)



Dungeon&Fighter (PC)



North America and Rest of the World



MapleStory (PC)



Domi Nations (Mobile)

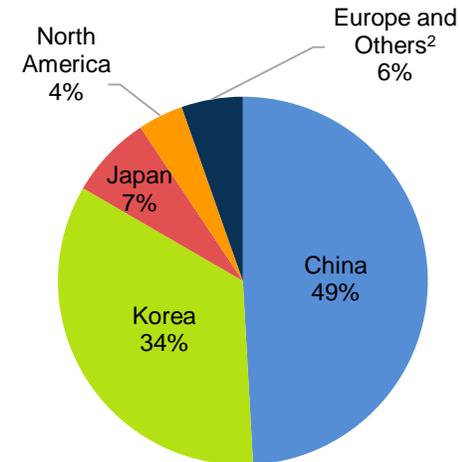


Choices: Stories You Play (Mobile)

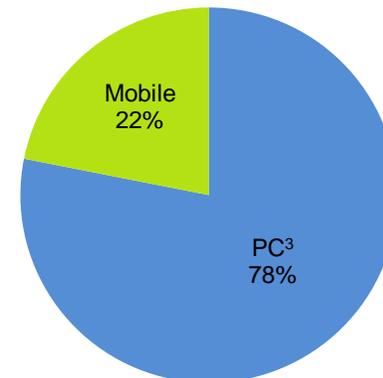


Darkness Rises (Mobile)

2017 Revenue by Region¹



2017 Revenue by Platform



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

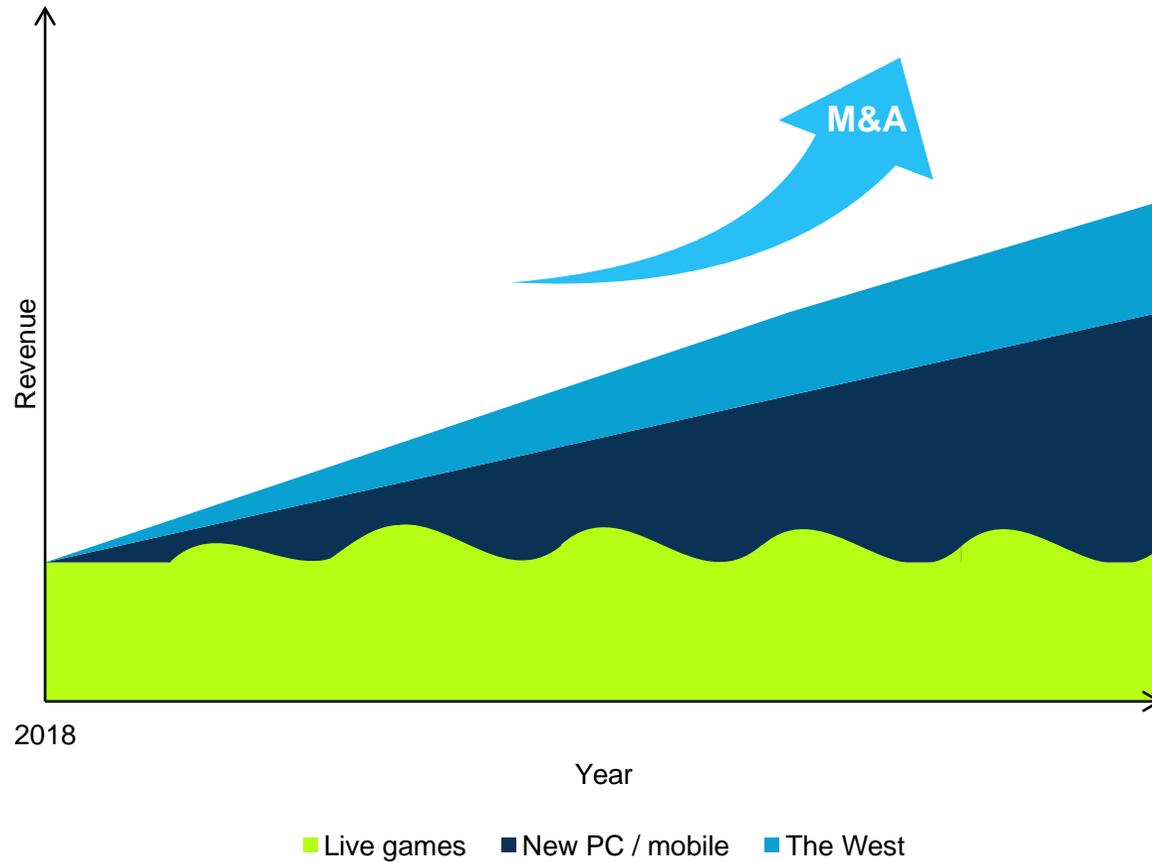
² "Europe and Others" includes Europe as well as other Asian countries and South American countries.

³ PC revenue includes revenues other than PC/mobile revenues.

⁴ The letters, graphics, symbols, logos and other marks shown in this material are trademarks or registered trademarks owned by respective right holders.

Long-term Growth Vision

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.

Q3 2018 Earnings Release Schedule (Tentative)

Q3 2018 financial results are scheduled for release on **Thursday, November 8th, 2018.**

Nexon management is scheduled to host an earnings conference call for investors, analysts and the media on the same day.

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



NEXON