



**NEXON**

# **INVESTOR PRESENTATION Q3 2020**

**Nov 10, 2020 NEXON Co., Ltd.**

**OWEN MAHONEY** PRESIDENT AND CEO

**SHIRO UEMURA** CFO

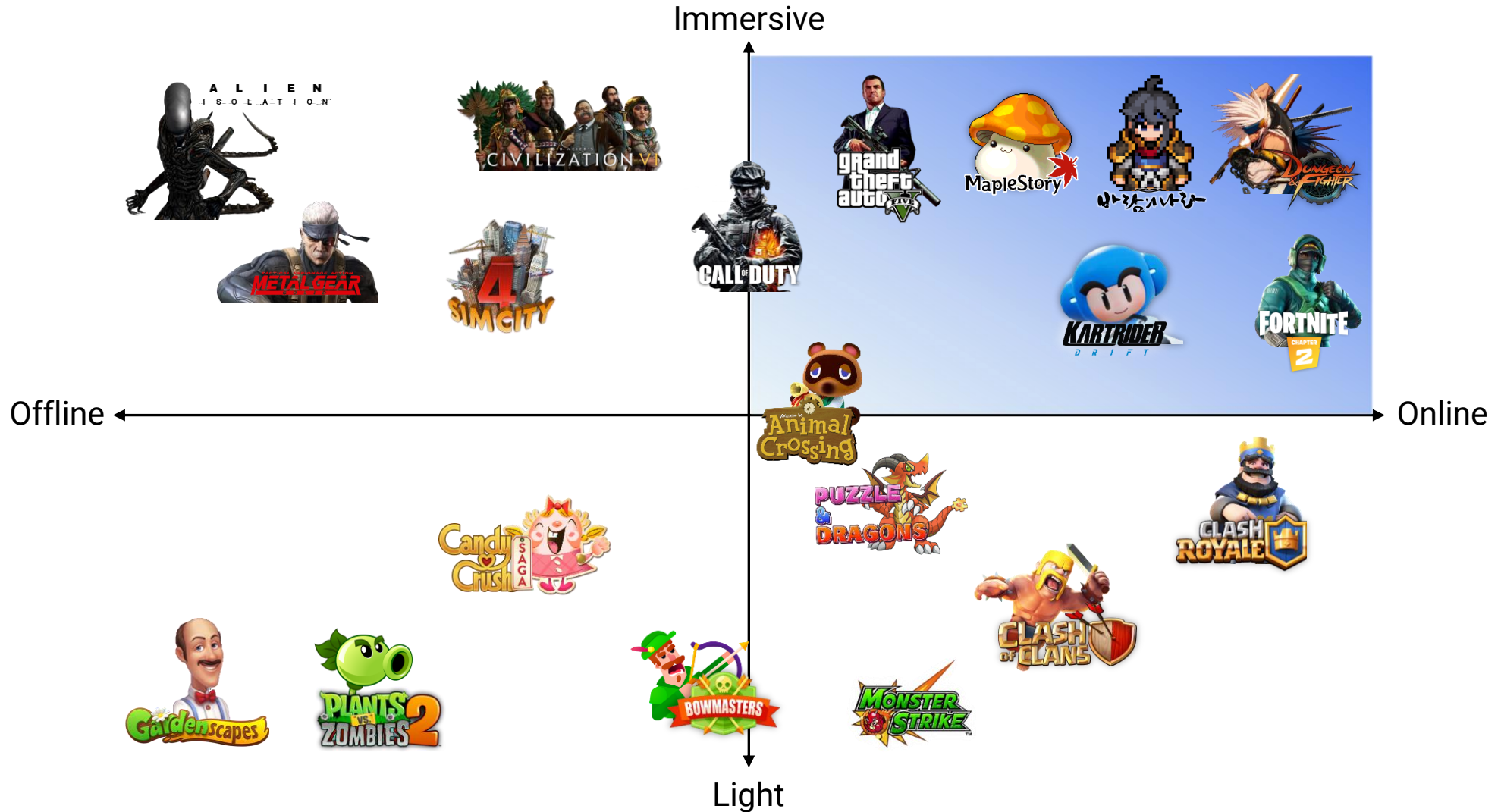
# CEO Highlights





# Global Leader in Virtual Worlds

Nexon is Well-positioned to Benefit from the Paradigm Shift in the Entertainment Industry



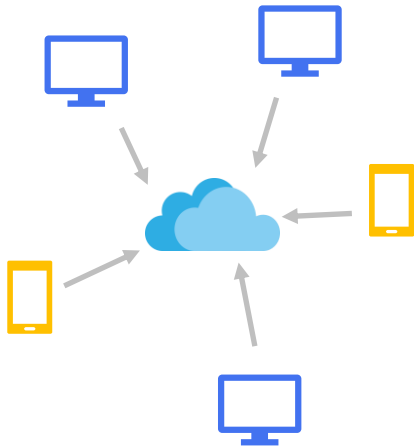
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<sup>2</sup> The categorization of the games shown in this material is based on our own view. It may not necessarily reflect the common views in the market.

# Nexon Focus

1

Fully-online  
multiplayer games



2

Multiple platforms:  
PC, console and mobile



3

Leveraging Nexon's  
substantial IP portfolio



4

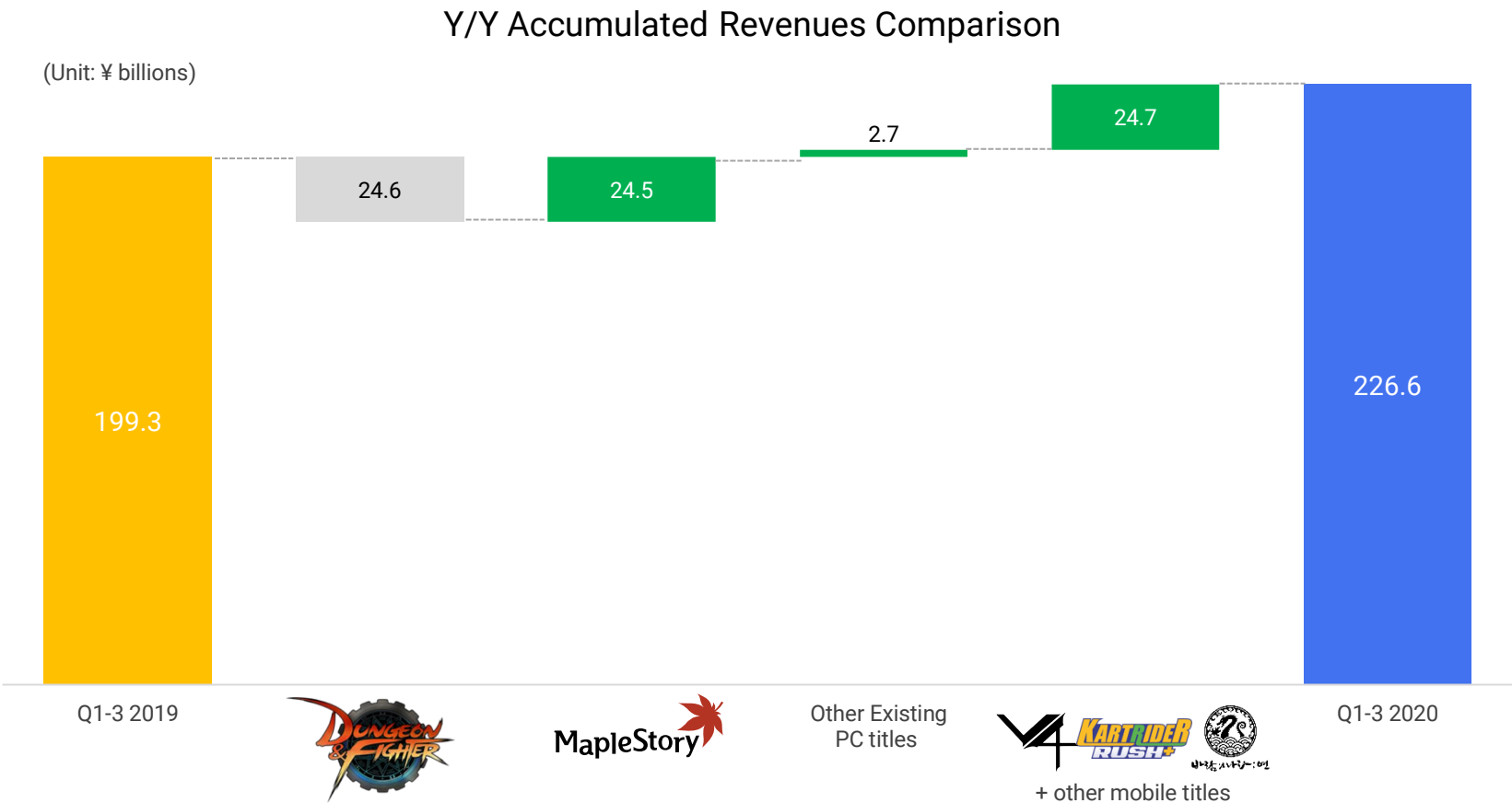
Selective Investment  
in highly unique new IPs



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# Diversity of Nexon's Franchise Portfolio

Multiple Franchises, Platforms, and Markets



Deep IP Portfolio and Strong Execution Drive 14% Revenue Growth Through First 9 Months

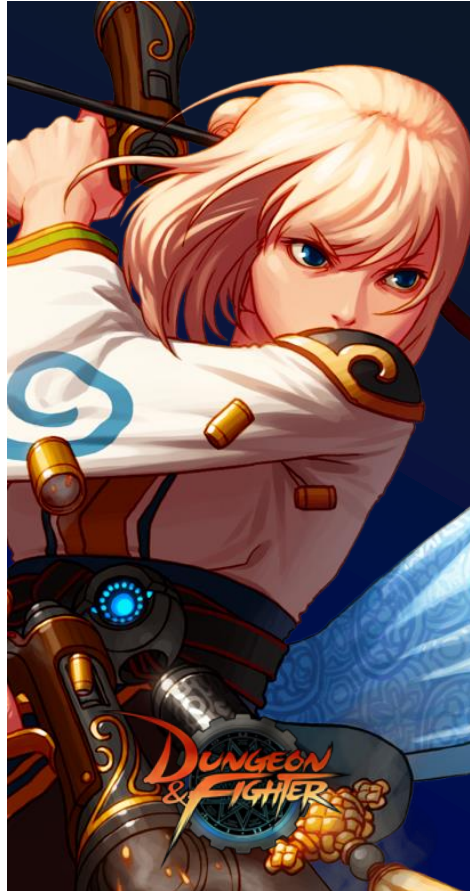


# Nexon's Wholly-owned IP

Focused Number of Global Blockbusters which Continue to Grow for Decades



- Launched in 2003
- Y/Y Korea Growth: 132%<sup>1</sup> in Q1; 151%<sup>1</sup> in Q2; 71%<sup>1</sup> in Q3
- Lifetime revenue exceeds \$3Bn



- Launched in 2005
- Y/Y Korea Growth: 53%<sup>1</sup> in Q1; 49%<sup>1</sup> in Q2; 56%<sup>1</sup> in Q3
- Lifetime revenue exceeds \$15Bn



- Launched in 2004
- More than 50% of Korean have played the game; more than 45% of all Taiwanese
- Lifetime revenue exceeds \$800Mn

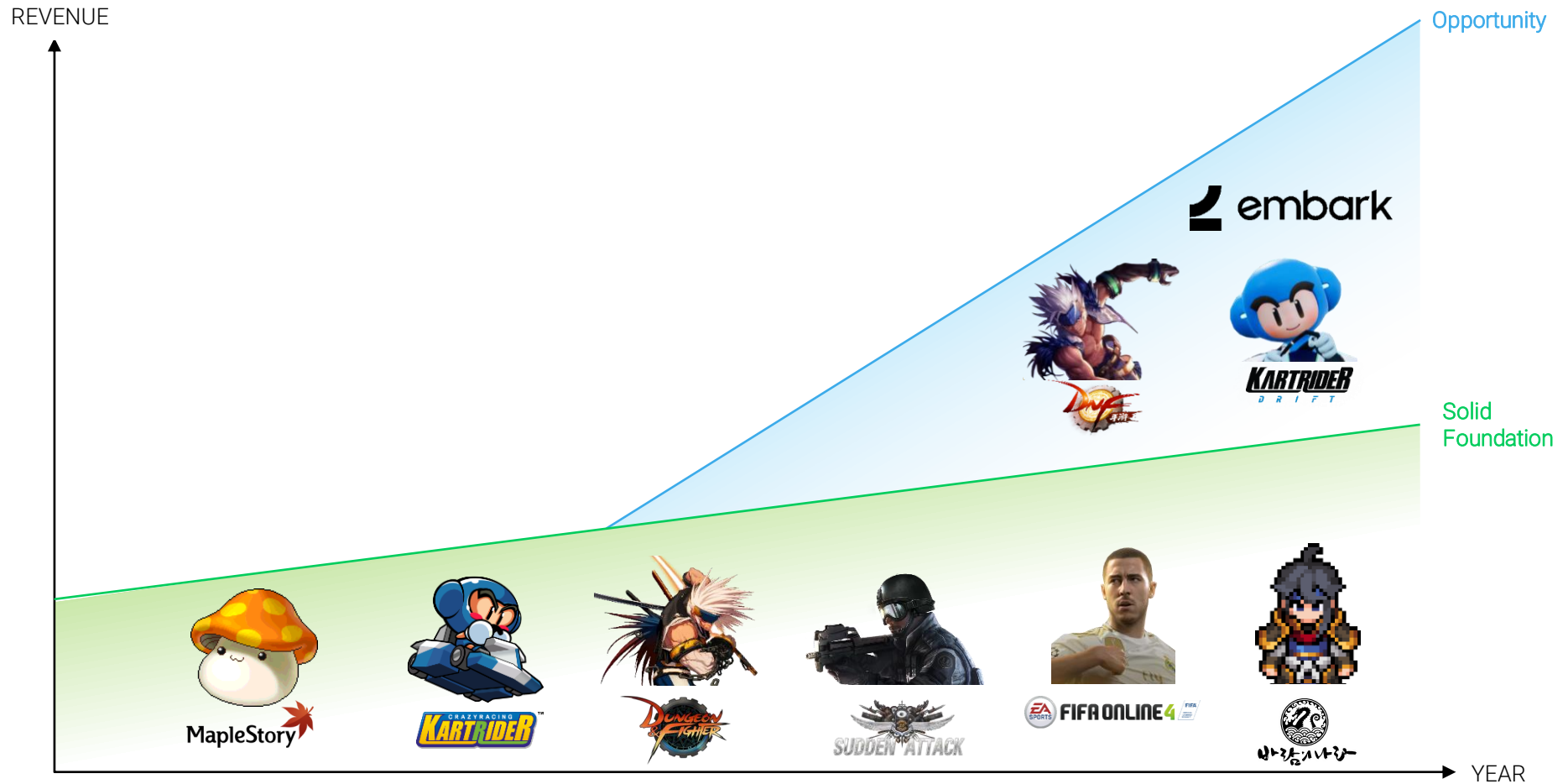


- Launched in 1996
- World's longest-running MMORPG
- Mobile version launched in July and had a terrific start

<sup>1</sup> Year-over-year growth on a constant currency basis

# Solid Foundation. Significant Opportunities for Growth

Big Growth Opportunities Layered on Top of Core Business



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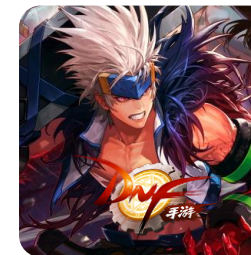


# Nexon's IP Bench Expanding to New Platforms

Strong Early Data on Mobile Points to Massive Opportunity for Multiple Franchises



PC ONLINE



MOBILE

- *MapleStory M* builds on massive and committed fan base
- Korea service has grown continuously every year since its launch in 2016

Garnering new fans on top of the already massive player base of 380 million on PC

*FIFA MOBILE*<sup>1</sup> builds on huge base and attracts new fans

Strong start reflects massive fan base and enduring power of the IP

- Pre-registrations smashed Nexon record
- Strong support from Tencent Games

- Q3 Accumulated revenues grew 19% YoY
- Mobile version under development

<sup>1</sup> Official title is EA SPORTS™ FIFA MOBILE.



# Kevin A. Mayer to Join Nexon's Board of Directors

- Nominated as an external director
- The nomination is expected to be ratified at Nexon's annual shareholders meeting in March 2021
- Distinguished executive in global entertainment, credited with the formation and management of successful companies in motion pictures, television, cable and streaming
- As Chief Strategy Officer at The Walt Disney Company, led major acquisitions including Pixar, Marvel Entertainment, Lucasfilm and Fox.
- Served as Chairman of Disney Direct-to-Consumer and International
- Served as CEO of TikTok and COO of ByteDance



# CFO Highlights



# Q3 2020 Result Highlights

## Record Q3 Revenue and Operating Income Driven by Strength of Our Portfolio

### Revenues

In-line with expectations despite the postponement of *Mobile Dungeon&Fighter*. Stronger-than-expected performances of *The Kingdom of the Winds: Yeon*, *MapleStory*, *KartRider Rush+*, and *V4*

### Operating Income

- Below outlook due to the absence of *Mobile Dungeon&Fighter* as well as a ¥3.0 billion impairment loss primarily on goodwill related to Big Huge Games
- On cost, HR expenses were lower than our plan while payment gateway fees and royalties were higher than planned

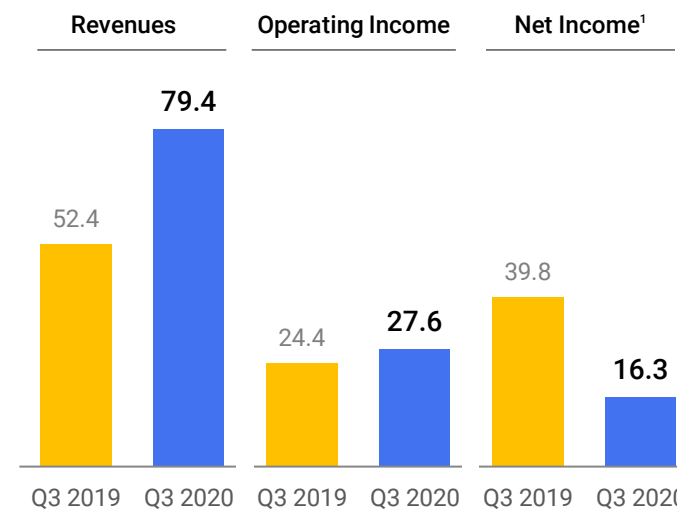
### Net Income<sup>1</sup>

Below outlook due to the operating income underperformance as well as an ¥8.6 billion FX loss primarily on U.S. dollar-denominated cash deposits

(Unit: ¥ millions, except per share data)

	Q3 2019	Q3 2020 Outlook		Q3 2020	YoY %
Revenues	¥52,357	¥77,330	~ ¥85,384	¥79,412	52%
PC <sup>2</sup>	38,554	41,758	~ 45,502	46,343	20%
Mobile	13,803	35,572	~ 39,882	33,069	140%
Operating income	24,419	30,505	~ 37,400	27,607	13%
Net income <sup>1</sup>	39,844	25,503	~ 31,036	16,330	(59%)
Earnings per share	44.42	28.83	~ 35.08	18.45	
Exchange rates					
100 KRW/JPY	9.00	8.93	8.93	8.95	(1%)
CNY/JPY	15.32	15.24	15.24	15.35	0%
USD/JPY	107.35	106.38	106.38	106.22	(1%)

(Unit: ¥ billions)



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

<sup>2</sup> PC revenues include other revenues besides PC online games and mobile games.



# Q3 2020 Summary

## Q3 Reflects The Success of Nexon Strategies

1

- A diverse portfolio of franchises achieves record-breaking Q3 revenue and operating income despite the delay of *Mobile Dungeon&Fighter*
- Working with Tencent to secure the launch of *Mobile Dungeon&Fighter* in China

3

Nexon's unique live operations capability drives growth in blockbuster franchises decades after launch

2

Expanding PC Virtual Worlds onto the mobile platform dramatically increases audiences: *MapleStory M*, *KartRider Rush+*, *EA SPORTS™ FIFA MOBILE*, and *The Kingdom of the Winds: Yeon*

4

Revenue from new games and initiatives to be layered on top of solid core business

**Our Focus Strategy is Working:  
Leveraging Nexon IP, Fewer But Bigger and Better Deeply Immersive Multiplayer Online Games,  
Expanding Onto Multiple New Platforms**

# Q3 2020 Revenue Breakdown

Korea Grew 114% Y/Y, accounting for 64% of Group Revenue

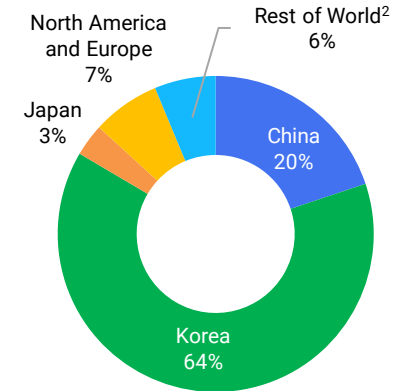
(Unit: ¥ millions)

	Q3 2019	Q3 2020		YoY % Change	
		As-Reported	Constant Currency <sup>4</sup>	As-Reported	Constant Currency <sup>4</sup>
<b>Revenue by Region<sup>1</sup></b>					
China	¥17,783	¥15,769	¥15,813	(11%)	(11%)
Korea	23,657	50,526	50,809	114%	115%
Japan	3,151	2,623	2,632	(17%)	(16%)
North America and Europe	4,561	5,519	5,568	21%	22%
Rest of World <sup>2</sup>	3,205	4,975	4,986	55%	56%
<b>Nexon Total</b>	<b>52,357</b>	<b>79,412</b>	<b>79,808</b>	<b>52%</b>	<b>52%</b>

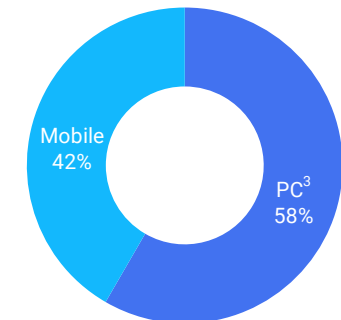
<b>Revenue by Platform</b>					
PC <sup>3</sup>	38,554	46,343	46,541	20%	21%
Mobile	13,803	33,069	33,267	140%	141%
<b>Nexon Total</b>	<b>52,357</b>	<b>79,412</b>	<b>79,808</b>	<b>52%</b>	<b>52%</b>

<b>FX Rate</b>					
100 KRW/JPY	9.00	8.95	9.00	(1%)	
CNY/JPY	15.32	15.35	15.32	0%	
USD/JPY	107.35	106.22	107.35	(1%)	

Q3 2020 Revenue by Region<sup>1</sup>



Q3 2020 Revenue by Platform



<sup>1</sup> Based on regions where the revenue originates; not a representation of revenues according to Nexon entities.

<sup>2</sup> "Rest of World" includes other Asian countries as well as Central and South American countries.

<sup>3</sup> PC revenues include other revenues besides PC online games and mobile games.

<sup>4</sup> 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.

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

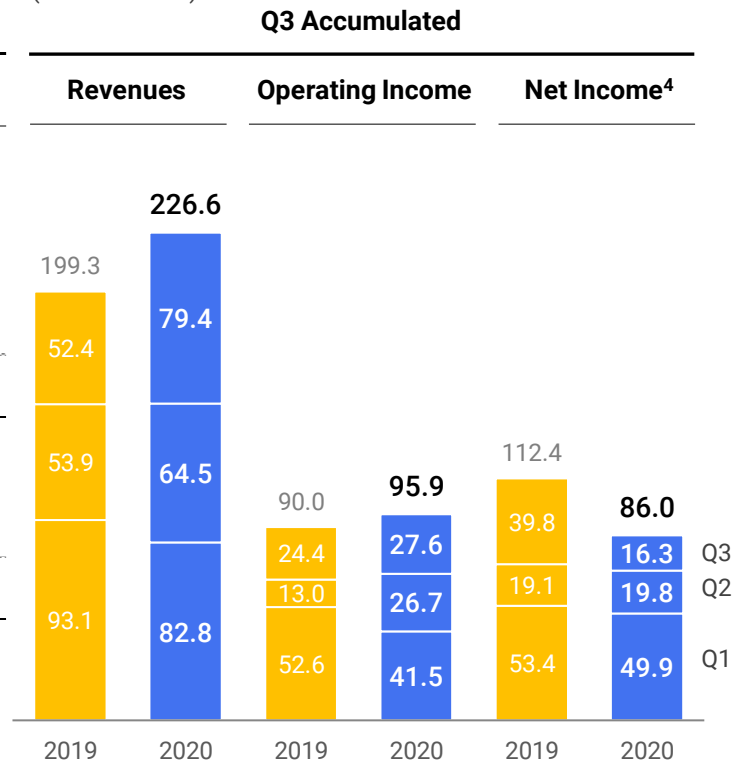
<sup>6</sup> Nexon Group has made a change to a part of its regional segmentation of revenue from external customers from Q1 2020. The numbers for the last year have also been adjusted accordingly.

# Q3 2020 Accumulated Results

(Unit: ¥ millions, except per share data)

	Q1-Q3 2020			YoY % Change	
	Q1-Q3 2019	As-Reported	Constant Currency <sup>5</sup>	As-Reported	Constant Currency <sup>5</sup>
<b>Revenue by Region<sup>1</sup></b>					
China	¥96,615	¥68,487	¥71,533	(29%)	(26%)
Korea	65,401	123,067	128,398	88%	96%
Japan	11,592	6,971	7,142	(40%)	(38%)
North America and Europe	15,260	14,741	15,052	(3%)	(1%)
Rest of World <sup>2</sup>	10,431	13,374	13,824	28%	33%
<b>Nexon Total</b>	<b>199,299</b>	<b>226,640</b>	<b>235,949</b>	<b>14%</b>	<b>18%</b>
<b>Revenue by Platform</b>					
PC <sup>3</sup>	154,318	156,991	163,937	2%	6%
Mobile	44,981	69,649	72,012	55%	60%
<b>Nexon Total</b>	<b>199,299</b>	<b>226,640</b>	<b>235,949</b>	<b>14%</b>	<b>18%</b>
<b>Operating income</b>	<b>90,007</b>	<b>95,861</b>	<b>100,505</b>	<b>7%</b>	<b>12%</b>
<b>Net income<sup>4</sup></b>	<b>112,389</b>	<b>86,004</b>	<b>90,315</b>	<b>(23%)</b>	<b>(20%)</b>
<b>Earnings per share</b>	<b>125.43</b>	<b>97.32</b>			

(Unit: ¥ billions)



<sup>1</sup> Based on regions where the revenue originates; not a representation of revenues according to Nexon entities.

<sup>2</sup> "Rest of World" includes Europe as well as other Asian countries as well as Central and South American countries.

<sup>3</sup> PC revenues include other revenues besides PC online games and mobile games.

<sup>4</sup> Net income refers to net income attributable to owners of the parent, as stated in Nexon's consolidated financial results.

<sup>5</sup> 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.

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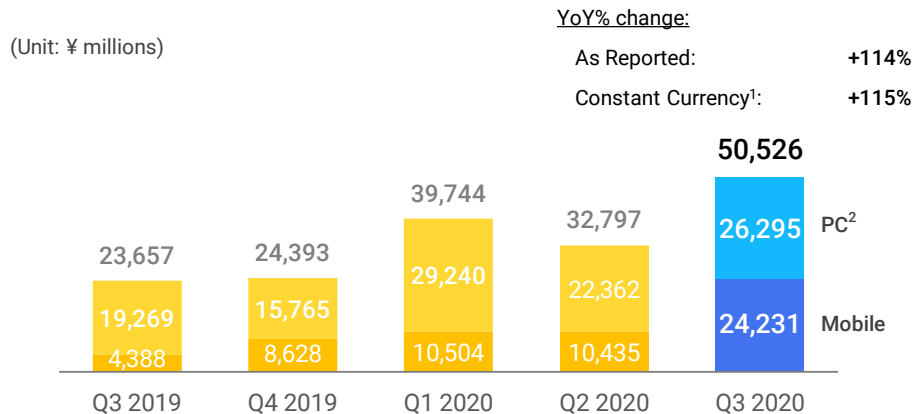


# Q3 2020 Korea / China – Highlights

## Korea

Record Q3 revenue; outperformance driven by *The Kingdom of Winds: Yeon*, *MapleStory*, *KartRider Rush+*, and *V4*

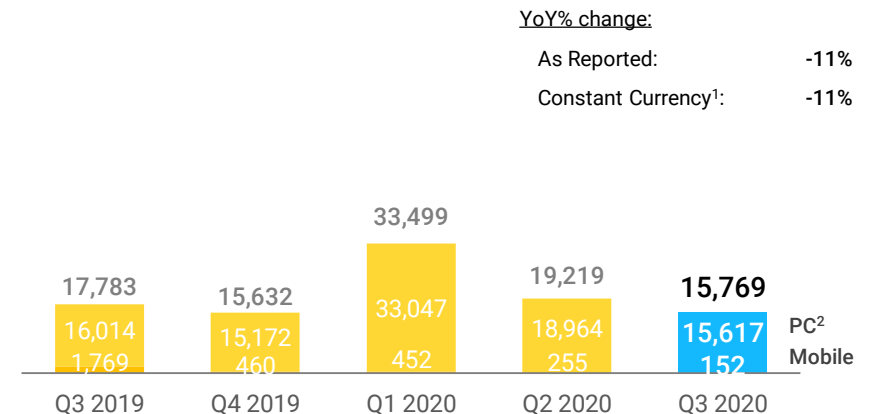
- *The Kingdom of the Winds: Yeon* launched on 7/15. Spectacular performance, driven by successful marketing and operations
- *MapleStory*: Grew 71%<sup>3</sup> Y/Y, driven by the Summer update as well as events/sales promotions conducted in time for Chuseok holiday season
- *FIFA ONLINE 4*<sup>4</sup>: Combined PC and mobile revenues up slightly Y/Y
- *Dungeon&Fighter/Sudden Attack*: Grew 56%<sup>3</sup> and 35%<sup>3</sup> Y/Y, respectively
- *KartRider Rush+*: Outperformance driven by well-received events
- *V4*: Beat the expectations driven by the large-scale Summer update



## China

Below outlook due to postponement of *Mobile Dungeon&Fighter*.  
*PC Dungeon&Fighter* within the expected range

- *Dungeon&Fighter*:
  - Active users and paying users decreased Y/Y and Q/Q due to declined user engagement from waning effect of a key update in March as well as continued strengthening of player identity verification and bot sanctions
  - ARPPU increased Q/Q due to typical seasonality; increased Y/Y since the portion of light users decreased
  - Revenue decreased due to the paying user decrease as well as a 2.3 billion yen one-time royalty adjustment recorded in Q2 2020; decreased slightly Y/Y
- *KartRider Rush+*: Revenue decreased compared to prior year when a large-scale update was launched



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<sup>2</sup> PC revenues include other revenues besides PC online games and mobile games.

<sup>3</sup> Year-over-year growth on a constant currency basis

<sup>4</sup> Official titles are *EA SPORTS™ FIFA ONLINE 4* (PC) and *EA SPORTS™ FIFA ONLINE 4 M* (mobile).

# Q3 2020 Japan / North America and Europe / Rest of World<sup>1</sup> – Highlights

## Japan

Results as planned. Excluding the impact of gloops' disposition, revenue increased Y/Y

- Strong contribution from *TRAHA* and *V4* (launched on 9/24)
- *MapleStory* revenue grew 66%<sup>4</sup> Y/Y
- *MapleStory M* was down Y/Y due to tough comps with Q3 2019 just after its launch

## North America and Europe

Exceeded outlook driven by *V4*, *Choices*, and *MapleStory*

- Both *MapleStory* and *MapleStory M* revenue grew 178%<sup>4</sup> and 55%<sup>4</sup> Y/Y, respectively
- *V4* (launched on 7/24) and *KartRider Rush+* were also strong contributors in Q3

## Rest of World<sup>1</sup>

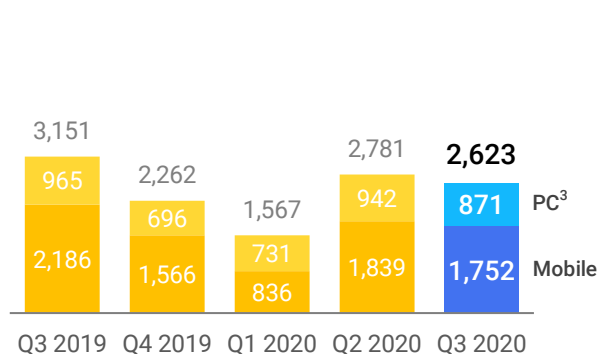
Exceeded outlook driven by *MapleStory*

- *MapleStory* revenue grew 165%<sup>4</sup> Y/Y
- *Benefitted from KartRider Rush+* as well as *V4* (launched in Taiwan, Hong Kong and Macau on 3/25 and globally on 7/24)

(Unit: ¥ millions)

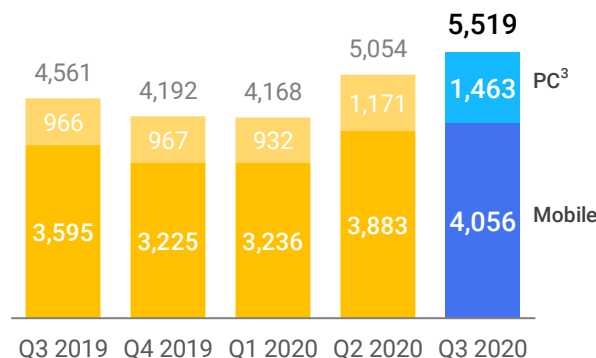
YoY% change:

As Reported: -17%  
Constant Currency<sup>2</sup>: -16%



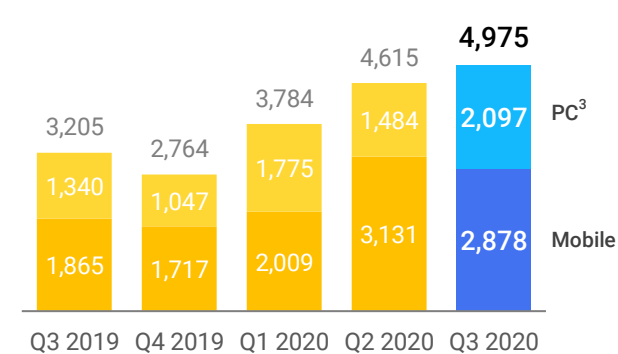
YoY% change:

As Reported: +21%  
Constant Currency<sup>2</sup>: +22%



YoY% change:

As Reported: +55%  
Constant Currency<sup>2</sup>: +56%



<sup>1</sup> "Rest of World" includes other Asian countries as well as Central and South American countries.

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<sup>3</sup> PC revenues include other revenues besides PC online games and mobile games.

<sup>4</sup> Year-over-year growth on a constant currency basis

<sup>5</sup> Nexon Group has made a change to a part of its regional segmentation of revenue from external customers from Q1 2020. The numbers for the last year have also been adjusted accordingly.

# **Q4 2020 Outlook**



# Q4 2020 Financial Outlook

Expect Strong Year-over-year Growth Driven by Strength and Diversity of Our Portfolio

## Revenues

- Constant currency<sup>1</sup> up 24% to 33%
- YoY growth driven by *MapleStory*, *The Kingdom of the Winds: Yeon* and *KartRider Rush+*
- Mobile Dungeon&Fighter* not included in the outlook

## Operating Income

- Expect a Y/Y increase primarily driven by top line growth
- Expect lower Other Expense – in Q4 2019, we recorded a ¥9.2 billion impairment loss<sup>2</sup>

## Net Income<sup>3</sup>

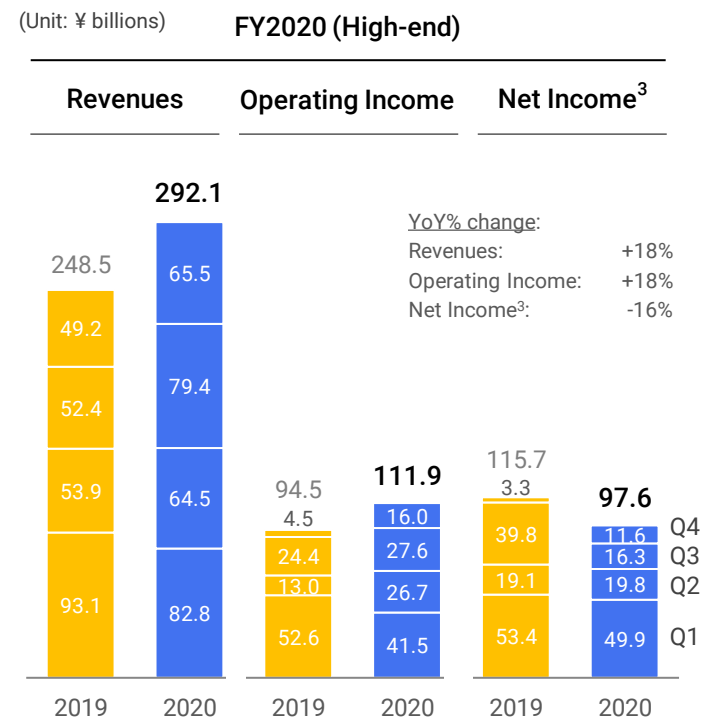
Expect a Y/Y Increase primarily due to operating income growth

(Unit: ¥ millions, except per share data)

	Q4 2019	Q4 2020 Outlook			YoY %		
<b>Revenues</b>	<b>¥49,243</b>	<b>¥60,701</b>	~	<b>¥65,477</b>	<b>23%</b>	~	<b>33%</b>
PC <sup>4</sup>	33,647	36,221	~	38,862	8%	~	15%
Mobile	15,596	24,480	~	26,615	57%	~	71%
<b>Operating income</b>	<b>4,518</b>	<b>12,337</b>	~	<b>16,002</b>	<b>173%</b>	~	<b>254%</b>
<b>Net income<sup>3</sup></b>	<b>3,275</b>	<b>8,731</b>	~	<b>11,624</b>	<b>167%</b>	~	<b>255%</b>
Earnings per share	3.68	9.86	~	13.12			
FX Rate Assumptions							
100 KRW/JPY	9.26	9.20		9.20	(1%)		
CNY/JPY	15.46	15.67		15.67	1%		
USD/JPY	108.76	105.26		105.26	(3%)		

**Forex sensitivity<sup>5</sup>:** Every one Japanese yen move against the U.S. dollar would have the following impact on our financials for Q4 2020

Revenues	0.59 billion yen
Operation Income	0.16 billion yen



<sup>1</sup> 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.

<sup>2</sup> In Q4 2019, we recorded a ¥9.2 billion impairment loss primarily on assets related to Pixelberry, including goodwill

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

<sup>4</sup> PC revenues include other revenues besides PC online games and mobile games

<sup>5</sup> 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 2020 Korea / China Outlook

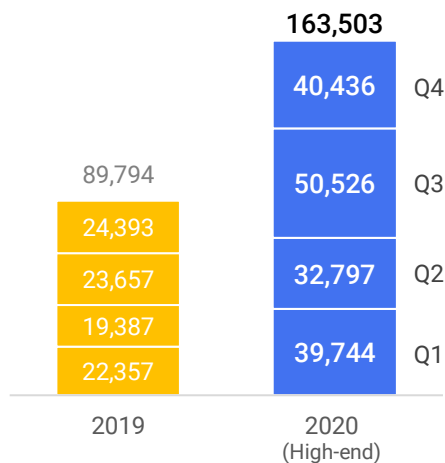
## Korea

Expect another strong Y/Y growth driven by major franchises as well as contributions from new mobile games

- Expect *MapleStory* and *Sudden Attack* to grow double-digit and *Dungeon&Fighter* to grow triple-digit
- *FIFA ONLINE 4*<sup>2</sup>: Expect combined PC and mobile revenues to be roughly flat Y/Y
- Expect to benefit from *The Kingdom of the Winds: Yeon* and *KartRider Rush+*
- *V4* : Expect revenue to decrease against its launch quarter (Q4 2019)

(Unit: ¥ millions)

Q4 2019	Q4 2020 Outlook		YoY % Change	
Actual	Low-end	High-end	As-Reported	Constant Currency <sup>1</sup>
24,393	38,217 ~	40,436	57% ~ 66%	58% ~ 67%

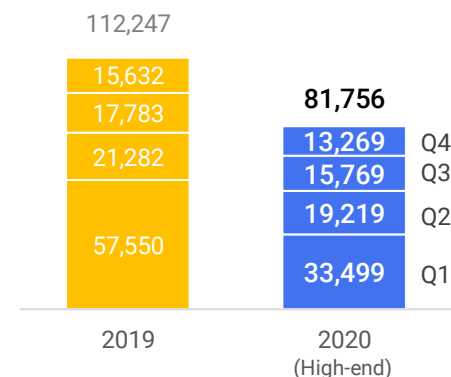


## China

Expect Y/Y decrease of *Dungeon&Fighter*'s revenue

- No notable change in the number of active users or paying users from Q3
- Expect the user levels to remain at low levels throughout Q4
- Expect National Day package sales to decline Y/Y
- Focus our efforts on sustaining its user metrics at the current level and to stably operate the game

Q4 2019	Q4 2020 Outlook		YoY % Change	
Actual	Low-end	High-end	As-Reported	Constant Currency <sup>1</sup>
15,632	11,847 ~	13,269	(24%) ~ (15%)	(25%) ~ (16%)



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<sup>2</sup> Official titles are EA SPORTS™ FIFA ONLINE 4 (PC) and EA SPORTS™ FIFA ONLINE 4 M (mobile).

# Q4 2020 Japan / North America and Europe / Rest of World<sup>1</sup> Outlook

## Japan

Expect revenues to increase Y/Y

- Expect to benefit from *TRAHA*, *V4*, and *FIFA MOBILE*<sup>3</sup> (launched on Oct 12<sup>th</sup>)
- Expect these to be partially offset by disposition of gloops

## North America and Europe

Expect revenues to increase Y/Y

- Expect triple-digit growth in *MapleStory* and double-digit growth in *MapleStory M* Y/Y
- Expect to benefit from *V4*

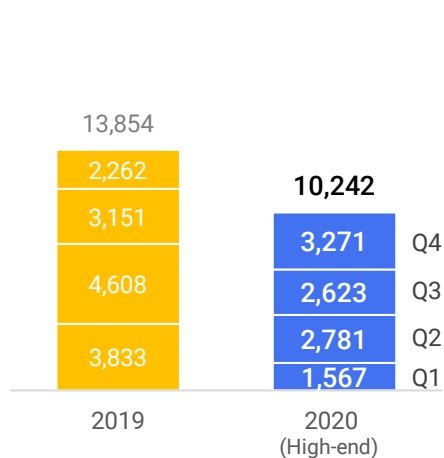
## Rest of World<sup>1</sup>

Expect revenues to increase Y/Y

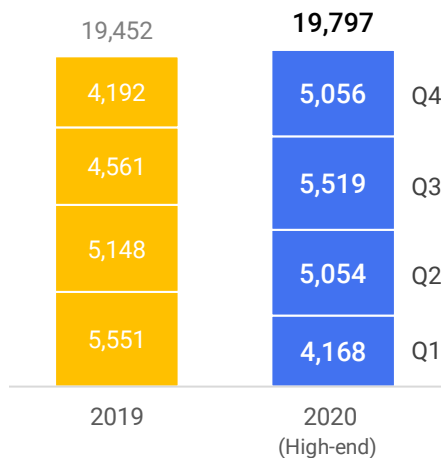
- Expect double-digit Y/Y growth in *MapleStory*
- Expect to benefit from *KartRider Rush+*

(Unit: ¥ millions)

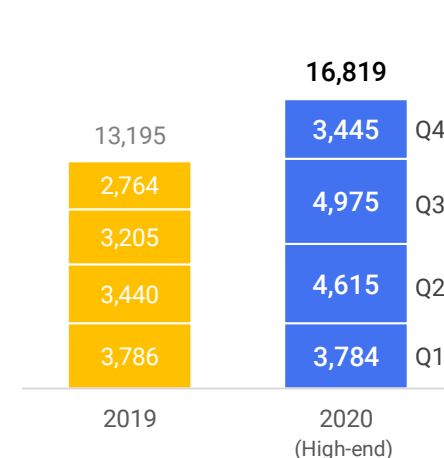
Q4 2019	Q4 2020 Outlook		YoY % Change	
Actual	Low-end	High-end	As-Reported	Constant Currency <sup>2</sup>
2,262	2,851 ~	3,271	26% ~ 45%	27% ~ 45%



Q4 2019	Q4 2020 Outlook		YoY % Change	
Actual	Low-end	High-end	As-Reported	Constant Currency <sup>2</sup>
4,192	4,605 ~	5,056	10% ~ 21%	13% ~ 24%



Q4 2019	Q4 2020 Outlook		YoY % Change	
Actual	Low-end	High-end	As-Reported	Constant Currency <sup>2</sup>
2,764	3,181 ~	3,445	15% ~ 25%	16% ~ 26%



<sup>1</sup> "Rest of World" includes other Asian countries as well as Central and South American countries.

<sup>2</sup> 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.

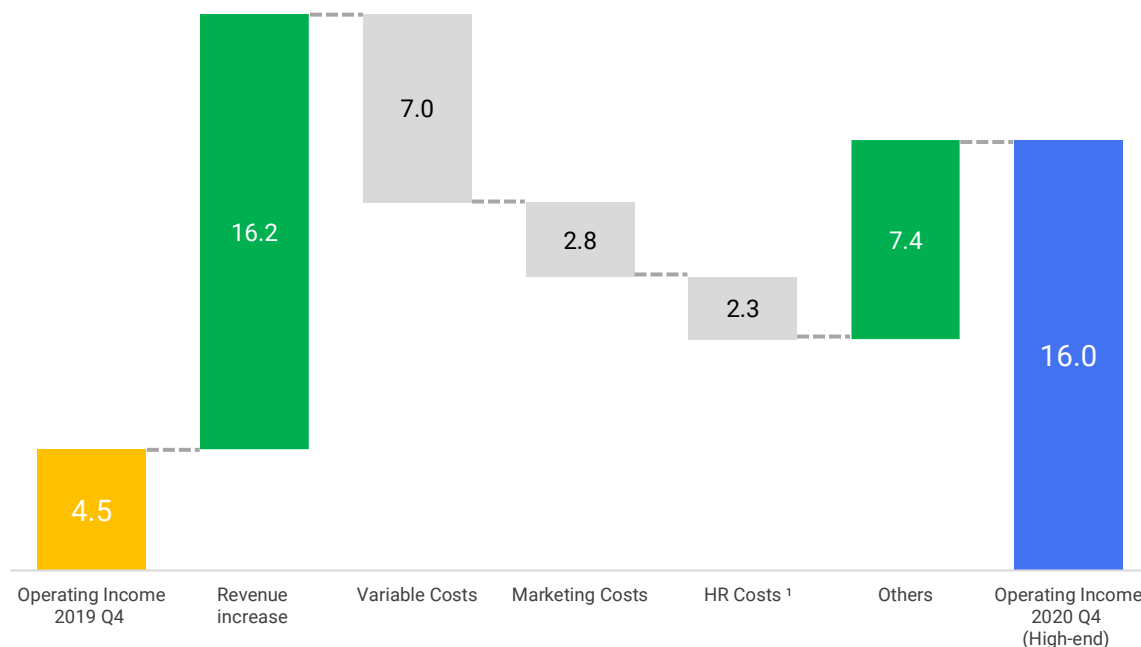
<sup>3</sup> Official titles is *EA SPORTS™ FIFA MOBILE*.

<sup>4</sup> Nexon Group has made a change to a part of its regional segmentation of revenue from external customers from Q1 2020. The numbers for the last year have also been adjusted accordingly.

# Q4 2020 Operating Income Outlook

(Unit: ¥ billions)

## Y/Y Operating Income Comparison



<sup>1</sup> HR costs includes HR cost (COGS), HR cost (SG&A) and R&D (SG&A).

<sup>2</sup> Official title is EA SPORTS™ FIFA MOBILE.

<sup>3</sup> In Q4 2019, we recorded a ¥9.2 billion impairment loss primarily on assets related to Pixelberry, including goodwill

- + Increased revenues
- Increased variable costs associated with revenue growth
- Increased marketing costs associated with promotions for new mobile games including *KartRider Rush+*, *FIFA MOBILE*<sup>2</sup>, and *The Kingdom of the Winds: Yeon*
- Increased HR costs associated with increase in performance-based bonuses and stock option costs
- + Others include:
  - Decreased impairment loss of ¥9.2 billion<sup>3</sup> recorded in Q4 2019
  - Increased AWS costs
  - Decreased “Other Income” recorded in Q4 2019

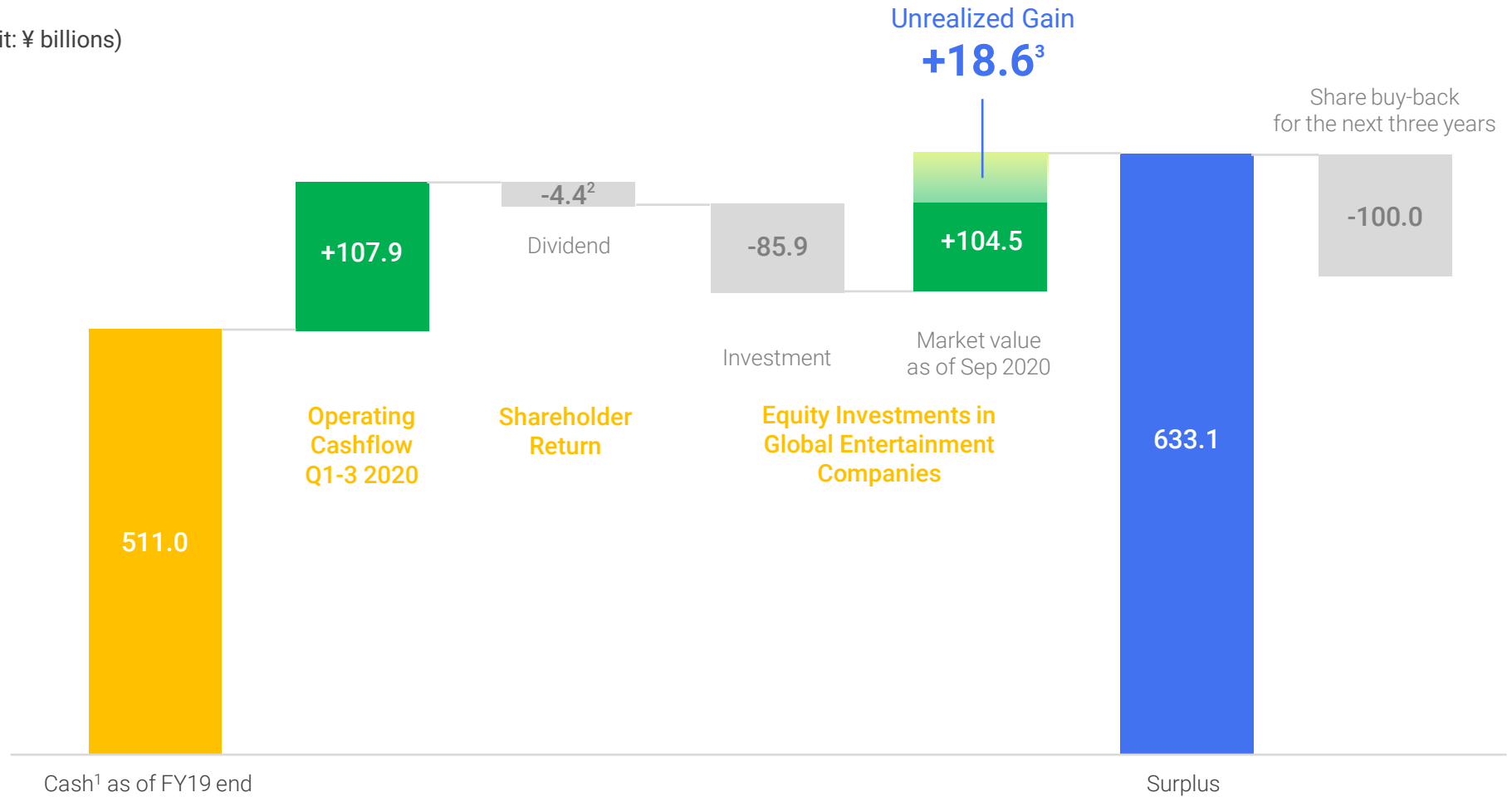


# New Share Repurchase Policy

- The Board of Directors approved a new share repurchase policy to buy-back up to ¥100 billion over the next three years
  - Details of the share repurchase program will be announced separately upon board resolution. The number and the timing of shares repurchased can change depending on various factors
  - Conduct share repurchase plan based on several factors including, but not limited to, investment opportunities, financial condition as well as the share price

# Capital Allocation

(Unit: ¥ billions)





<sup>1</sup> Aggregation of "Cash and cash equivalents" and "Other deposits"

<sup>2</sup> Aggregation of dividend payments for year-end of FY2019 and interim of FY2020

<sup>3</sup> Represents the market value of our equity investments; does not reflect the impact of deferred tax liabilities on unrealized gains

# 2020 China *Dungeon&Fighter* Update Schedule

Period	Tier 1 Content Update	2019	2020
Q1	 <b>Lunar New Year Update</b>	January 21 <sup>st</sup>	January 14 <sup>th</sup>
	Level Cap Release	January 21 <sup>st</sup>	March 19 <sup>th</sup>
Q2	Labor Day Update	April 23 <sup>rd</sup>	April 23 <sup>rd</sup>
	Anniversary Update	June 18 <sup>th</sup>	June 18 <sup>th</sup>
Q3	Summer Update	July 4 <sup>th</sup>	July 16 <sup>th</sup>
	 <b>National Day Update</b>	September 24 <sup>th</sup>	September 22 <sup>nd</sup>
Q4	Winter Update	N/A	N/A



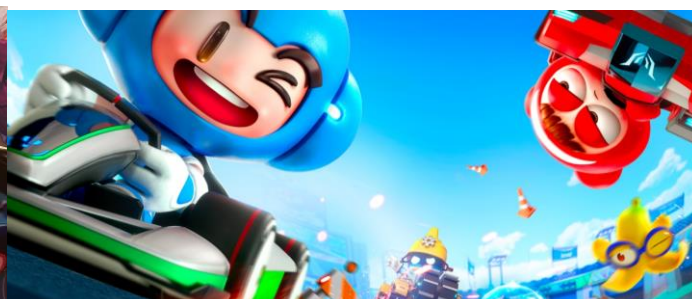
Indicates financially important updates

\* 2020 update schedule is subject to change depending on various operational factors

# Pipeline<sup>1</sup>



Mobile Dungeon&Fighter<sup>2</sup>



KartRider: Drift<sup>2</sup>



Embark Studios



KonoSuba: God's Blessing on this Wonderful World! Fantastic Days



Final Fantasy XI R<sup>2</sup>



Dynasty Warriors 9 Mobile<sup>2</sup>



Project BBQ<sup>4</sup>



TALESWEAVERM<sup>2</sup>



KurtzPel



FIFA MOBILE<sup>3</sup>



MABINOgi MOBILE<sup>2</sup>



KOREA



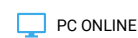
CHINA



JAPAN



NORTH AMERICA & REST OF THE WORLD



PC ONLINE



MOBILE



CONSOLE

<sup>1</sup> Chart is illustrative excerpt of pipeline.

<sup>2</sup> Games based on original IP.

<sup>3</sup> Official title is EA SPORTS™ FIFA MOBILE.

<sup>4</sup> PC 3D action RPG based on *Dungeon&Fighter* universe.

<sup>5</sup> The letters, graphics, symbols, logos and other marks, and illustrations, characters and other works, which are shown in this material are trademarks, registered trademarks, copyrighted works or other legally protected materials owned by respective right holders



# Appendix

# Financials

# Summary of Results and Key Operational Metrics

(Unit: ¥ millions, except per share data)

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	YoY%
(By Region)								
China	¥57,550	¥21,282	¥17,783	¥15,632	¥33,499	¥19,219	¥15,769	(11%)
Korea	22,357	19,387	23,657	24,393	39,744	32,797	50,526	114%
Japan	3,833	4,608	3,151	2,262	1,567	2,781	2,623	(17%)
North America and Europe	5,551	5,148	4,561	4,192	4,168	5,054	5,519	21%
Rest of World <sup>1</sup>	3,786	3,440	3,205	2,764	3,784	4,615	4,975	55%
(By Platform)								
PC <sup>2</sup>	77,639	38,125	38,554	33,647	65,725	44,923	46,343	20%
Mobile	15,438	15,740	13,803	15,596	17,037	19,543	33,069	140%
<b>Revenue</b>	<b>93,077</b>	<b>53,865</b>	<b>52,357</b>	<b>49,243</b>	<b>82,762</b>	<b>64,466</b>	<b>79,412</b>	<b>52%</b>
<b>Operating income</b>	<b>52,601</b>	<b>12,987</b>	<b>24,419</b>	<b>4,518</b>	<b>41,543</b>	<b>26,711</b>	<b>27,607</b>	<b>13%</b>
<b>Net income <sup>3</sup></b>	<b>53,400</b>	<b>19,145</b>	<b>39,844</b>	<b>3,275</b>	<b>49,911</b>	<b>19,763</b>	<b>16,330</b>	<b>(59%)</b>
<b>Earnings per share</b>	<b>59.67</b>	<b>21.37</b>	<b>44.42</b>	<b>3.68</b>	<b>56.57</b>	<b>22.37</b>	<b>18.45</b>	
<b>FX rate</b>								
100 KRW/JPY	9.80	9.43	9.00	9.26	9.15	8.83	8.95	(1%)
CNY/JPY	16.33	16.10	15.32	15.46	15.62	15.18	15.35	0%
USD/JPY	110.20	109.90	107.35	108.76	108.92	107.62	106.22	(1%)
<b>KPI (Excluding Mobile)</b>								
MAU (millions)	35.0	34.6	35.4	27.4	27.1	23.9	20.4	(42%)
Pay Rate	16.5%	16.4%	11.5%	14.8%	15.4%	15.3%	15.7%	
ARPPU (as-reported)	9,265	3,885	4,837	4,223	9,031	5,897	7,133	47%

<sup>1</sup> "Rest of World" includes other Asian countries as well as Central and South American countries.

<sup>2</sup> PC revenues include other revenues besides PC online games and mobile games.

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

<sup>4</sup> Nexon Group has made a change to a part of its regional segmentation of revenue from external customers from Q1 2020. The numbers for the last year have also been adjusted accordingly.

# COGS and SG&A<sup>1</sup>

(Unit: ¥ millions)

	FY2019				FY2020		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
<b>Total Cost of Revenue<sup>1</sup></b>	<b>¥15,899</b>	<b>¥15,055</b>	<b>¥14,180</b>	<b>¥14,451</b>	<b>¥15,343</b>	<b>¥14,574</b>	<b>¥19,266</b>
Royalty <sup>2</sup>	4,510	4,119	4,344	3,694	5,738	5,074	9,618
HR cost (COGS) <sup>3</sup>	7,163	6,685	6,010	7,367	6,443	6,429	6,241
Other (COGS) <sup>4</sup>	4,226	4,251	3,826	3,390	3,162	3,071	3,407
<b>Total SG&amp;A<sup>1</sup></b>	<b>22,055</b>	<b>22,178</b>	<b>19,189</b>	<b>21,695</b>	<b>20,614</b>	<b>22,922</b>	<b>29,659</b>
HR cost	4,770	4,756	3,964	4,475	3,907	4,260	3,968
PG fee <sup>5</sup>	6,108	5,829	4,952	5,661	6,696	7,486	12,311
R&D	3,266	3,499	3,950	4,180	3,907	4,093	4,490
Marketing/advertising expenses	5,194	5,500	3,767	4,260	2,836	4,326	5,852
Depreciation and amortization	866	792	820	1,490	1,299	1,236	1,319
Other	1,851	1,802	1,736	1,629	1,969	1,521	1,719
Other Income <sup>6</sup>	429	181	7,708	741	1,197	101	294
Other Expense <sup>7</sup>	2,950	3,826	2,277	9,320	6,459	360	3,174
Includes: impairment loss	2,890	3,648	2,228	9,240	6,063	251	3,015

<sup>1</sup> Breakdown of COGS and SG&A are unaudited.

<sup>2</sup> Royalty includes royalties paid to third-party developers in order for us to obtain the right to publish their games.

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

<sup>4</sup> 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.

<sup>5</sup> 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.

<sup>6</sup> 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.

<sup>7</sup> 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

(Unit: ¥ millions)

	FY2019				FY2020		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
<b>Operating Income</b>	<b>¥52,601</b>	<b>¥12,987</b>	<b>¥24,419</b>	<b>¥4,518</b>	<b>¥41,543</b>	<b>¥26,711</b>	<b>¥27,607</b>
Finance Income <sup>1</sup>	9,810	9,663	18,910	3,051	21,918	4,598	3,748
Finance Costs <sup>2</sup>	265	466	723	12,212	1,585	6,891	8,882
Equity profit / (loss) of affiliates, equity method companies	(334)	(101)	14	96	113	260	428
<b>Income / (Loss) before Income Tax</b>	<b>61,812</b>	<b>22,083</b>	<b>42,620</b>	<b>(4,547)</b>	<b>61,989</b>	<b>24,678</b>	<b>22,901</b>
Tax expense	9,005	3,588	3,596	(7,457)	12,235	5,139	6,729
Non-controlling interests	(593)	(650)	(820)	(365)	(157)	(224)	(158)
<b>Net income <sup>3</sup></b>	<b>53,400</b>	<b>19,145</b>	<b>39,844</b>	<b>3,275</b>	<b>49,911</b>	<b>19,763</b>	<b>16,330</b>

<sup>1</sup> Finance Income includes interest income primarily on cash deposits. 2019 Q1, Q2, Q3 and 2020 Q1 Finance Income includes FX conversion gains related to foreign currency deposits and accounts receivable.

<sup>2</sup> 2019 Q4 and 2020 Q2 and 2020 Q3 Finance Costs are primarily caused by FX conversion loss related to foreign currency deposits and accounts receivable.

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

# Cash Flow Statement

(Unit: ¥ millions)

	9 months ended September 30, 2019	9 months ended September 30, 2020
Cash flows from operating activities	¥82,727	¥107,865
Cash flows from investing activities	(99,412)	(79,455)
Cash flows from financing activities	(1,981)	(3,581)
Net increase / (decrease) in cash and cash equivalents	(18,666)	24,829
Cash and cash equivalents at beginning of fiscal year	205,292	253,636
Effect of exchange rate change on cash and cash equivalents	(9,145)	(2,162)
Cash and cash equivalents at end of fiscal year	177,481	276,303

# Balance Sheet

(Unit: ¥ millions)

	December 31, 2019	September 30, 2020
<b>Asset</b>		
Current Assets		
Cash and cash equivalents	¥253,636	¥276,303
Other deposits	257,331	220,304
Other current assets	42,529	61,722
<b>Total current assets</b>	<b>553,496</b>	<b>558,329</b>
Noncurrent assets		
Tangible assets	23,481	22,707
Goodwill	42,480	36,180
Intangible assets	21,519	15,548
Others	78,112	184,470
<b>Total noncurrent assets</b>	<b>165,592</b>	<b>258,905</b>
<b>Total assets</b>	<b>719,088</b>	<b>817,234</b>

	December 31, 2019	September 30, 2020
<b>Liability</b>		
Current liabilities		
Current tax liabilities	7,403	16,725
Current borrowings	2,223	1,998
Others	31,542	39,748
<b>Total current liabilities</b>	<b>41,168</b>	<b>58,471</b>
Noncurrent liabilities		
Non-current borrowings	-	-
Others	46,789	50,042
<b>Total noncurrent liabilities</b>	<b>46,789</b>	<b>50,042</b>
<b>Total liabilities</b>	<b>87,957</b>	<b>108,513</b>
<b>Shareholders' equity</b>		
Capital stock	17,967	21,664
Capital surplus	35,688	16,403
Treasury shares	(27,219)	(0)
Other equity interest	38,511	30,829
Retained earnings	555,038	629,583
Non-controlling interests	11,146	10,242
<b>Total equity</b>	<b>631,131</b>	<b>708,721</b>
<b>Total liabilities and total equity</b>	<b>719,088</b>	<b>817,234</b>

# P&L by Reporting Segment<sup>1</sup>

## Notice of correction to P&L by Reporting Segment

Corrections has been made to Q1 2019 Investor Presentation, disclosed on May 10, 2019. Corrected "Revenue from external customers" of each reporting segment in Q1 2019 are underlined.

(Unit: ¥ millions)

	FY2019				FY2020		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
<b>Japan</b>							
Revenue from external customers	<u>¥2,469</u>	¥1,884	¥1,952	¥1,344	¥895	¥1,069	¥985
Segment profit/(loss)	(958)	(1,165)	(455)	(912)	(655)	(624)	(634)
<b>Korea</b>							
Revenue from external customers	<u>84,572</u>	47,079	45,521	43,261	76,336	57,889	73,107
Segment profit/(loss)	56,865	19,038	20,849	15,513	47,724	27,962	31,872
<b>China</b>							
Revenue from external customers	870	669	695	587	903	584	709
Segment profit/(loss)	596	324	381	256	653	295	411
<b>North America</b>							
Revenue from external customers	<u>4,716</u>	3,862	3,730	3,648	3,714	4,544	4,220
Segment profit/(loss)	(1,385)	(1,613)	(1,233)	(1,296)	(461)	(102)	(446)
<b>Others</b>							
Revenue from external customers	<u>450</u>	371	459	403	914	380	391
Segment profit/(loss)	2	36	(560)	(435)	(461)	(567)	(709)
<b>Adjustments</b>							
Revenue from external customers	-	-	-	-	-	-	-
Segment profit/(loss)	2	12	6	(29)	5	6	(7)
<b>Total</b>							
Revenue from external customers	93,077	53,865	52,357	49,243	82,762	64,466	79,412
Segment profit/(loss)	55,122	16,632	18,988	13,097	46,805	26,970	30,487

<sup>1</sup> Representation based on location of Nexon's entities; not based on regions where the revenue originates.

# NJ Corporate Entity Financial Statement<sup>1</sup> (1)

(Unit: ¥ millions)

Condensed Income Statement	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
<b>Revenue</b>	<b>¥11,236</b>	<b>¥7,987</b>	<b>¥5,815</b>	<b>¥5,208</b>	<b>¥5,927</b>	<b>¥7,024</b>	<b>¥6,016</b>
Cost of revenue	4,829	3,679	3,117	3,134	3,438	3,510	3,249
<b>Gross profit</b>	<b>6,407</b>	<b>4,308</b>	<b>2,698</b>	<b>2,074</b>	<b>2,489</b>	<b>3,514</b>	<b>2,767</b>
SG&A	7,275	7,585	6,470	6,736	6,941	9,447	7,910
<b>Operating profit / (loss)</b>	<b>(868)</b>	<b>(3,277)</b>	<b>(3,772)</b>	<b>(4,662)</b>	<b>(4,452)</b>	<b>(5,933)</b>	<b>(5,143)</b>
Non-operating income	14,186	28,335	19,163	636	5,049	15,646	32,565
Includes: dividend income	12,926	24,613	18,869	22	4,612	15,025	30,313
Non-operating expenses	603	526	1,246	1,826	1,969	9,352	4,063
<b>Ordinary income / (loss)</b>	<b>12,715</b>	<b>24,532</b>	<b>14,145</b>	<b>(5,852)</b>	<b>(1,372)</b>	<b>361</b>	<b>23,359</b>
Extraordinary income	-	244	6,443	852	58	109	635
Extraordinary losses	4,451	18,717	6,897	39,573	9,643	138	77
<b>Income / (loss) before income taxes</b>	<b>8,264</b>	<b>6,059</b>	<b>13,691</b>	<b>(44,573)</b>	<b>(10,957)</b>	<b>332</b>	<b>23,917</b>
Tax expense	725	4,656	5,519	(201)	234	755	1,520
<b>Net income / (loss)</b>	<b>7,539</b>	<b>1,403</b>	<b>8,172</b>	<b>(44,372)</b>	<b>(11,191)</b>	<b>(423)</b>	<b>22,397</b>

<sup>1</sup> 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).



# NJ Corporate Entity Financial Statement<sup>1</sup> (2)

(Unit: ¥ millions)

Condensed Balance Sheet	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019
<b>Current assets</b>	<b>¥45,632</b>	<b>¥46,760</b>	<b>¥70,444</b>	<b>¥52,632</b>	<b>¥42,946</b>	<b>¥55,209</b>	<b>¥45,374</b>
Includes: cash and cash equivalents	32,367	30,711	68,997	49,531	41,868	53,096	43,100
<b>Non-current assets</b>	<b>135,011</b>	<b>101,337</b>	<b>38,190</b>	<b>6,438</b>	<b>5,494</b>	<b>4,836</b>	<b>17,630</b>
Property, plant and equipment	183	222	200	74	7	3	1
Intangible assets	56	60	66	-	-	-	-
Investments and other assets	134,772	101,055	37,924	6,364	5,487	4,833	17,629
<b>Total assets</b>	<b>180,643</b>	<b>148,097</b>	<b>108,634</b>	<b>59,070</b>	<b>48,440</b>	<b>60,045</b>	<b>63,004</b>
<b>Current liabilities</b>	<b>13,103</b>	<b>16,345</b>	<b>3,506</b>	<b>2,341</b>	<b>1,796</b>	<b>2,303</b>	<b>2,037</b>
<b>Non-current liabilities</b>	<b>39,644</b>	<b>23,154</b>	<b>498</b>	<b>448</b>	<b>457</b>	<b>415</b>	<b>363</b>
<b>Total liabilities</b>	<b>52,747</b>	<b>39,499</b>	<b>4,004</b>	<b>2,789</b>	<b>2,253</b>	<b>2,718</b>	<b>2,400</b>
<b>Shareholder's equity</b>	<b>110,163</b>	<b>98,122</b>	<b>99,779</b>	<b>50,669</b>	<b>41,230</b>	<b>50,838</b>	<b>53,133</b>
Capital stock	51,868	52,332	56,227	3,307	9,183	14,199	17,757
Capital surplus	51,728	42,192	36,087	88,621	43,021	36,846	39,981
Includes: other capital surplus	50,000	40,000	30,000	86,064	34,588	23,397	22,974
Retained earnings	6,567	3,598	7,465	(41,259)	(10,974)	(206)	22,614
Includes: other retained earnings	6,130	2,724	6,160	(41,476)	(11,191)	(423)	22,397
Treasury shares	(0)	-	-	(0)	-	(0)	(27,219)
<b>Valuation and translation adjustments</b>	<b>15,844</b>	<b>6,536</b>	<b>246</b>	<b>77</b>	<b>(10)</b>	<b>(21)</b>	<b>(28)</b>
<b>Subscription rights to shares</b>	<b>1,889</b>	<b>3,940</b>	<b>4,605</b>	<b>5,535</b>	<b>4,967</b>	<b>6,510</b>	<b>7,499</b>
<b>Total net assets</b>	<b>127,896</b>	<b>108,598</b>	<b>104,630</b>	<b>56,281</b>	<b>46,187</b>	<b>57,327</b>	<b>60,604</b>
<b>Statement of changes in equity (excerpt)</b>	<b>December 31, 2013</b>	<b>December 31, 2014</b>	<b>December 31, 2015</b>	<b>December 31, 2016</b>	<b>December 31, 2017</b>	<b>December 31, 2018</b>	<b>December 31, 2019</b>
<b>Payment of dividends</b>	<b>(4,807)</b>	<b>(4,372)</b>	<b>(4,305)</b>	<b>(4,352)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Acquisition of treasury shares</b>	<b>(0)</b>	<b>(10,000)</b>	<b>(10,000)</b>	<b>(5,000)</b>	<b>(10,000)</b>	<b>(1)</b>	<b>(27,218)</b>
<b>Cancellation of treasury shares</b>	<b>-</b>	<b>10,000</b>	<b>10,000</b>	<b>5,000</b>	<b>10,000</b>	<b>-</b>	<b>-</b>

<sup>1</sup> 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).

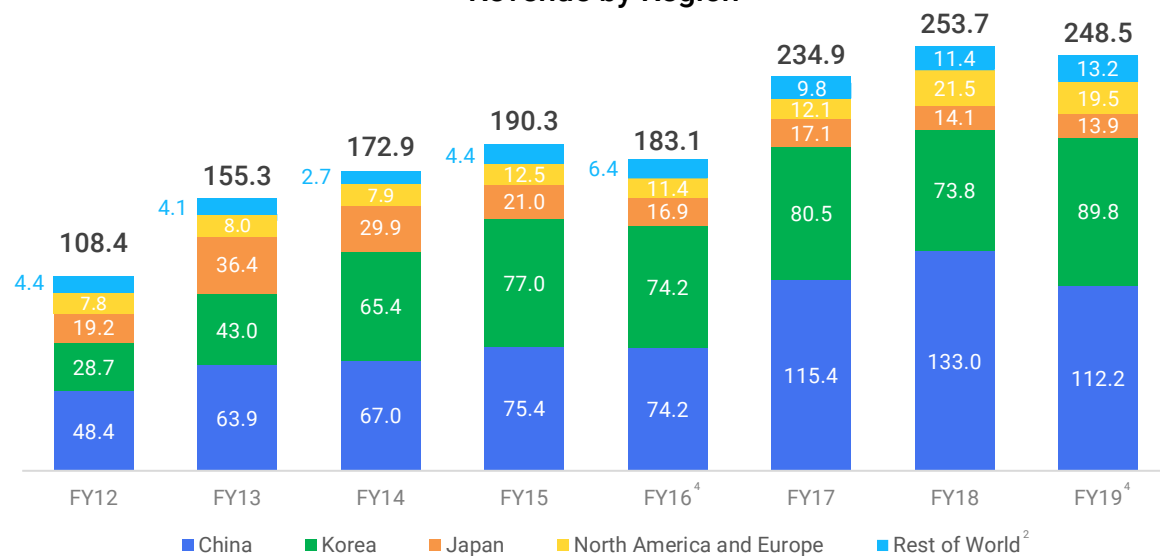
# Number of Employees by Reporting Segment

<b>Full-time employees</b>	<b>March 31, 2019</b>	<b>June 30, 2019</b>	<b>September 30, 2019</b>	<b>December 31, 2019</b>	<b>March 31, 2020</b>	<b>June 30, 2020</b>	<b>September 30, 2020</b>
Japan	535	516	503	422	294	278	266
Korea	5,168	5,232	5,225	5,149	5,210	5,224	5,331
China	223	204	207	207	209	208	210
North America	487	485	422	418	408	429	383
Others	86	131	212	232	240	276	314
<b>Total</b>	<b>6,499</b>	<b>6,568</b>	<b>6,569</b>	<b>6,428</b>	<b>6,361</b>	<b>6,415</b>	<b>6,504</b>

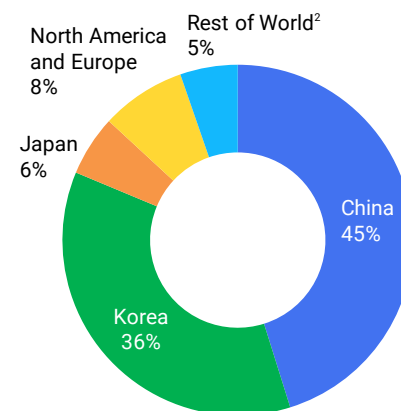
# Historical Financials

(Unit: ¥ billions)

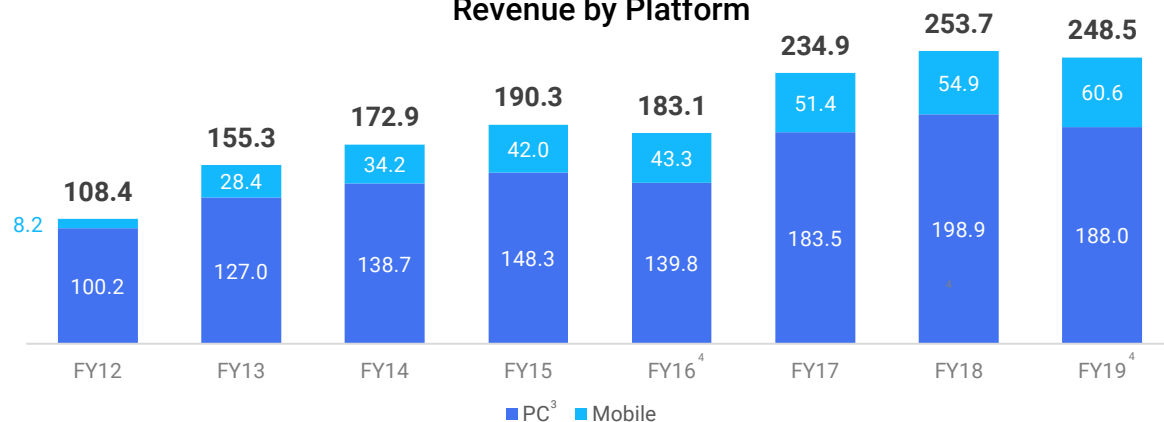
## Revenue by Region<sup>1</sup>



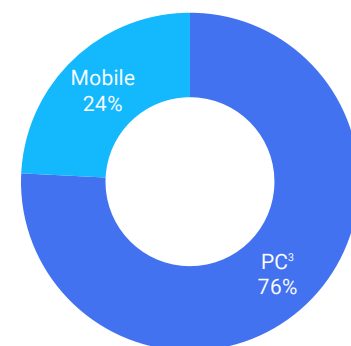
## FY2019 Revenue by Region<sup>1</sup>



## Revenue by Platform



## FY2019 Revenue by Platform



<sup>1</sup> Based on regions where the revenue originates; not a representation of revenues according to Nexon entities.

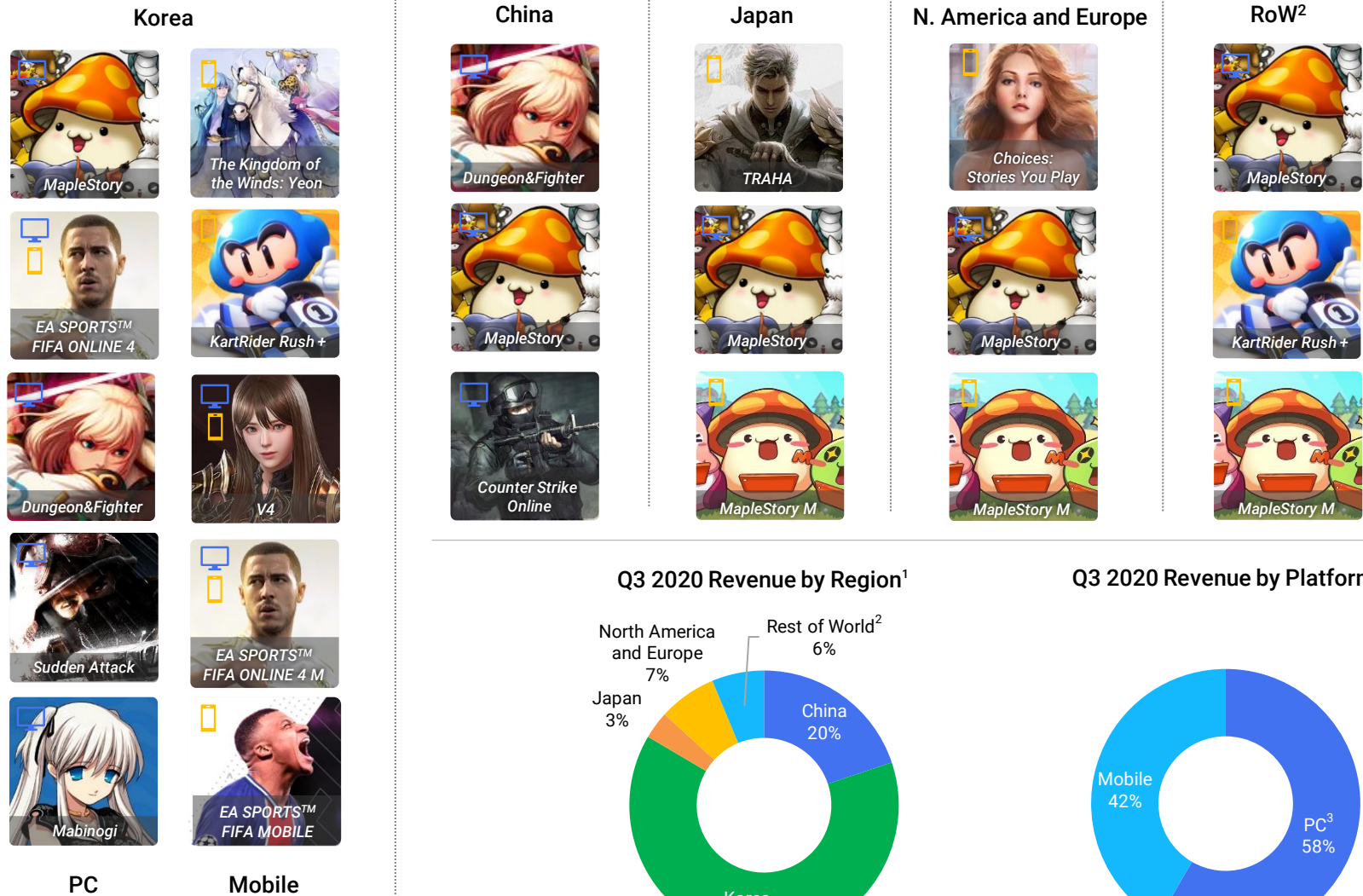
<sup>2</sup> "Rest of World" includes other Asian countries as well as Central and South American countries.

<sup>3</sup> PC revenues include other revenues besides PC online games and mobile games.

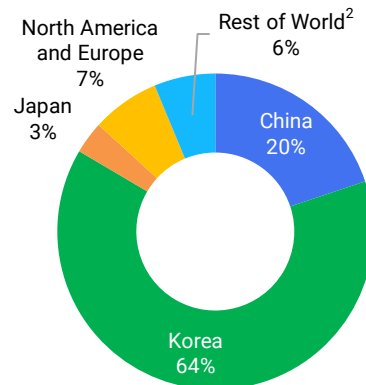
<sup>4</sup> FY16 and FY19 would have grown Y/Y on a constant currency basis.

<sup>5</sup> Nexon Group has made a change to a part of its regional segmentation of revenue from external customers from Q1 2020. The numbers for the past years have also been adjusted accordingly.

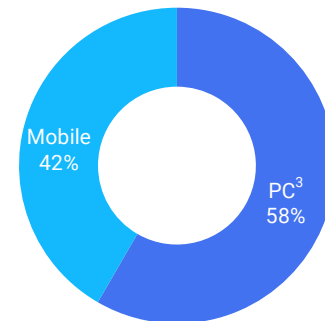
# Key Titles by Region



Q3 2020 Revenue by Region<sup>1</sup>



Q3 2020 Revenue by Platform



<sup>1</sup> Based on regions where the revenue originates; not a representation of revenues according to Nexon entities.

<sup>2</sup> "Rest of World" includes other Asian countries as well as Central and South American countries.

<sup>3</sup> PC revenues include other revenues besides PC online games and mobile games.

# NEXON IP



## Dungeon&Fighter LTD Overview



Launched 2005



Over 700 million registered users worldwide



Life-to-date gross revenue well over \$15 billion USD



Gross revenue several billion dollars more than life-to-date box office of *Star Wars* and *Harry Potter* series; more than double the revenue of the entire *Avengers* series<sup>1</sup>



Constantly evolving for 15 years with new characters, skills and communities



Easy-to-learn, hard-to-master accessibility, action-packed gameplay and iconic, pixelated art make *Dungeon&Fighter* one of the world's most popular and enduring game franchises

<sup>1</sup> Life-to-date global box office revenues as of November 9<sup>th</sup>, 2020 sourced from BoxOfficeMojo.com

<sup>2</sup> The letters, graphics, symbols, logos and other marks, and illustrations, characters and other works, which are shown in this material are trademarks, registered trademarks, copyrighted works or other legally protected materials owned by respective right holders





# MapleStory Franchise LTD Overview



Launched 2003



Over 180 million registered users worldwide. Player registrations equal to 45% of Korean population



Life-to-date franchise revenue over \$3 billion USD

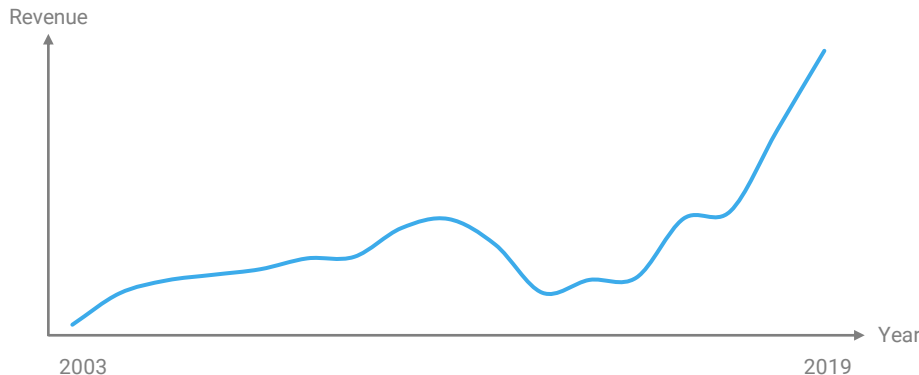


Combined PC and mobile revenue exceeds global box office of the movie franchise *Frozen* – one of Disney's biggest<sup>1</sup>

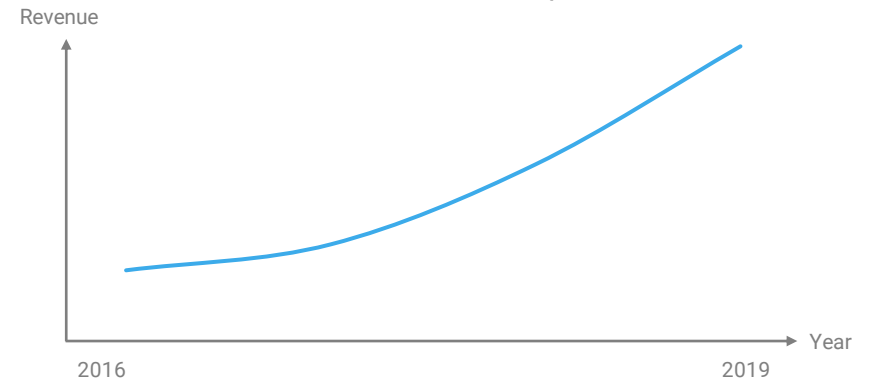


An easy-to-learn, hard-to-master MMORPG with cross-cultural appeal that has been growing players and revenue over 17 years. Players love personalizing their characters

**Korea MapleStory**



**Korea MapleStory M**



<sup>1</sup> Life-to-date global box office revenues as of November 9<sup>th</sup>, 2020 sourced from BoxOfficeMojo.com

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## KartRider Franchise LTD Overview



Launched 2004



Registered users over 380 million  
PC platform alone



Over half of all Korean population; over 45% of  
Taiwanese population has played the game



Combined PC and mobile Life-to-date  
gross revenue over \$0.8 billion



A fast-paced online casual racing game with easy-to-learn, hard-to-master UI, and a universe of compelling characters which can be stylized to the player's taste

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## Sudden Attack LTD Overview



Launched 2005



Registered users over 23 million



Life-to-date revenue over \$0.5 billion



Highly accessible online First-Person Shooter with fast, visceral action

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## *The Kingdom of the Winds* Franchise LTD Overview



Launched 1996



Registered users over 26 million



World's longest-running graphic MMORPG.  
Over 24 year service period



Mobile version launched on July 15.  
Highest ranking #1 on iOS and #2 on AOS



A popular and enduring MMORPG based on  
historical comic about the Goguryeo Dynasty

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## Mabinogi LTD Overview



Launched 2004



Registered users over 20 million



Life-to-date revenue over \$0.6 billion



MMORPG with life-oriented content and contemporary music, fashion, and cooking. Highly differentiated from existing battle-focused games that saturate the market

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# Glossary of Terms

Term / Abbreviation	Meaning
<b>AOS</b>	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.
<b>FPS (first person shooter)</b>	A game in which the player plays from the point of view of the game character in three-dimensional graphics
<b>RTS (real-time strategy)</b>	A game that is usually played from a third-person on perspective, in which the player controls vast numbers of in-game characters in a tactical scenario
<b>MMORPG (massively multiplayer online role playing game)</b>	An online role-playing game that has a “massive” number (usually several hundred or more) of players who play concurrently
<b>MAU (monthly active user)</b>	Monthly total number of users who logged in and played Nexon’s PC online games. MAU in this presentation is the quarterly average of such numbers. Nexon’s PC online games include game developed and serviced by Nexon group, games developed by Nexon group and serviced by non-Nexon group publishers, and game developed by non Nexon group acquired publishing rights.
<b>ARPPU (average revenue per paying user)</b>	The amount obtained by dividing monthly PC online game gross revenues by the number of monthly paying users. ARPPU in this presentation is the quarterly average of such numbers. Gross revenues used in the calculation are in-game sales, and exclude other revenues included in PC revenues such as sales from PC café time charge.
<b>Pay Rate</b>	The percentage rate obtained by dividing the number of monthly paying users by the number of monthly active users. Pay rate in this presentation is calculated using the quarterly average of such numbers.
<b>MCCU (maximum concurrent users)</b>	The maximum number of users concurrently accessing a game at a particular moment. MCCU is generally used to measure the popularity of a game
<b>Closed Beta Test (CBT)</b>	A trial version (beta version) of a game offered for a certain period of time to a limited number of users or groups. A Limited Beta Test in an even smaller-scale trial mode of a game with fewer numbers of users or group
<b>Open Beta Test (OBT)</b>	A trial version (beta version) of a game a certain period of time without restrictions on participation. OBT is usually conducted after CBT.
<b>Tier One Update</b>	Large scale update to existing PC games typically launched in Q1 or Q3 around peak season
<b>Tier Two Update</b>	Smaller update to existing PC games released throughout the year
<b>Immersive Games</b>	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.

# Disclaimer

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:



# Disclaimer

- 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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# Q4 2020 Earnings Release Schedule

Q4 2020 financial results are scheduled for release on

# Tuesday, February 9th, 2021.

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.

