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**Consolidated Financial Results**  
**for the Nine Months Ended September 30, 2015**  
**[IFRS]**

November 13, 2015

Company name: NEXON Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Stock code: 3659

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Scheduled date for filing of quarterly securities report: November 13, 2015

Scheduled date of commencing dividend payments: -

Supplementary briefing material on quarterly financial results: Yes

Quarterly financial results briefing: No

(Amounts of less than one million yen are rounded off.)

1. Consolidated Financial Results for the Nine Months Ended September 30, 2015 (from January 1, 2015 to September 30, 2015)

(1) Consolidated Operating Results

(% changes from the previous corresponding period)

(Millions of yen)

	Revenue		Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent company		Total comprehensive income	
	Amount	% change	Amount	% change	Amount	% change	Amount	% change	Amount	% change	Amount	% change
Nine months ended September 30, 2015	144,447	11.1%	51,975	12.4%	60,737	24.4%	51,211	50.0%	50,733	50.0%	28,689	35.8%
Nine months ended September 30, 2014	129,998	7.6%	46,257	(8.2)%	48,819	(3.6)%	34,152	(1.9)%	33,814	(2.2)%	21,132	(67.7)%

	Basic earnings per share from continuing operations	Diluted earnings per share from continuing operations
	Yen	Yen
Nine months ended September 30, 2015	117.87	114.95
Nine months ended September 30, 2014	77.55	76.35

(2) Consolidated Financial Position

(Millions of yen)

	Total assets	Total equity	Total equity attributable to owners of the parent company	Ratio of equity attributable to owners of the parent company
As of September 30, 2015	432,241	366,268	361,165	83.6%
As of December 31, 2014	437,022	345,477	340,380	77.9%

## 2. Dividends

(Yen)

	Annual Dividends				
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	End of Year	Total
FY 2014	—	5.00	—	5.00	10.00
FY 2015	—	5.00	—		
FY 2015(Forecast)				5.00	10.00

(Note) Revision of most recently announced dividend forecasts: No

## 3. Consolidated Financial Results Forecast for the Year Ending December 31, 2015 (from January 1, 2015 to December 31, 2015)

(% changes from the previous fiscal year)

(Millions of yen)

	Revenue		Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent company		Basic earnings per share
											Yen
Full year	184,508	6.7%	61,666	35.5%	70,090	33.1%	59,029	100.6%	58,528	99.6%	135.78
	187,312	8.3%	63,805	40.2%	72,229	37.1%	60,804	106.7%	60,261	105.6%	139.79

As it is difficult to estimate specific figures, disclosure is made with a range. For details, please refer to “1. Qualitative Information on Consolidated Financial Results for the Period under Review (3) Explanation on Future Forecast Information including Consolidated Financial Results Forecast” on page 7 of the Appendix.

\*(Notes)

(1) Changes in Significant Subsidiaries during the Period under Review (changes in specified subsidiaries accompanying changes in scope of consolidation): No

(2) Changes in Accounting Policies and Changes in Accounting Estimates

- |  |     |
|--|-----|
| 1) Changes in accounting policies required by IFRS:    | Yes |
| 2) Changes in accounting policies other than 1) above: | No  |
| 3) Changes in accounting estimates:                    | No  |

(3) Number of Shares Issued (common stock)

1) Total number of shares issued at the end of the period (including treasury stock):

As of September 30, 2015:	433,150,117 shares
As of December 31, 2014:	431,256,017 shares

2) Total number of treasury stock at the end of the period:

As of September 30, 2015:	- shares
As of December 31, 2014:	- shares

3) Average number of shares during the period (cumulative):

Nine months ended September 30, 2015:	430,406,297 shares
Nine months ended September 30, 2014:	436,011,567 shares

\* Presentation regarding the Implementation Status of the Quarterly Review Process

This quarterly financial report is outside the scope of quarterly review procedures under the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly financial report, review procedures for the Quarterly Consolidated Financial Statements are in progress.

\* Explanation of the Proper Use of Financial Results Forecasts and Other Notes

(Caution Concerning Forward-Looking Statements)

The forward-looking statements including the financial results forecast herein are based on information available to the Company and certain assumptions that can be deemed reasonable as of the date of publication of this document, and are not intended as the Company's commitment to achieve such forecasts. Actual results may differ significantly from these forecasts due to a wide range of factors. For conditions prerequisite to the financial results forecast and the points to be noted in the use thereof, please refer to "1. Qualitative Information on Consolidated Financial Results for the Period under Review (3) Explanation on Future Forecast Information including Consolidated Financial Results Forecast" on page 7 of the Appendix.

(Method of Obtaining Supplementary Briefing Material on Financial Results)

The supplementary briefing materials on quarterly financial results are available on the Company's website.

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## 1. Qualitative Information on Consolidated Financial Results for the Period under Review

### (1) Explanation on Operating Results

During the nine months ended September 30, 2015, the world economy showed a gradual recovery primarily in developed countries. In the U.S., consumer spending showed a steady growth as employment and income environment improved. Daily activities and export also showed a gradual recovery, and the economy continued to stay on a recovery trend. In Europe, the overall economy showed a gradual recovery with improvement in consumption spending, especially in the U.K., Germany, Spain and Italy. In Asia, the Chinese economy's growth rate slowed down as evidenced by low major indicators such as production, export and consumption. Other countries, especially those heavily dependent on export, also experienced economic deceleration. In Japan, despite improvement in corporate earnings, stagnant export and consumer spending seemed to have brought a halt to the economic recovery.

Under these circumstances, Nexon Group is primarily engaged in PC online and mobile businesses. In order to provide users with an enjoyable game experience, Nexon Group has endeavored to provide high-quality games, obtain more contents, deliver new titles, and update existing titles. Specifically, Nexon Group has worked on various initiatives such as the enhancement of game development capabilities within Nexon Group, business alliance with other companies including joint development, provision of high-quality new game titles through purchase of leading game developers, enhancement of Nexon Group's development capabilities for native games in the mobile business and further reinforcement of the business platform to enable attractive content updates for the existing game titles.

For the three months ended September 30, 2015, revenue increased year-over-year, and the factors contributed include: strong sales in China of our main PC online game title *Dungeon&Fighter* as a result of well-received content update and item sales introduced for the National Day holiday in September; a year-over-year growth in sales of our existing PC online games in Korea including *Sudden Attack* and *MapleStory* in spite of a decline in sales of *EA SPORTS™ FIFA Online 3* ("FIFA Online 3") and *EA SPORTS™ FIFA Online 3 M* ("FIFA Online 3 M") compared to their strong sales for the three months ended September 30, 2014 due to a massive boost from the FIFA World Cup held in 2014; additional sales of PC online game *MapleStory2* released in Q3 2015; and contribution from sales of a mobile game *DomiNations* released in Korea, Taiwan, Japan, Hong Kong, and Macau following the release in the U.S and Europe.

In terms of expenses, cost of sales decreased year-over-year due to a decrease in royalty payments in line with a decline in sales of *FIFA Online 3* and *FIFA Online 3 M* year-over-year. Selling, general and administrative expenses increased year-over-year mainly due to increases in advertising costs associated with the launch of new game titles. In addition, finance income decreased year-over-year as foreign exchange gain arising from changes in foreign exchange rates decreased. Income tax expense decreased year-over-year as NEOPLE INC. (a local consolidated subsidiary of NEXON Korea Corporation, our consolidated subsidiary) moved to Jeju Island at the end of 2014, and its income tax expense decreased due to tax benefit in relation to this relocation.

As a result, for the nine months ended September 30, 2015, Nexon Group recorded revenue of ¥144,447 million (up 11.1% year-over-year), operating income of ¥51,975 million (up 12.4% year-over-year), income before income taxes of ¥60,737 million (up 24.4% year-over-year) and net income attributable to owners of the parent company of ¥50,733 million (up 50.0% year-over-year).

Performance results by reportable segments for the nine months ended September 30, 2015 are as follows:

#### (a) Japan

Revenue for the nine months ended September 30, 2015 amounted to ¥16,235 million (down 29.4% year-over-year), and segment loss amounted to ¥1,395 million (segment loss of ¥352 million for the nine months ended September 30, 2014). Both PC and mobile revenues decreased.

#### (b) Korea

Revenue for the nine months ended September 30, 2015 amounted to ¥115,608 million (up 18.0% year-over-year), and segment profit amounted to ¥56,847 million (up 18.1% year-over-year).

During the three months ended September 30, 2015, sales of *FIFA Online 3* and *FIFA Online 3 M* decreased year-over-year, but a year-over-year growth in sales of our existing PC online games in Korea including *Sudden Attack* and *MapleStory*, additional sales of PC online game *MapleStory2* released in Q3 2015, and contribution from sales of a mobile game *DomiNations* which started its service in Korea, Taiwan, Japan, Hong Kong, and Macau in addition to the U.S and Europe contributed to the business results. Revenue in Korea includes royalty

income of NEOPLE INC. attributable to license agreements in China. During the three months ended September 30, 2015, content update and item sales for our core PC online game title in China *Dungeon&Fighter* introduced for the National Day holiday in September were well received by its users, and an increase in the related royalty income also contributed to the business results.

(c) China

Revenue for the nine months ended September 30, 2015 amounted to ¥2,804 million (down 20.3% year-over-year), and segment profit amounted to ¥1,395 million (down 37.8% year-over-year). In China, consulting fees related to the existing PC online game titles decreased.

(d) North America

Revenue for the nine months ended September 30, 2015 amounted to ¥8,479 million (up 120.2% year-over-year), and segment loss amounted to ¥2,967 million (segment loss of ¥1,486 million for the nine months ended September 30, 2014). In North America, revenue increased due to a contribution from the new mobile game title *DomiNations* launched in the U.S. and Europe in Q2, but an increase in related marketing expense resulted in a decline in profit

(e) Other

Revenue for the nine months ended September 30, 2015 amounted to ¥1,321 million (down 20.6% year-over-year), and segment loss amounted to ¥318 million (segment loss of ¥414 million for the nine months ended September 30, 2014).

(2) Explanation on Financial Position

(a) Assets, liabilities and equity

(Assets)

Total assets as of September 30, 2015 amounted to ¥432,241 million, a decrease of ¥4,781 million from December 31, 2014. Major components of the decrease included a decrease of ¥6,392 million in other financial assets in non-current assets section as a result of mark-to-market of listed investment securities owned by the Company, a decrease of ¥7,590 million in intangible assets due to amortization, and an increase of ¥10,507 million in cash and cash equivalents.

(Liabilities)

Total liabilities as of September 30, 2015 amounted to ¥65,973 million, a decrease of ¥25,572 million from December 31, 2014. Major components of the decrease included a decrease in borrowings of ¥8,226 million from repayment, a decrease in income taxes payable of ¥8,602 million due to tax payment, and a decrease of ¥2,260 million in deferred tax liabilities related to unrealized gain or loss on available-for-sale securities.

(Equity)

Equity as of September 30, 2015 totaled ¥366,268 million, an increase of ¥20,791 million from December 31, 2014. Major components of the increase included an increase of ¥46,382 million in retained earnings from recording net income and a decrease of ¥21,909 million in other equity interest due to a decrease in unrealized gain or loss on available-for-sale securities and foreign currency translation adjustments, recognized as other comprehensive income.

As a result, ratio of equity attributable to owners of the parent company was 83.6% (77.9% as of December 31, 2014).

(b) Cash flows

Cash and cash equivalents (“Cash”) as of September 30, 2015 was ¥128,236 million, an increase of ¥10,507 million from December 31, 2014.

Cash flows from each activity for the nine months ended September 30, 2015 and their significant components are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities was ¥45,016 million, compared to ¥41,930 million in the nine months ended September 30, 2014. Major inflows included income before income taxes of ¥60,737 million and depreciation and amortization of ¥11,199 million, and major outflows included payment of income taxes of ¥21,259 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥13,258 million, compared to ¥43,376 million in the nine months ended September 30, 2014. Major outflows included an increase in other deposits of ¥8,649 million and acquisition of a subsidiary of ¥2,155 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥16,263 million, compared to ¥26,147 million in the nine months ended September 30, 2014. Major outflows included repayment of long-term borrowings of ¥11,990 million, purchases of treasury stock of ¥10,169 million and payment of cash dividends of ¥4,305 million.

### (3) Explanation on Future Forecast Information including Consolidated Financial Results Forecast

It is difficult to forecast full-year consolidated financial results of the PC online game and the mobile game market, in which Nexon Group's main businesses operate because of the difficulty to project the growth speed of the market and our revenue largely dependent on such uncertain factors as preference of users and the presence of popular titles. Accordingly, in order to provide more accurate information to our shareholders and investors, Nexon Group decided to disclose consolidated financial results forecast for the following quarter with a range. "Consolidated Financial Results Forecast for the Year Ending December 31, 2015" is the aggregation of the actual consolidated financial results for the nine months ended September 30, 2015 and the financial results forecast for the three months ending December 31, 2015.

For the year ending December 31, 2015, Nexon Group expects consolidated revenue in the range of ¥ 184,508 ~ 187,312 million (an increase of 6.7% ~ 8.3% year-over-year), operating income in the range of ¥ 61,666 ~ 63,805 million (an increase of 35.5% ~ 40.2% year-over-year), income before income taxes in the range of ¥ 70,090 ~ 72,229 million (an increase of 33.1% ~ 37.1% year-over-year), net income in the range of ¥ 59,029 ~ 60,804 million (an increase of 100.6% ~ 106.7% year-over-year), net income attributable to owners of the parent company in the range of ¥ 58,528 ~ 60,261 million (an increase of 99.6% ~ 105.6% year-over-year), and basic earnings per share in the range of ¥ 135.78 ~ 139.79. Nexon Group operates a global business in Japan, South Korea, China, the United States and other countries. Major exchange rates are assumed to be 1 U.S. dollar = ¥ 120.07, 100 South Korean won = ¥ 10.50 and 1 Chinese yuan = ¥ 18.91. In most cases, the exchange rates of both the South Korean won and Chinese yuan are linked to the U.S. dollar. We expect that every one Japanese yen move against the U.S. dollar will have an impact of approximately ¥ 300 million on revenue and approximately ¥ 100 million on operating income for the three months ending December 31, 2015.

For the three months ending December 31, 2015, revenues in the PC online and Other business are forecasted to be ¥ 30,189 ~ 31,871 million and revenues in the mobile business are forecasted to be ¥9,871 ~ 10,994 million.

In Korea and China, the fourth quarter is generally, a seasonably weaker period with the rebound of the strong performance in the third quarter which includes summer vacation and national holidays.

During the three months ending December 31, 2015, new PC titles *Tree of Savior* and *Ar:pieL* are scheduled for launch in Korea following *AIMA* which was released in October. In China, high-quality content update is scheduled for our key PC title *Dungeon&Fighter*. While an increase in revenue is expected as a result of multiple new title launches, revenue in the PC online business for Q4 2015 is expected to decrease year-over-year mainly due to an expected decrease in the revenue of China, which is attributable to an expected decrease in revenue of *Dungeon&Fighter* compared to exceptionally strong sales in Q4 2014 driven by particularly well-received item sales.

Revenue in the mobile business for Q4 2015 is expected to increase year-over-year with sales from existing titles as well as contributions from *DomiNations* primarily in Korea, North America, Europe and Other regions and multiple mobile games scheduled to be released in Q4 2015. While revenue from the mobile business is

expected to increase year-over-year, we expect this is offset by a decrease in revenue from the PC online business. Accordingly, we expect revenues for Q4 2015 to decrease year-over-year.

Expenses for Q4 2015 are expected to decrease year-over-year due to a significant decrease in amortization expense as a result of the completion of IP amortization related to *Dungeon&Fighter*, while some of the costs are expected to increase such as marketing costs due to scheduled releases of multiple new PC online and mobile titles and variable costs including royalty costs in relation to growth in the third party licensed game business and PG fee with growing mobile business.

These financial results forecasts are based on our judgment using available information at this time and include various uncertain factors; and accordingly, any change in the business condition may cause actual results to differ from the forecasts.

(Reference)

Consolidated financial results forecast for the three months ending December 31, 2015 (from October 1, 2015 to December 31, 2015)

(% changes from the previous fiscal year)

(Millions of yen)

	Revenue		Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent company		Basic earnings per share
											Yen
the three months ending December 31, 2015	40,060	(6.7)%	9,692	-%	9,353	142.8%	7,818	-%	7,795	-%	17.99
	~ 42,865	~ (0.2)%	~ 11,831	~ -%	~ 11,491	~ 198.3%	~ 9,593	~ -%	~ 9,527	~ -%	~ 21.99

2. Matters Related to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period under Review:

Not applicable

(2) Changes in Accounting Policies and Changes in Accounting Estimates:

(Changes in accounting policies required by IFRS)

The accounting policies used to prepare these condensed consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2014 unless otherwise noted, except for the new standards applied as listed below. Nexon Group calculated income taxes for the nine months ended September 30, 2015, based on the estimated average annual effective tax rate.

Nexon Group has applied the following standards from Q1 2015 (from January 1, 2015 to March 31, 2015), but the application of these standards did not have material impacts on the nine months ended September 30, 2015 under review.

Standards	Title	Overview of New or Revised Standard
IFRS 2	Share-based Payment	Amended the definition of vesting conditions
IFRS 3	Business Combinations	Amended accounting for contingent consideration in a business combination Clarified the scope of business combinations under common control to be excluded from the scope of IFRS 3
IFRS 8	Operating Segments	Added disclosure requirements for reportable segments that are an aggregation of multiple operating segments Clarified provisions on reportable segments' assets
IFRS 13	Fair Value Measurement	Clarified the scope of the exception for fair value measurement of a portfolio
IAS 16	Property, Plant and Equipment	Amended accounting for revaluation models
IAS 19	Employee Benefits	Clarified the accounting for employee or third party contributions set out in the terms of a defined benefit plan.
IAS 24	Related Party Disclosures	Clarified that an entity providing key management personnel services to the reporting entity is deemed to be a related party of the reporting entity
IAS 38	Intangible assets	Amended accounting for revaluation models
IAS 40	Investment Property	Clarified the interrelationship of IAS 40 and IFRS 3 in acquisition of property

### 3. Condensed Consolidated Financial Statements

#### (1) Condensed Consolidated Statement of Financial Position

	(Millions of yen)	
	As of December 31, 2014	As of September 30, 2015
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	117,729	128,236
Trade and other receivables	32,280	31,776
Other deposits	100,235	100,643
Other financial assets	3,029	1,759
Other current assets	4,852	6,576
<b>Total current assets</b>	<b>258,125</b>	<b>268,990</b>
<b>Non-current assets</b>		
Property, plant and equipment	24,039	21,390
Goodwill	35,426	35,800
Intangible assets	16,574	8,984
Investments accounted for using equity method	1,845	1,988
Other financial assets	93,779	87,387
Other non-current assets	2,518	3,174
Deferred tax assets	4,716	4,528
<b>Total non-current assets</b>	<b>178,897</b>	<b>163,251</b>
<b>Total assets</b>	<b>437,022</b>	<b>432,241</b>

(Millions of yen)

	As of December 31, 2014	As of September 30, 2015
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	10,214	8,970
Deferred income	10,718	9,703
Borrowings	13,180	14,099
Income taxes payable	12,836	4,234
Other financial liabilities	1,268	238
Provisions	2,323	1,379
Other current liabilities	6,484	4,804
Total current liabilities	<u>57,023</u>	<u>43,427</u>
Non-current liabilities		
Deferred income	2,440	1,646
Borrowings	23,244	14,099
Other financial liabilities	1,820	2,064
Provisions	291	319
Other non-current liabilities	1,359	1,310
Deferred tax liabilities	5,368	3,108
Total non-current liabilities	<u>34,522</u>	<u>22,546</u>
Total liabilities	<u>91,545</u>	<u>65,973</u>
Equity		
Capital stock	52,481	55,731
Capital surplus	40,830	33,892
Other equity interest	92,044	70,135
Retained earnings	155,025	201,407
Total equity attributable to owners of the parent company	<u>340,380</u>	<u>361,165</u>
Non-controlling interests	5,097	5,103
Total equity	<u>345,477</u>	<u>366,268</u>
Total liabilities and equity	<u>437,022</u>	<u>432,241</u>

(2) Condensed Consolidated Income Statement  
For the nine months ended September 30, 2014 and 2015

	(Millions of yen)	
	Nine months ended September 30,	
	2014 (From January 1, 2014 to September 30, 2014)	2015 (From January 1, 2015 to September 30, 2015)
Revenue	129,998	144,447
Cost of sales	(32,819)	(36,246)
Gross profit	97,179	108,201
Selling, general and administrative expenses	(49,044)	(54,630)
Other income	597	315
Other expenses	(2,475)	(1,911)
Operating income	46,257	51,975
Finance income	3,694	9,184
Finance costs	(934)	(448)
Equity in loss (profit) of affiliates	(198)	26
Income before income taxes	48,819	60,737
Income taxes expense	(14,667)	(9,526)
Net income	34,152	51,211
Attributable to:		
Owners of the parent company	33,814	50,733
Non-controlling interests	338	478
Net income	34,152	51,211
Earnings per share (attributable to owners of the parent company)	(Yen)	(Yen)
Basic earnings per share	77.55	117.87
Diluted earnings per share	76.35	114.95

For the three months ended September 30, 2014 and 2015

	(Millions of yen)	
	Three months ended September 30,	
	2014 (From July 1, 2014 to September 30, 2014)	2015 (From July 1, 2015 to September 30, 2015)
Revenue	45,613	49,811
Cost of sales	(12,731)	(12,552)
Gross profit	32,882	37,259
Selling, general and administrative expenses	(17,401)	(18,269)
Other income	180	101
Other expenses	(537)	(655)
Operating income	15,124	18,436
Finance income	5,122	4,277
Finance costs	(360)	(234)
Equity in profit (loss) of affiliates	(93)	11
Income before income taxes	19,793	22,490
Income taxes expense	(6,132)	(3,239)
Net income	13,661	19,251
Attributable to:		
Owners of the parent company	13,585	19,184
Non-controlling interests	76	67
Net income	13,661	19,251
Earnings per share (attributable to owners of the parent company)	(Yen)	(Yen)
Basic earnings per share	31.49	44.47
Diluted earnings per share	31.00	43.41

(3) Condensed Consolidated Statement of Comprehensive Income  
For the nine months ended September 30, 2014 and 2015

	(Millions of yen)	
	Nine months ended September 30,	
	2014 (From January 1, 2014 to September 30, 2014)	2015 (From January 1, 2015 to September 30, 2015)
Net income	34,152	51,211
Other comprehensive income		
Items that will not be reclassified to net income		
Financial assets measured at fair value through other comprehensive income	(34,857)	(440)
Re-measurement of defined benefit pension plans	(1)	4
Income taxes	13,361	239
Total items that will not be reclassified to net income	(21,497)	(197)
Items that may be reclassified subsequently to net income		
Exchange differences on translating foreign operations	8,452	(22,332)
Cash flow hedges	46	15
Other comprehensive income under equity method	(2)	(1)
Income taxes	(19)	(7)
Total items that may be reclassified subsequently to net income	8,477	(22,325)
Total other comprehensive income	(13,020)	(22,522)
Total comprehensive income	21,132	28,689
Attributable to:		
Owners of the parent company	20,607	28,683
Non-controlling interests	525	6
Total comprehensive income	21,132	28,689

For the three months ended September 30, 2014 and 2015

	(Millions of yen)	
	Three months ended September 30,	
	2014	2015
	(From July 1, 2014 to September 30, 2014)	(From July 1, 2015 to September 30, 2015)
Net income	13,661	19,251
Other comprehensive income		
Items that will not be reclassified to net income		
Financial assets measured at fair value through other comprehensive income	(13,837)	(10,634)
Re-measurement of defined benefit pension plans	(1)	4
Income taxes	5,187	3,040
Total items that will not be reclassified to net income	(8,651)	(7,590)
Items that may be reclassified subsequently to net income		
Exchange differences on translating foreign operations	7,924	(21,789)
Cash flow hedges	16	2
Other comprehensive income under equity method	(2)	(0)
Income taxes	(6)	(1)
Total items that may be reclassified subsequently to net income	7,932	(21,788)
Total other comprehensive income	(719)	(29,378)
Total comprehensive income	12,942	(10,127)
Attributable to:		
Owners of the parent company	12,705	(9,744)
Non-controlling interests	237	(383)
Total comprehensive income	12,942	(10,127)

## (4) Condensed Consolidated Statement of Changes in Equity

For the nine months ended September 30, 2014 (From January 1, 2014 to September 30, 2014)

(Millions of yen)

	Equity attributable to owners of the parent company						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Treasury stock	Other equity interest	Retained earnings	Total		
Balance at January 1, 2014	51,952	50,688	(0)	74,468	131,374	308,482	4,577	313,059
Net income for the period	—	—	—	—	33,814	33,814	338	34,152
Other comprehensive income	—	—	—	(13,207)	—	(13,207)	187	(13,020)
Total comprehensive income	—	—	—	(13,207)	33,814	20,607	525	21,132
Issue of shares	274	274	—	—	—	548	—	548
Stock issue cost	—	(2)	—	—	—	(2)	—	(2)
Payment of dividends	—	—	—	—	(4,373)	(4,373)	—	(4,373)
Share-based payments	—	—	—	3,502	—	3,502	—	3,502
Purchases and disposals of non-controlling interests	—	(341)	—	—	—	(341)	(37)	(378)
Purchases of treasury stock	—	(43)	(10,000)	—	—	(10,043)	—	(10,043)
Retirement of treasury stock	—	(10,000)	10,000	—	—	—	—	—
Others	—	—	—	—	(0)	(0)	—	(0)
Total transactions with the owners	274	(10,112)	—	3,502	(4,373)	(10,709)	(37)	(10,746)
Balance at September 30, 2014	52,226	40,576	—	64,763	160,815	318,380	5,065	323,445

For the nine months ended September 30, 2015 (From January 1, 2015 to September 30, 2015)

(Millions of yen)

	Equity attributable to owners of the parent company						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Treasury stock	Other equity interest	Retained earnings	Total		
Balance at January 1, 2015	52,481	40,830	—	92,044	155,025	340,380	5,097	345,477
Net income for the period	—	—	—	—	50,733	50,733	478	51,211
Other comprehensive income	—	—	—	(22,050)	—	(22,050)	(472)	(22,522)
Total comprehensive income	—	—	—	(22,050)	50,733	28,683	6	28,689
Issue of shares	3,250	3,250	—	—	—	6,500	—	6,500
Stock issue cost	—	(22)	—	—	—	(22)	—	(22)
Payment of dividends	—	—	—	—	(4,305)	(4,305)	—	(4,305)
Share-based payments	—	—	—	95	—	95	—	95
Purchases of treasury stock	—	(169)	(10,000)	—	—	(10,169)	—	(10,169)
Retirement of treasury stock	—	(10,000)	10,000	—	—	—	—	—
Reclassification from other equity interest to retained earnings	—	—	—	46	(46)	—	—	—
Others	—	3	—	—	—	3	—	3
Total transactions with the owners	3,250	(6,938)	—	141	(4,351)	(7,898)	—	(7,898)
Balance at September 30, 2015	55,731	33,892	—	70,135	201,407	361,165	5,103	366,268

## (5) Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Nine months ended September 30,	
	2014 (From January 1, 2014 to September 30, 2014)	2015 (From January 1, 2015 to September 30, 2015)
Cash flows from operating activities		
Income before income taxes	48,819	60,737
Depreciation and amortization	11,600	11,199
Share-based compensation expenses	3,704	1,576
Interest and dividend income	(2,662)	(4,119)
Interest expense	386	278
Impairment loss	2,230	1,677
Equity in loss (profit) of affiliates	198	(26)
Increase in trade and other receivables	(6,487)	(2,376)
Increase (decrease) in trade and other payables	1,210	(662)
Decrease in deferred income	(1,111)	(952)
Other	3,042	(5,092)
Subtotal	60,929	62,240
Interest and dividends received	2,376	4,441
Interest paid	(539)	(406)
Income taxes paid	(20,836)	(21,259)
Net cash provided by operating activities	41,930	45,016
Cash flows from investing activities		
Increase in other deposits	(41,959)	(8,649)
Purchases of property, plant and equipment	(2,991)	(2,209)
Proceeds from sales of property, plant and equipment	450	49
Purchases of intangible assets	(2,059)	(2,030)
Payments associated with increase in long-term prepaid expenses	(1,331)	(987)
Purchases of investment securities	(1,563)	(907)
Proceeds from sale of investment securities	4,702	2,500
Purchases of affiliates	—	(78)
Proceeds from sales of affiliates	79	-
Purchases of subsidiaries	—	(2,155)
Other	1,296	1,208
Net cash used in investing activities	(43,376)	(13,258)
Cash flows from financing activities		
Net increase in short-term borrowings	—	500
Proceeds from long-term borrowings	—	5,000
Repayment of long-term borrowings	(11,153)	(11,990)
Proceeds from exercise of stock options	349	4,999
Purchases of treasury stock	(10,043)	(10,169)
Cash dividends paid	(4,373)	(4,305)
Other	(927)	(298)
Net cash used in financing activities	(26,147)	(16,263)
Net (decrease) increase in cash and cash equivalents	(27,593)	15,495
Cash and cash equivalents at the beginning of the period	138,843	117,729
Effects of exchange rate changes on cash and cash equivalents	2,905	(4,988)
Cash and cash equivalents at the end of the period	114,155	128,236

(6) Notes on Going Concern Assumption

Not applicable

(7) Notes on Significant Changes in the Amount of Equity Attributable to Owners of the Parent Company

Not applicable

(8) Segment Information

(a) Outline of reportable segments

Reportable segments of Nexon Group are components of the Group, for which separate financial statements are available, that are evaluated regularly by the board of directors in deciding how to allocate management resources and in assessing performance.

Nexon Group is engaged in production, development and distribution of PC online games and mobile games, and the Company and its domestic consolidated subsidiaries (in Japan) and its local consolidated subsidiaries (overseas) develop overall strategies and operate business activities for their respective products and services in each region as independent units. Accordingly, Nexon Group is comprised of geographical segments based on production, development, and distribution of PC online games and mobile games. There are five reportable segments: “Japan”, “Korea”, “China”, “North America” and “Other” which includes Europe and Asian countries.

(b) Revenue, profit or loss by reportable segment

Information on the segments of Nexon Group is as follows:

(For the nine months ended September 30)

For the nine months ended September 30, 2014 (From January 1, 2014 to September 30, 2014)

(Millions of yen)

	Reportable Segments					Total	Adjustments (Note 3)	Consolidated
	Japan	Korea	China	North America	Other			
Revenue								
Revenue from external customers	23,012	97,955	3,517	3,850	1,664	129,998	—	129,998
Intersegment revenue	11	2,643	—	6	8	2,668	(2,668)	—
Total	23,023	100,598	3,517	3,856	1,672	132,666	(2,668)	129,998
Segment profit or loss (Note 1)	(352)	48,142	2,244	(1,486)	(414)	48,134	1	48,135
Other income (expense), net								(1,878)
Operating income								46,257
Finance income (costs), net								2,760
Equity in loss of affiliates								(198)
Income before income taxes								48,819

- (Notes) 1. Segment profit or loss is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.  
2. Price for intersegment transactions is based on the general market price.  
3. Adjustments in segment profit or loss of ¥ 1 million represent elimination of intersegment transactions.

For the nine months ended September 30, 2015 (From January 1, 2015 to September 30, 2015)

(Millions of yen)

	Reportable Segments					Total	Adjustments (Note 3)	Consolidated
	Japan	Korea	China	North America	Other			
Revenue								
Revenue from external customers	16,235	115,608	2,804	8,479	1,321	144,447	—	144,447
Intersegment revenue	59	2,452	-	347	109	2,967	(2,967)	—
Total	16,294	118,060	2,804	8,826	1,430	147,414	(2,967)	144,447
Segment profit or loss (Note 1)	(1,395)	56,847	1,395	(2,967)	(318)	53,562	9	53,571
Other income (expense), net								(1,596)
Operating income								51,975
Finance income (costs), net								8,736
Equity in profit of affiliates								26
Income before income taxes								60,737

- (Notes) 1. Segment profit or loss is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.  
2. Price for intersegment transactions is based on the general market price.  
3. Adjustments in segment profit or loss of ¥ 9 million represent elimination of intersegment transactions.

(For the three months ended September 30)

For the three months ended September 30, 2014 (From July 1, 2014 to September 30, 2014)

(Millions of yen)

	Reportable Segments					Total	Adjustments (Note 3)	Consolidated
	Japan	Korea	China	North America	Other			
Revenue								
Revenue from external customers	7,237	35,361	1,035	1,461	519	45,613	—	45,613
Intersegment revenue	3	897	—	1	—	901	(901)	—
Total	7,240	36,258	1,035	1,462	519	46,514	(901)	45,613
Segment profit or loss (Note 1)	(15)	15,542	620	(476)	(191)	15,480	1	15,481
Other income (expense), net								(357)
Operating income								15,124
Finance income (costs), net								4,762
Equity in loss of affiliates								(93)
Income before income taxes								19,793

- (Notes)
1. Segment profit or loss is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.
  2. Price for intersegment transactions is based on the general market price.
  3. Adjustments in segment profit or loss of ¥1 million represent elimination of intersegment transactions.

For the three months ended September 30, 2015 (From July 1, 2015 to September 30, 2015)

(Millions of yen)

	Reportable Segments					Total	Adjustments (Note 3)	Consolidated
	Japan	Korea	China	North America	Other			
Revenue								
Revenue from external customers	4,913	40,437	1,276	2,747	438	49,811	—	49,811
Intersegment revenue	34	796	-	338	43	1,211	(1,211)	—
Total	4,947	41,233	1,276	3,085	481	51,022	(1,211)	49,811
Segment profit or loss (Note 1)	(532)	19,645	808	(805)	(142)	18,974	16	18,990
Other income (expense), net								(554)
Operating income								18,436
Finance income (costs), net								4,043
Equity in profit of affiliates								11
Income before income taxes								22,490

- (Notes)
1. Segment profit or loss is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.
  2. Price for intersegment transactions is based on the general market price.
  3. Adjustments in segment profit or loss of ¥16 million represent elimination of intersegment transactions.

(c) Information on each region

Revenue from external customers are as follows:

(For the nine months ended September 30)

	(Millions of yen)	
	For the nine months ended September 30, 2014 (From January 1, 2014 to September 30, 2014)	For the nine months ended September 30, 2015 (From January 1, 2015 to September 30, 2015)
Japan	23,009	16,285
Korea	48,660	56,878
China	50,517	58,938
North America	3,896	6,554
Other	3,916	5,792
Total	<u>129,998</u>	<u>144,447</u>

- (Notes)
1. Revenue is classified into country or region category based on the customers' location.
  2. The category of country or region is based on geographic proximity.
  3. Main countries or regions in each category:
    - (1) North America: USA and Canada
    - (2) Other: Europe, Central and South America and Asian countries

(For the three months ended September 30)

	(Millions of yen)	
	For the three months ended September 30, 2014 (From July 1, 2014 to September 30, 2014)	For the three months ended September 30, 2015 (From July 1, 2015 to September 30, 2015)
Japan	7,232	4,972
Korea	19,976	20,163
China	15,685	20,247
North America	1,420	2,045
Other	1,300	2,384
Total	<u>45,613</u>	<u>49,811</u>

- (Notes)
1. Revenue is classified into country or region category based on the customers' location.
  2. The category of country or region is based on geographic proximity.
  3. Main countries or regions in each category:
    - (1) North America: USA and Canada
    - (2) Other: Europe, Central and South America and Asian countries

(d) Revenue by major business

Revenue by business is as follows:

(For the nine months ended September 30)

	(Millions of yen)	
	For the nine months ended September 30, 2014 (From January 1, 2014 to September 30, 2014)	For the nine months ended September 30, 2015 (From January 1, 2015 to September 30, 2015)
PC online	103,533	114,483
Mobile	25,312	28,853
Other	1,153	1,111
Total	<u>129,998</u>	<u>144,447</u>

(For the three months ended September 30)

	(Millions of yen)	
	For the three months ended September 30, 2014 (From July 1, 2014 to September 30, 2014)	For the three months ended September 30, 2015 (From July 1, 2015 to September 30, 2015)
PC online	35,523	39,159
Mobile	9,682	10,330
Other	408	322
Total	<u>45,613</u>	<u>49,811</u>

(9) Subsequent Event

(Disposal of NCSOFT Corporation shares)

(a) Summary

The Company disposed of all shares in NCSOFT Corporation as no sufficient business synergies have been realized for approximately three years since its investment in June 2012.

(b) Type and number of shares subject to disposal, method of disposal, and disposal price

(i) Type of shares subject to disposal: Ordinary Shares of NCSOFT Corporation

(ii) Number of shares subject to disposal: 3,306,897 shares (15.08% of outstanding shares)

Shares held by Nexon Co., Ltd were 3,218,091 shares (acquisition cost: JPY54,547 million) and Nexon Korea Corporation, our subsidiary, held 88,806 shares (acquisition cost: JPY1,167 million, calculated at the exchange rate as of September 30, 2015). These shares are recorded in the condensed consolidated statement of financial position as of September 30, 2015 as financial assets measured at fair value through other comprehensive income in other financial assets (non-current).

(iii) Method of disposal: Sales to institutional investors through book building method in pre-hour trading at Korea Exchange

(iv) Disposal price: KRW 183,000 (equivalent to JPY 19,361) per share, KRW 605,162 million (equivalent to JPY64,026 million) in total

The yen equivalent above is calculated using the exchange rate as of October 16, 2015.

(c) Schedule of disposal

(i) Trading date: October 16, 2015

(ii) Settlement date: October 20, 2015

(d) Purpose of use of funds

A portion of the proceeds from the disposal will be appropriated towards repayment of borrowings of the company (balance as of September 30, 2015: JPY13,600 million and USD80 million).