



**NEXON**

# INVESTOR PRESENTATION Q2 2020

Aug 6, 2020 NEXON Co., Ltd.

**Owen Mahoney** President and CEO

**Shiro Uemura** CFO

# CEO Highlights





## Record Q2 Revenue

Strength Across Our Portfolio in Korea including *MapleStory*, *Dungeon&Fighter*, and *KartRider Rush+*

- Outperformance driven by record-breaking Q2 in Korea
- Performance in Q2 again highlights the strength of our franchises, coupled with our focus strategy
- Successful start of *KartRider Rush+* demonstrates massive growth potential due to platform expansion

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



- Korea *MapleStory* PC grew 151%<sup>1</sup> Y/Y on top of 24%<sup>1</sup> growth in Q2 2019, marking record Q2 revenue
- Massive growth with healthy increase in user metrics including MAUs, paying users, and ARPPU
- Exceptionally strong growth in its 17<sup>th</sup> year illustrates our ability to sustain and grow powerful franchises
- Grew 173%<sup>1</sup> in North America and Europe, and 217%<sup>1</sup> in Rest of World Y/Y



## ***KartRider Rush+***

- *KartRider Rush+*, the mobile version of *KartRider* franchise, launched on May 12 worldwide<sup>1</sup>
- Strong start, particularly in Korea and Taiwan. Q2 significantly exceeded our outlook
- *KartRider Rush+* drove the majority of Nexon's Q/Q mobile revenue growth
- Garnering new fans on top of the already massive player base of 380 million on PC
- Enjoyed by a wide audience including male and female, parents and children, young and old

**Great Start; But Nexon Measures Success in Years Not Months**

<sup>1</sup> Excludes China, Vietnam, and Japan



## China *Dungeon&Fighter*

- The key update in March as well as Labor Day and 12<sup>th</sup> Anniversary updates were well-received by existing players
- However, these updates did not recapture players who have not logged on in the recent months
- Consequently, the performance in Q2 did not reach our expectations
- Continue to work on re-engaging those who have not logged on in a while
- Focused on long-term success

**Existing player base is stable. We do not expect that to change this year**





## ***Mobile Dungeon&Fighter***

- August 12 launch
- 60 million pre-registrations
- Tencent committing strong game marketing and operational support
- Bringing *Dungeon&Fighter's* deeply immersive virtual world to hundreds of millions of players in China on mobile platform

**Bringing One of the World's Biggest Entertainment Franchises to Mobile**

# Nexon's Tent-Pole Franchises Expanding to New Platforms

Strong Early Data on Mobile Point 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

Very strong start reflects massive fan base and enduring power of the IP

Launching August 12 in China

Strong support from Tencent

60 million pre-registrations smashes Nexon record

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



# CFO Highlights



# **Q2 2020 Results**

# Q2 2020 Result Highlights

## Strength Across A Portfolio of Franchises

### Revenues

Exceeded our outlook primarily driven by stronger-than-expected performances of *KartRider Rush+*, *MapleStory*, and *Korea Dungeon&Fighter*

### Operating Income

Exceeded our outlook driven by revenue outperformance

On the cost side, marketing costs were lower than our plan while platform gateway fees and royalties were higher than planned

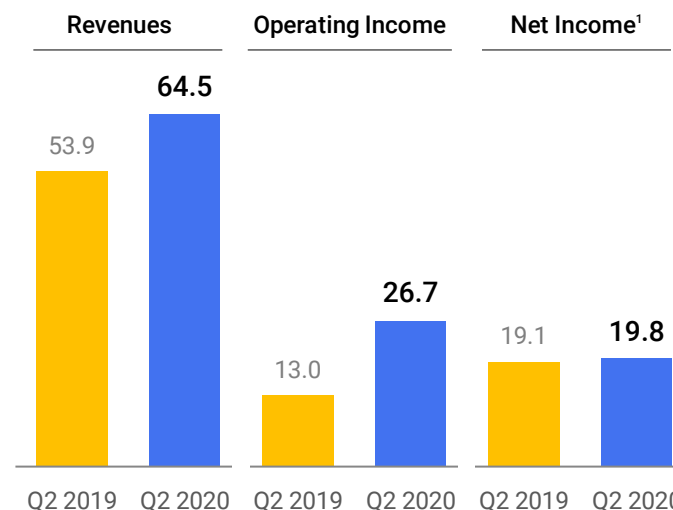
### Net Income<sup>1</sup>

Below our outlook due to a ¥6.7 billion FX loss primarily on U.S. dollar-denominated cash deposits

(Unit: ¥ millions, except per share data)

	Q2 2019	Q2 2020 Outlook		Q2 2020	YoY %
<b>Revenues</b>	<b>¥53,865</b>	<b>¥59,044</b>	<b>~ ¥64,008</b>	<b>¥64,466</b>	<b>20%</b>
PC <sup>2</sup>	38,125	43,248	~ 46,585	44,923	18%
Mobile	15,740	15,796	~ 17,423	19,543	24%
<b>Operating income</b>	<b>12,987</b>	<b>21,911</b>	<b>~ 26,212</b>	<b>26,711</b>	<b>106%</b>
<b>Net income<sup>1</sup></b>	<b>19,145</b>	<b>20,291</b>	<b>~ 23,708</b>	<b>19,763</b>	<b>3%</b>
Earnings per share	21.37	22.98	~ 26.85	22.37	
<b>Exchange rates</b>					
100 KRW/JPY	9.43	8.83	8.83	8.83	(6%)
CNY/JPY	16.10	15.24	15.24	15.18	(6%)
USD/JPY	109.90	107.53	107.53	107.62	(2%)

(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



# Q2 2020 Revenue Breakdown

Strong Performance in Korea; China was Below Our Outlook

(Unit: ¥ millions)

	Q2 2020			YoY % Change	
(Unit: ¥ millions)	Q2 2019	As-Reported	Constant Currency <sup>4</sup>	As-Reported	Constant Currency <sup>4</sup>
Revenue by Region <sup>1</sup>					
China	¥21,282	¥19,219	¥20,348	(10%)	(4%)
Korea	19,387	32,797	35,024	69%	81%
Japan	4,608	2,781	2,896	(40%)	(37%)
North America and Europe	5,148	5,054	5,212	(2%)	1%
Rest of World <sup>2</sup>	3,440	4,615	4,880	34%	42%
Nexon Total	53,865	64,466	68,360	20%	27%

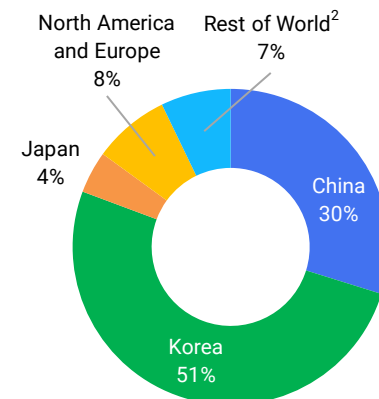
## Revenue by Platform

PC <sup>3</sup>	38,125	44,923	47,655	18%	25%
Mobile	15,740	19,543	20,705	24%	32%
<b>Nexon Total</b>	<b>53,865</b>	<b>64,466</b>	<b>68,360</b>	<b>20%</b>	<b>27%</b>

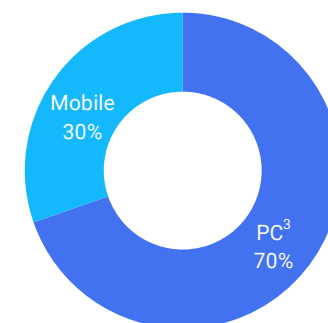
## FX Rate

100 KRW/JPY	9.43	8.83	9.43	(6%)
CNY/JPY	16.10	15.18	16.10	(6%)
USD/JPY	109.90	107.62	109.90	(2%)

Q2 2020 Revenue by Region<sup>1</sup>



Q2 2020 Revenue by Platform



<sup>1</sup> Based on the regions in which revenues originate; 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.

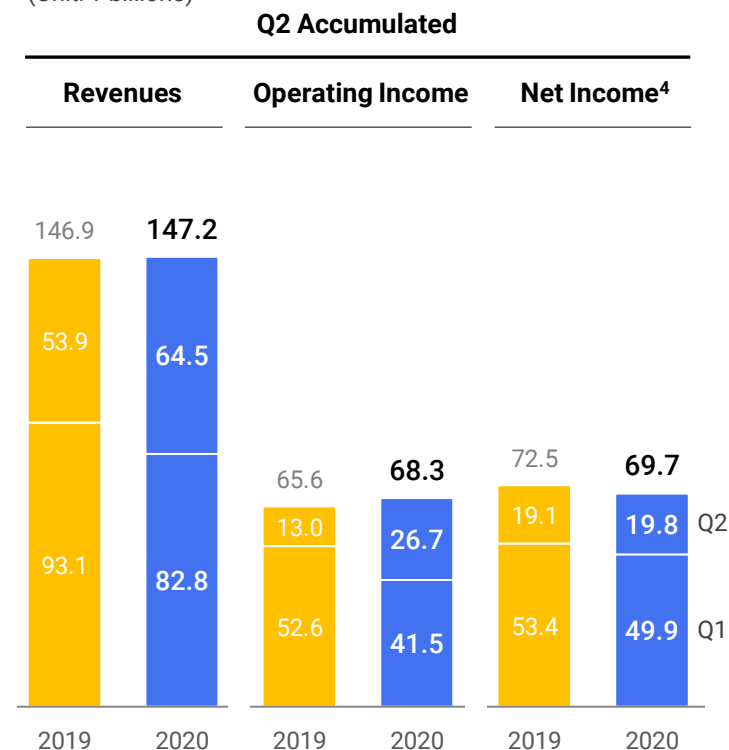
<sup>6</sup> Nexon Group has made a change to a part of its regional segmentation of revenue from external customers from Q1 2020. The numbers for the last year have also been adjusted accordingly.

# Q2 2020 Accumulated Results

(Unit: ¥ millions, except per share data)

		Q1-Q2 2020		YoY % Change	
	Q1-Q2 2019	As-Reported	Constant Currency <sup>5</sup>	As-Reported	Constant Currency <sup>5</sup>
Revenue by Region <sup>1</sup>					
China	¥78,832	¥52,718	¥55,720	(33%)	(29%)
Korea	41,744	72,541	77,589	74%	86%
Japan	8,441	4,348	4,510	(48%)	(47%)
North America and Europe	10,699	9,222	9,484	(14%)	(11%)
Rest of World <sup>2</sup>	7,226	8,399	8,838	16%	22%
Nexon Total	146,942	147,228	156,141	0%	6%
Revenue by Platform					
PC <sup>3</sup>	115,764	110,649	117,396	(4%)	1%
Mobile	31,178	36,579	38,745	17%	24%
Nexon Total	146,942	147,228	156,141	0%	6%
Operating income					
	65,588	68,254	72,592	4%	11%
Net income <sup>4</sup>					
	72,545	69,674	73,932	(4%)	2%
Earnings per share					
	81.01	78.91			

(Unit: ¥ billions)



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

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

<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.

# Q2 2020 China / Korea – Highlights

## China

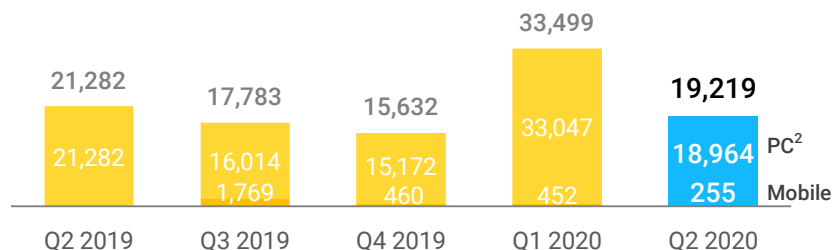
*Dungeon&Fighter* underperformed due to lower-than-expected levels of active users and paying users following the key update in March

- Labor Day update (4/23 – 6/5); 12<sup>th</sup> Anniversary update (6/18 – 7/16)
- No notable improvements in the number of users
- Q/Q MAUs and paying users decreased due to the factors mentioned above as well as reduced bots following the implementation of stricter player identity verification measures in May
- Q/Q revenue and ARPPU decreased due to typical seasonality
- Y/Y MAUs and paying users decreased due to churn of users in 2H 2019 and reduced bots while ARPPU increased due to decreased light users
- Y/Y revenue decreased

(Unit: ¥ millions)

YoY% change:

As Reported: -10%  
Constant Currency<sup>1</sup>: -4%



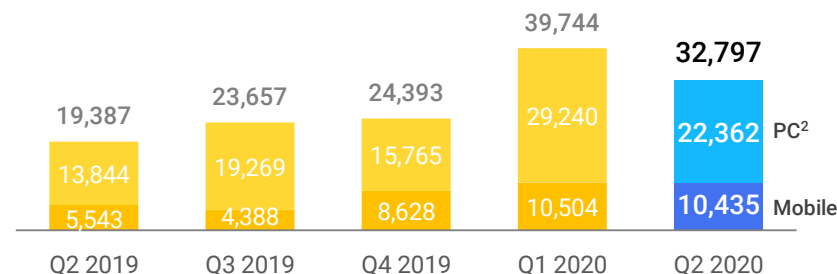
## Korea

Highest Q2 revenue ever; outperformance driven by *KartRider Rush+*, *MapleStory*, and *Dungeon&Fighter*

- Y/Y growth driven by *MapleStory*, *V4*, *KartRider Rush+*, *Dungeon&Fighter*
- *MapleStory/Dungeon&Fighter/Sudden Attack*: MAUs, paying users and ARPPU all up, resulting in Y/Y revenue growth<sup>3</sup> of 151%, 49%, 103%, respectively
- *KartRider Rush+* launched on 5/12; off to a terrific start
- *FIFA ONLINE 4*<sup>4</sup> revenue was up Y/Y, but below our outlook
- *FIFA MOBILE*<sup>5</sup> launched on 6/10; successfully gaining *FIFA ONLINE 4*'s dormant users as well as brand new players

YoY% change:

As Reported: +69%  
Constant Currency<sup>1</sup>: +81%



<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> 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 is EA SPORTS™ FIFA ONLINE 4 (PC).

<sup>5</sup> Official titles is EA SPORTS™ FIFA MOBILE.



# Q2 2020 Japan / North America and Europe / Rest of World<sup>1</sup> – Highlights

## Japan

Outperformance driven by stronger-than-expected performance of *TRAHA*

- Strong start of *TRAHA* (launched on 4/23)
- *MapleStory M* was down Y/Y following a tough comparison against its launch quarter (Q2 2019)
- Disposition of gloops in February 2020 also negatively affected the comparison

## North America and Europe

Better-than-expected revenues driven by *MapleStory* and *Choices*<sup>4</sup>

- *MapleStory* revenue grew 173%<sup>5</sup> Y/Y; driven by well-received content updates
- *Choices*<sup>4</sup> revenue also grew Y/Y
- Y/Y decreases in *MapleStory 2*, *OVERHIT*, *AxE* and *Darkness Rises*

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

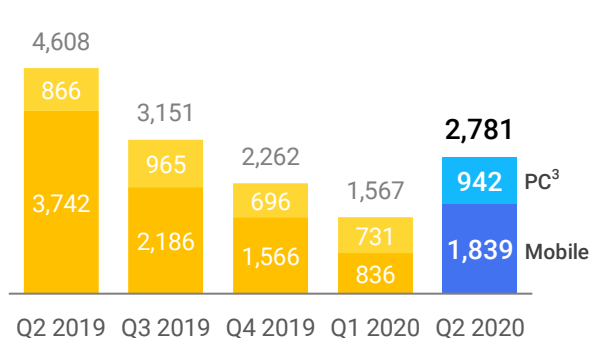
Outperformance driven by stronger-than-expected performances of *KartRider Rush+* and *MapleStory*

- *MapleStory* revenue grew 217%<sup>5</sup> Y/Y
- *KartRider Rush+* (launched globally on 5/12) as well as *V4* (launched in Taiwan, Hong Kong and Macau on 3/25) were also strong contributors in Q2
- Y/Y revenue declines from *OVERHIT*, *Moonlight Blade*, and *AxE*

(Unit: ¥ millions)

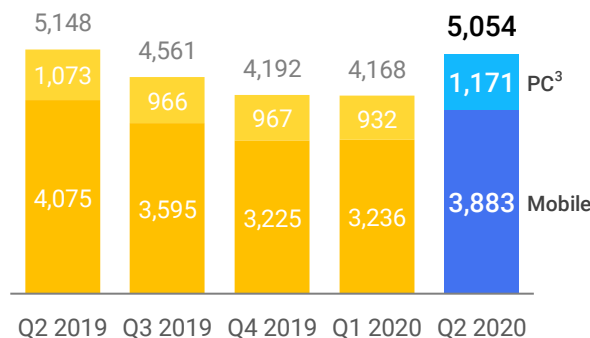
YoY% change:

As Reported: -40%  
Constant Currency<sup>2</sup>: -37%



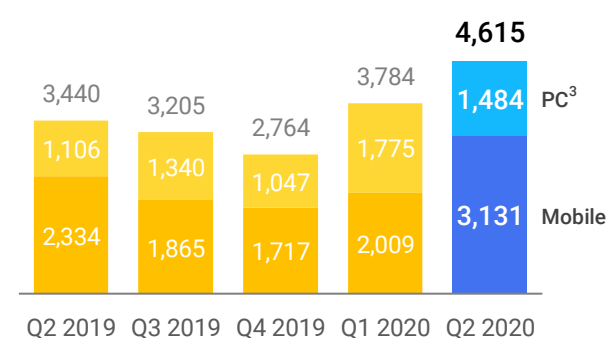
YoY% change:

As Reported: -2%  
Constant Currency<sup>2</sup>: +1%



YoY% change:

As Reported: +34%  
Constant Currency<sup>2</sup>: +42%



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

<sup>4</sup> Official title is *Choices: Stories You Play*.

<sup>5</sup> Year-over-year growth on a constant currency basis

<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 Outlook



# Q3 2020 Financial Outlook

Expect Strong Year-over-year Growth Primarily Driven by Korea and China

## Revenues

- Constant currency<sup>1</sup> up 49% to 65%
- PC<sup>4</sup>: Growth driven by *MapleStory* and *Dungeon&Fighter* in Korea
- Mobile: Expect to benefit from *Mobile Dungeon&Fighter*, *The Kingdom of the Wind: Yeon*, *KartRider Rush+*, and *V4*

## Operating Income

- Expect a Y/Y increase primarily driven by the top line growth
- Expect lower Other Income – in Q3 2019, we recorded a ¥7.5 billion gain on step acquisition<sup>2</sup>

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

Expect a Y/Y decrease primarily due to a lower FX gain (¥15.4 billion gain recorded in Q3 2019)

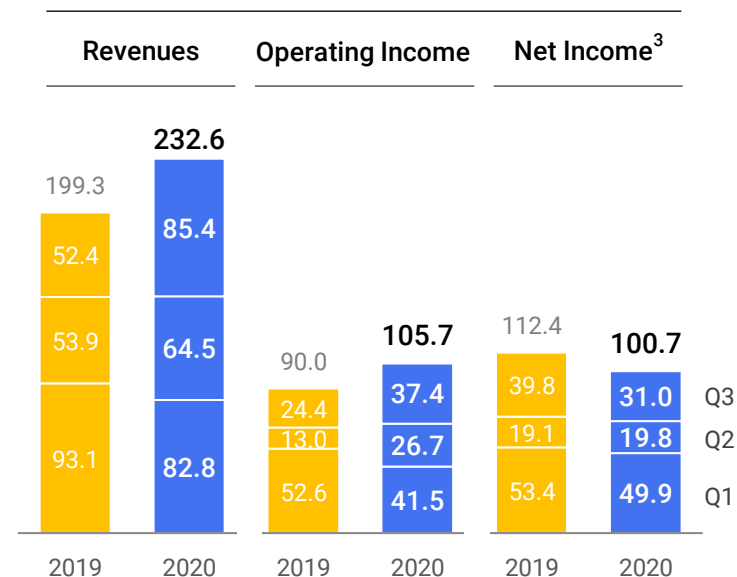
(Unit: ¥ millions, except per share data)

	Q3 2019	Q3 2020 Outlook			YoY %		
Revenues	¥52,357	¥77,330	~	¥85,384	48%	~	63%
PC <sup>4</sup>	38,554	41,758	~	45,502	8%	~	18%
Mobile	13,803	35,572	~	39,882	158%	~	189%
Operating income	24,419	30,505	~	37,400	25%	~	53%
Net income <sup>3</sup>	39,844	25,503	~	31,036	(36%)	~	(22%)
Earnings per share	44.42	28.83	~	35.08			
FX Rate Assumptions							
100 KRW/JPY	9.00	8.93		8.93	(1%)		
CNY/JPY	15.32	15.24		15.24	(1%)		
USD/JPY	107.35	106.38		106.38	(1%)		

**Forex sensitivity<sup>5</sup>:** Every one Japanese yen move against the U.S. dollar would have the following impact on our financials for Q3 2020

Revenues	0.76 billion yen
Operation Income	0.34 billion yen

(Unit: ¥ billions) Q3 Accumulated (High-end)



<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 Q3 2019, we recorded ¥7.5 billion gain on the step acquisition under "Other Income" in reference to the consolidation of Embark Studios

<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.



# Q3 2020 China / Korea Outlook

## China

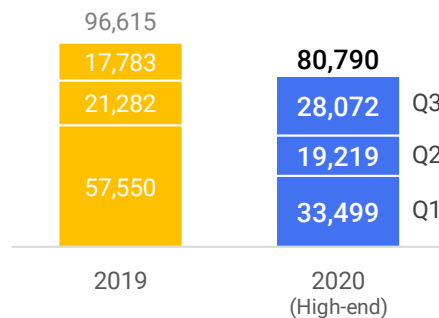
Expect revenues to increase Y/Y driven by *Mobile Dungeon&Fighter*, partially offset by the deceleration of *KartRider Rush+*.

*Dungeon&Fighter* is expected to be roughly flat Y/Y

- *Dungeon&Fighter*:
  - Introduced Summer update (7/16); scheduled to introduce National Day update (September)
  - In July both MAU and paying users decreased while ARPPU increased Y/Y
  - Expect revenue to be roughly flat Y/Y
- *Mobile Dungeon&Fighter*: Received 60 million pre-registrations; scheduled to launch on August 12<sup>th</sup>

(Unit: ¥ millions)

Q3 2019	Q3 2020 Outlook		YoY % Change	
Actual	Low-end	High-end	As-Reported	Constant Currency <sup>1</sup>
17,783	23,307 ~	28,072	31% ~ 58%	33% ~ 60%

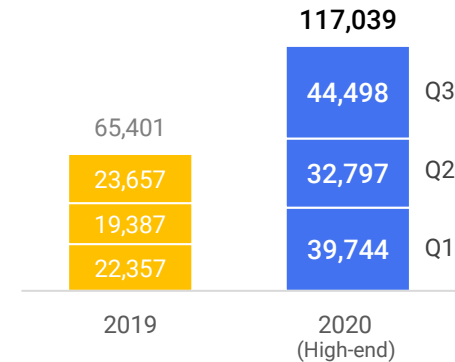


## Korea

Expect strong Y/Y growth driven by continued strength of our major franchises as well as contributions from new mobile games

- *MapleStory*: Strong momentum to continue into Q3 driven by the Summer update; revenue growing double-digits Y/Y
- Also expect double-digit Y/Y revenue growth in *Dungeon&Fighter* and *Sudden Attack*
- Expect to benefit from *V4*, *KartRider Rush+*, *FIFA MOBILE*<sup>2</sup>, and *The Kingdom of the Winds: Yeon* (launched on July 15<sup>th</sup>)

Q3 2019	Q3 2020 Outlook		YoY % Change	
Actual	Low-end	High-end	As-Reported	Constant Currency <sup>1</sup>
23,657	42,174 ~	44,498	78% ~ 88%	80% ~ 90%



<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> Official title is EA SPORTS™ FIFA MOBILE.

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

## Japan

Expect revenues to decrease Y/Y

- Expect to benefit from *TRAHA* which launched in Q2 2020
- Expect this to be more than offset by disposition of gloops and Y/Y revenue decrease in *MapleStory M* due to high comps of Q3 2019

## North America and Europe

Expect revenues to increase Y/Y

- Expect triple-digit Y/Y growth in *MapleStory*
- Expect to benefit from *KartRider Rush+* which launched in Q2 2020 as well as *V4* which launched on July 24<sup>th</sup>

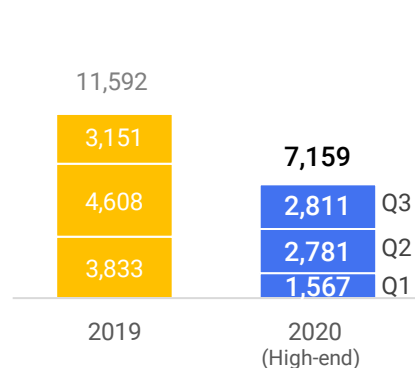
## Rest of World<sup>1</sup>

Expect revenues to increase Y/Y

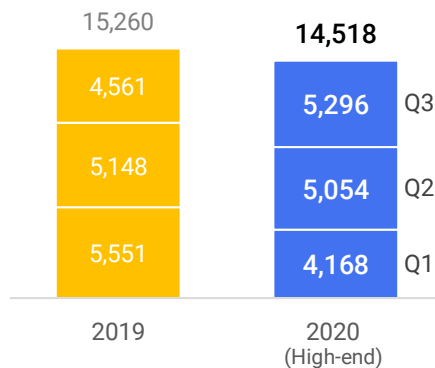
- Expect double-digit Y/Y growth in *MapleStory*
- Expect to benefit from *V4* which launched in Taiwan, HongKong, and Macau in Q1 2020 and globally on July 24<sup>th</sup> as well as *KartRider Rush+* which launched in Q2 2020

(Unit: ¥ millions)

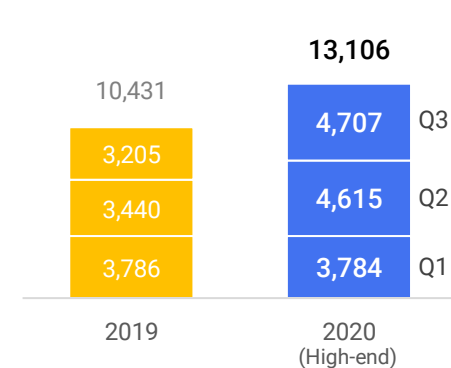
Q3 2019	Q3 2020 Outlook		YoY % Change	
Actual	Low-end	High-end	As-Reported	Constant Currency <sup>2</sup>
3,151	2,533 ~	2,811	(20%) ~ (11%)	(19%) ~ (10%)



Q3 2019	Q3 2020 Outlook		YoY % Change	
Actual	Low-end	High-end	As-Reported	Constant Currency <sup>2</sup>
4,561	4,917 ~	5,296	8% ~	16% ~ 9% ~ 17%



Q3 2019	Q3 2020 Outlook		YoY % Change	
Actual	Low-end	High-end	As-Reported	Constant Currency <sup>2</sup>
3,205	4,399 ~	4,707	37% ~	47% ~ 38% ~ 48%



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

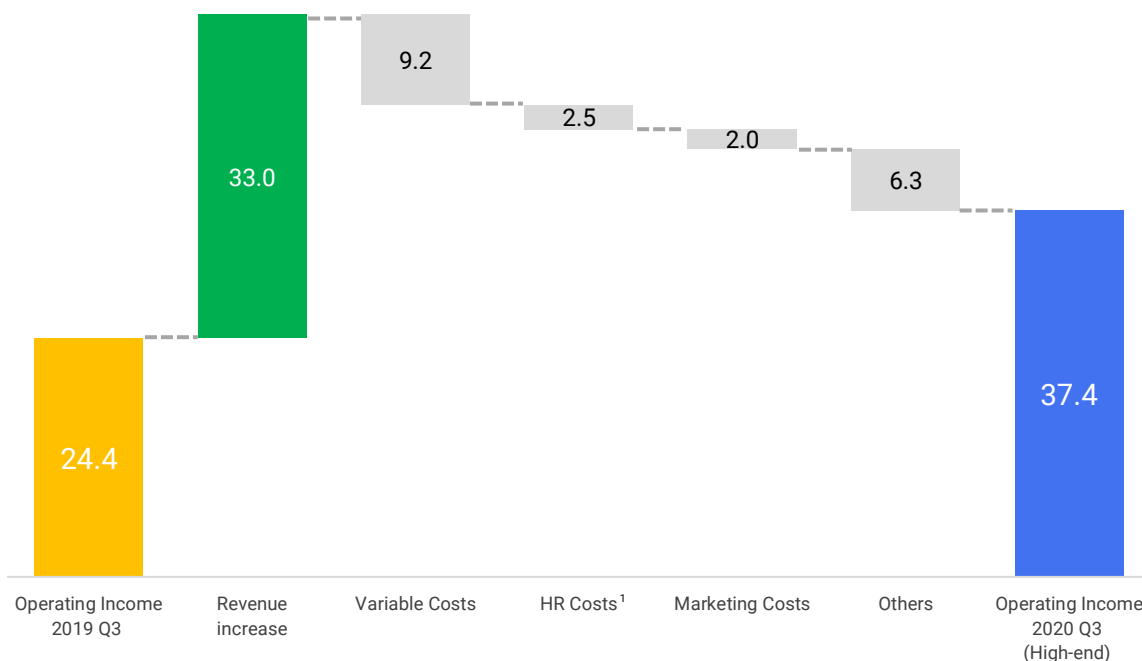
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# Q3 2020 Operating Income Outlook

(Unit: ¥ billions)

## Y/Y Operating Income Comparison



- + Increased revenues
- Increased variable costs associated with revenue growth
- Increased HR costs associated with increase in salaries, performance-based bonuses, as well as stock option costs
- Increased marketing costs associated with promotions for new mobile games including the global<sup>2</sup> service of V4, the global<sup>3</sup> service of *KartRider Rush+*, *FIFA MOBILE*<sup>4</sup> as well as *The Kingdom of the Winds: Yeon*
- Others include:
  - Decreased "Other Income" due to ¥7.5 billion gain on step acquisition recorded in Q3 2019 in reference to the consolidation of Embark Studios
  - Decreased impairment loss<sup>5</sup> of ¥2.2 billion recorded in Q3 2019

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

<sup>2</sup> The global service of V4 includes more than 150 countries around the world, excluding Japan and China, and the four countries where V4 is already available and serviced in, which includes Korea, Taiwan, Hong Kong and Macau.

<sup>3</sup> Excludes China, Vietnam, and Japan

<sup>4</sup> Official title is *EA SPORTS™ FIFA MOBILE*.

<sup>5</sup> In Q3 2019, we recorded a ¥2.2 billion impairment loss primarily on goodwill of our Korean subsidiary.

# Establishment of Joint Ventures with Wonder Holdings

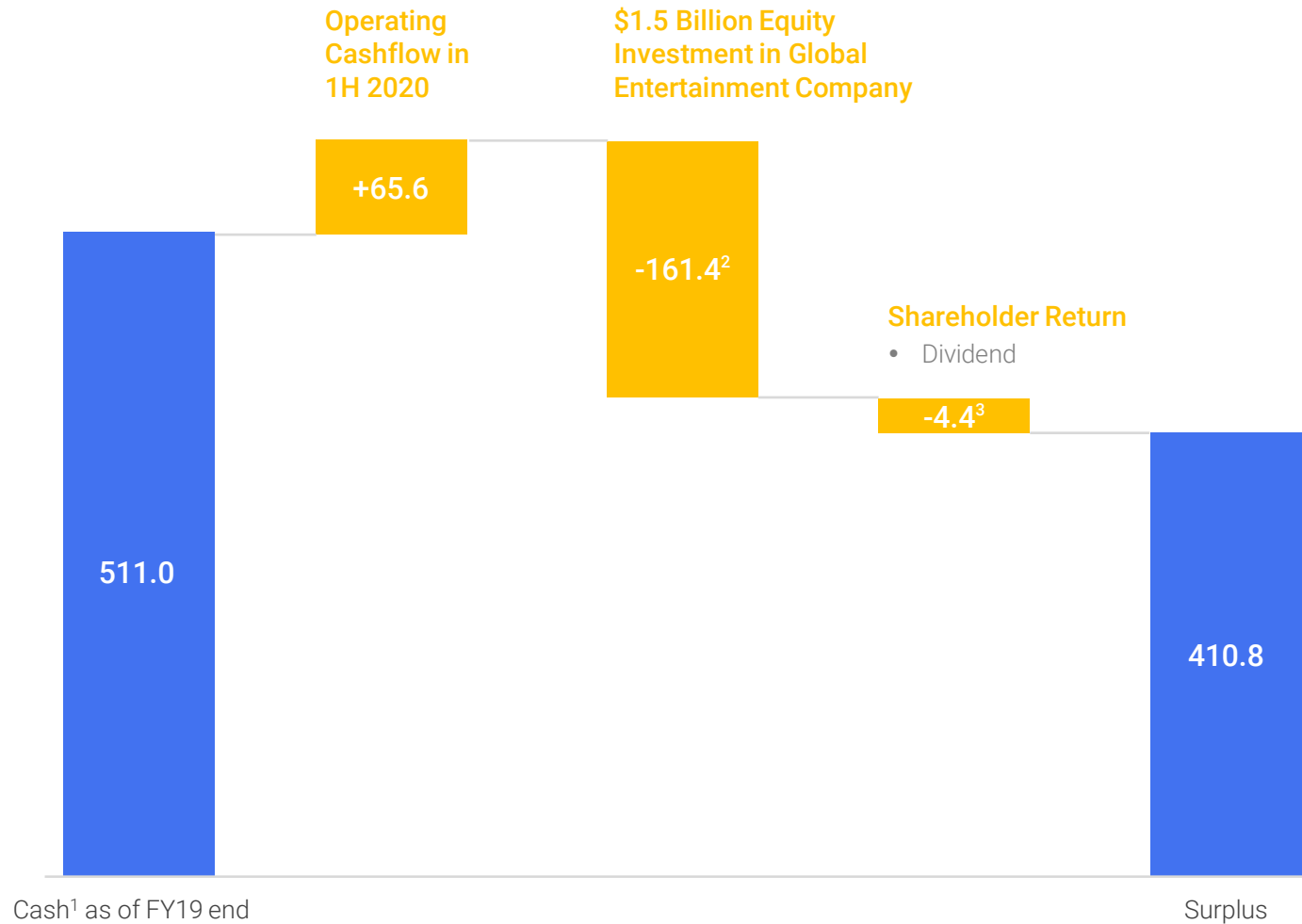


- Forming two joint ventures (“JVs”) with Wonder Holdings to focus on the successful development and launches of *KartRider: Drift* as well as *MABINOGE MOBILE*; Nexon retains ownership of *KartRider* and *Mabinogi* IPs
- Nexon will publish these games and provide ongoing live operations support
- Both JVs will be equity method affiliates
- The development assets for *KartRider: Drift* and *MABINOGE MOBILE* will be moved to the JVs



# Capital Allocation

(Unit: ¥ billions)





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

<sup>2</sup> The amount is based on \$1.5 billion budget converted at USDJPY rate in Q2 2020, which is 107.62 yen per dollar. This does not represent the actual payment we have made until August 6.

<sup>3</sup> Aggregation of dividend payments for year-end of FY2019 and interim of FY2020.

# 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
Q4	Winter Update	N/A	TBD



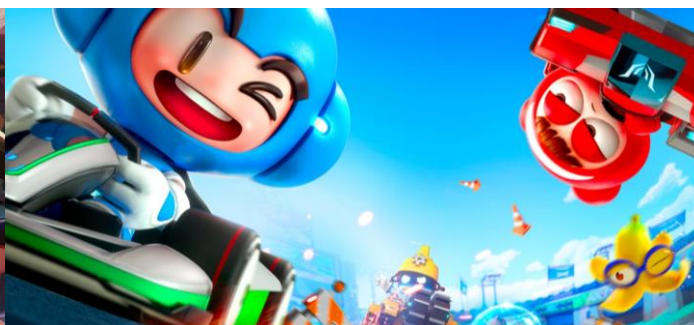
Indicates financially important updates

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

# Pipeline<sup>1</sup>



Mobile Dungeon&Fighter



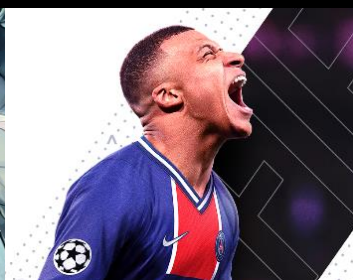
KartRider: Drift<sup>2</sup>



Embark Studios



The Kingdom of the Winds: Yeon



FIFA MOBILE<sup>3</sup>



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



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



Project BBQ<sup>4</sup>



V4



TALESWEAVER<sup>2</sup>



KurtzPel



Arcane Showdown



MABINOgi MOBILE<sup>2</sup>



KOREA



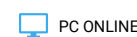
CHINA



JAPAN



NORTH AMERICA & REST OF THE WORLD



PC ONLINE



MOBILE



CONSOLE

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

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

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

<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	YoY%
(By Region)							
China	¥57,550	¥21,282	¥17,783	¥15,632	¥33,499	¥19,219	(10%)
Korea	22,357	19,387	23,657	24,393	39,744	32,797	69%
Japan	3,833	4,608	3,151	2,262	1,567	2,781	(40%)
North America and Europe	5,551	5,148	4,561	4,192	4,168	5,054	(2%)
Rest of World <sup>1</sup>	3,786	3,440	3,205	2,764	3,784	4,615	34%
(By Platform)							
PC <sup>2</sup>	77,639	38,125	38,554	33,647	65,725	44,923	18%
Mobile	15,438	15,740	13,803	15,596	17,037	19,543	24%
<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>20%</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>106%</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>3%</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>FX rate</b>							
100 KRW/JPY	9.80	9.43	9.00	9.26	9.15	8.83	(6%)
CNY/JPY	16.33	16.10	15.32	15.46	15.62	15.18	(6%)
USD/JPY	110.20	109.90	107.35	108.76	108.92	107.62	(2%)
<b>KPI (Excluding Mobile)</b>							
MAU (millions)	35.0	34.6	35.4	27.4	27.1	23.9	(31%)
Pay Rate	16.5%	16.4%	11.5%	14.8%	15.4%	15.3%	
ARPPU (as-reported)	9,265	3,885	4,837	4,223	9,031	5,897	52%

<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

(Unit: ¥ millions)

	FY2019				FY2020	
	Q1	Q2	Q3	Q4	Q1	Q2
<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>
Royalty <sup>2</sup>	4,510	4,119	4,344	3,694	5,738	5,074
HR cost (COGS) <sup>3</sup>	7,163	6,685	6,010	7,367	6,443	6,429
Other (COGS) <sup>4</sup>	4,226	4,251	3,826	3,390	3,162	3,071
<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>
HR cost	4,770	4,756	3,964	4,475	3,907	4,260
PG fee <sup>5</sup>	6,108	5,829	4,952	5,661	6,696	7,486
R&D	3,266	3,499	3,950	4,180	3,907	4,093
Marketing/advertising expenses	5,194	5,500	3,767	4,260	2,836	4,326
Depreciation and amortization	866	792	820	1,490	1,299	1,236
Other	1,851	1,802	1,736	1,629	1,969	1,521
Other Income <sup>6</sup>	429	181	7,708	741	1,197	101
Other Expense <sup>7</sup>	2,950	3,826	2,277	9,320	6,459	360
Includes: impairment loss	2,890	3,648	2,228	9,240	6,063	251

<sup>1</sup> Breakdown of COGS and SG&As 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
<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>
Finance Income <sup>1</sup>	9,810	9,663	18,910	3,051	21,918	4,598
Finance Costs <sup>2</sup>	265	466	723	12,212	1,585	6,891
Equity profit / (loss) of affiliates, equity method companies	(334)	(101)	14	96	113	260
<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>
Tax expense	9,005	3,588	3,596	(7,457)	12,235	5,139
Non-controlling interests	(593)	(650)	(820)	(365)	(157)	(224)
<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>

<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 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)

	6 months ended June 30, 2019	6 months ended June 30, 2020
Cash flows from operating activities	¥60,514	¥65,586
Cash flows from investing activities	(48,209)	(10,429)
Cash flows from financing activities	801	(2,723)
Net increase / (decrease) in cash and cash equivalents	13,106	52,434
Cash and cash equivalents at beginning of fiscal year	205,292	253,636
Effect of exchange rate change on cash and cash equivalents	(7,649)	(551)
Cash and cash equivalents at end of fiscal year	210,749	305,519



# Balance Sheet

(Unit: ¥ millions)

	December 31, 2019	June 30, 2020
<b>Asset</b>		
Current Assets		
Cash and cash equivalents	¥253,636	¥305,519
Other deposits	257,331	168,444
Other current assets	42,529	64,146
<b>Total current assets</b>	<b>553,496</b>	<b>538,109</b>
Noncurrent assets		
Tangible assets	23,481	22,330
Goodwill	42,480	38,178
Intangible assets	21,519	15,702
Others	78,112	151,615
<b>Total noncurrent assets</b>	<b>165,592</b>	<b>227,825</b>
<b>Total assets</b>	<b>719,088</b>	<b>765,934</b>

	December 31, 2019	June 30, 2020
<b>Liability</b>		
Current liabilities		
Current tax liabilities	7,403	13,156
Current borrowings	2,223	1,980
Others	31,542	32,131
<b>Total current liabilities</b>	<b>41,168</b>	<b>47,267</b>
Noncurrent liabilities		
Non-current borrowings	-	-
Others	46,789	44,612
<b>Total noncurrent liabilities</b>	<b>46,789</b>	<b>44,612</b>
<b>Total liabilities</b>	<b>87,957</b>	<b>91,879</b>
<b>Shareholders' equity</b>		
Capital stock	17,967	20,318
Capital surplus	35,688	15,069
Treasury shares	(27,219)	(0)
Other equity interest	38,511	12,920
Retained earnings	555,038	615,460
Non-controlling interests	11,146	10,288
<b>Total equity</b>	<b>631,131</b>	<b>674,055</b>
<b>Total liabilities and total equity</b>	<b>719,088</b>	<b>765,934</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
<b>Japan</b>						
Revenue from external customers	<u>¥2,469</u>	¥1,884	¥1,952	¥1,344	¥895	¥1,069
Segment profit/(loss)	(958)	(1,165)	(455)	(912)	(655)	(624)
<b>Korea</b>						
Revenue from external customers	<u>84,572</u>	47,079	45,521	43,261	76,336	57,889
Segment profit/(loss)	56,865	19,038	20,849	15,513	47,724	27,962
<b>China</b>						
Revenue from external customers	870	669	695	587	903	584
Segment profit/(loss)	596	324	381	256	653	295
<b>North America</b>						
Revenue from external customers	<u>4,716</u>	3,862	3,730	3,648	3,714	4,544
Segment profit/(loss)	(1,385)	(1,613)	(1,233)	(1,296)	(461)	(102)
<b>Others</b>						
Revenue from external customers	<u>450</u>	371	459	403	914	380
Segment profit/(loss)	2	36	(560)	(435)	(461)	(567)
<b>Adjustments</b>						
Revenue from external customers	-	-	-	-	-	0
Segment profit/(loss)	2	12	6	(29)	5	6
<b>Total</b>						
Revenue from external customers	93,077	53,865	52,357	49,243	82,762	64,466
Segment profit/(loss)	55,122	16,632	18,988	13,097	46,805	26,970

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

# 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

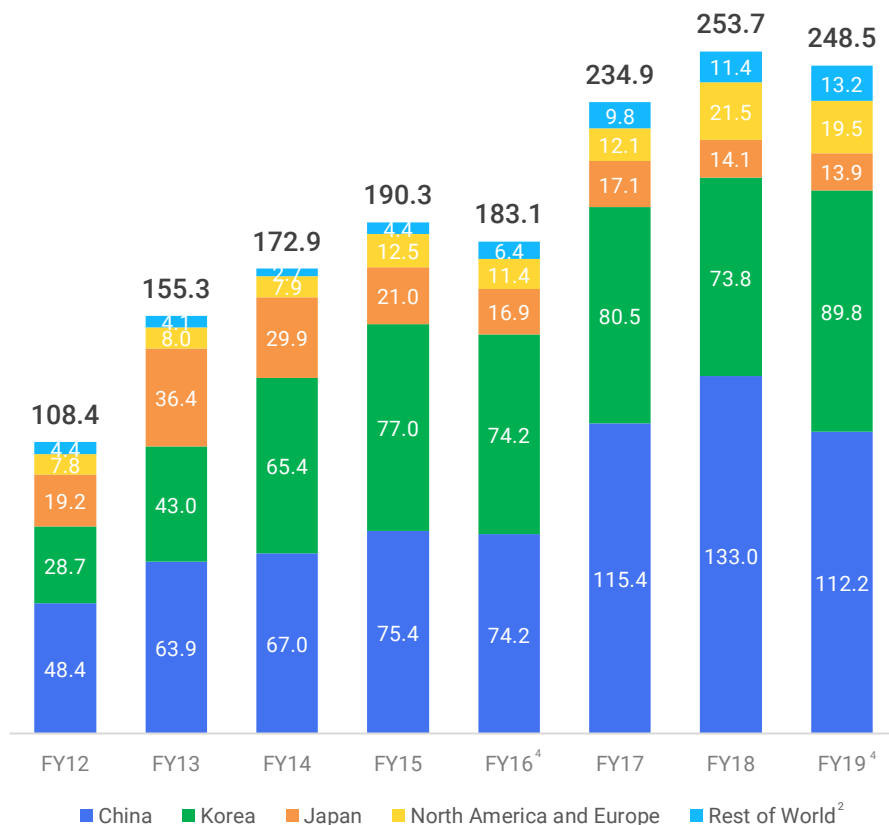
<b>Full-time employees</b>	<b>March 31, 2019</b>	<b>June 30, 2019</b>	<b>September 30, 2019</b>	<b>December 31, 2019</b>	<b>March 31, 2020</b>	<b>June 30, 2020</b>
Japan	535	516	503	422	294	278
Korea	5,168	5,232	5,225	5,149	5,210	5,224
China	223	204	207	207	209	208
North America	487	485	422	418	408	429
Others	86	131	212	232	240	276
<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>



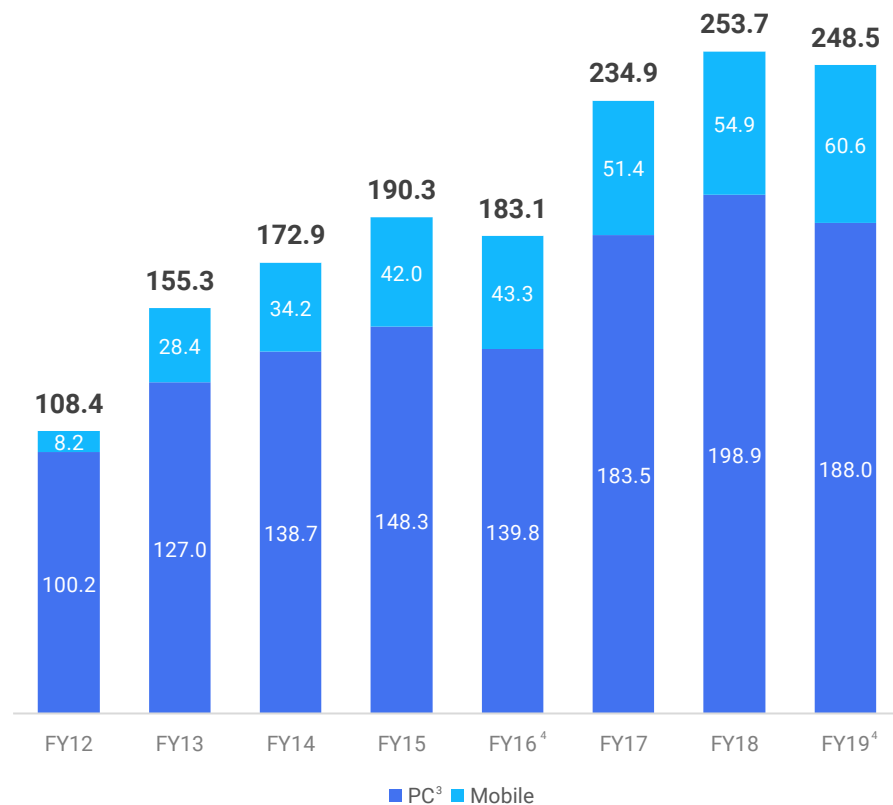
# Historical Financials

(Unit: ¥ billions)

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



## Revenue by Platform



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

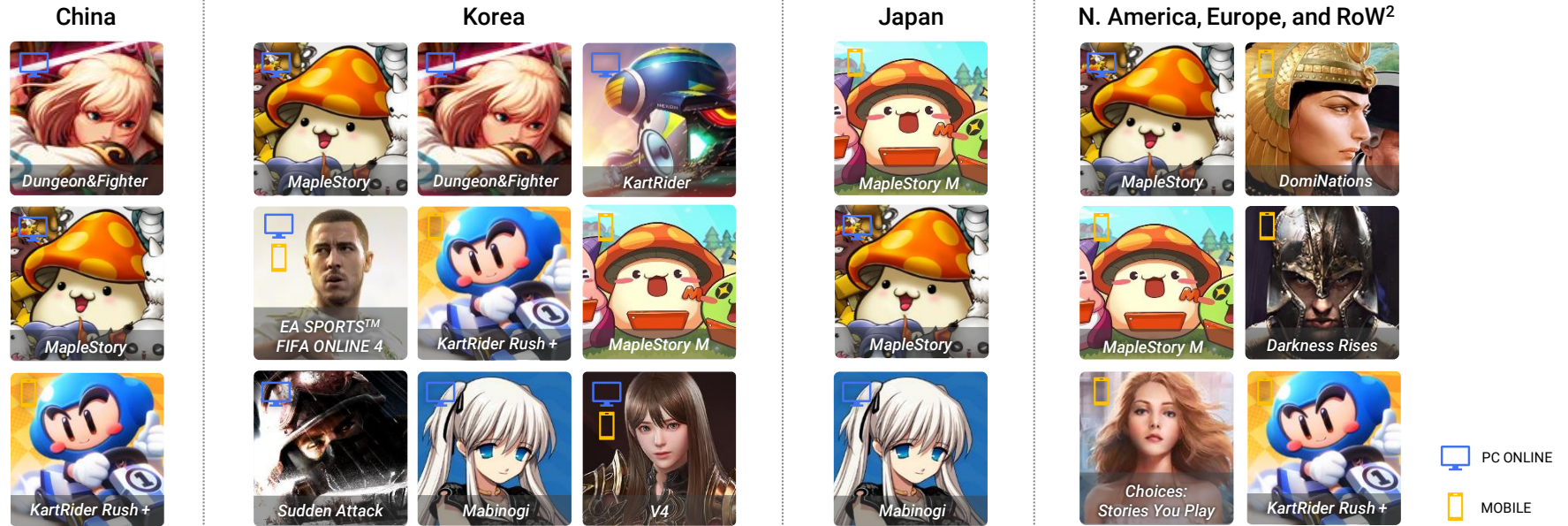
<sup>2</sup> "Rest of World" includes other Asian countries as well as central and south American countries..

<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.

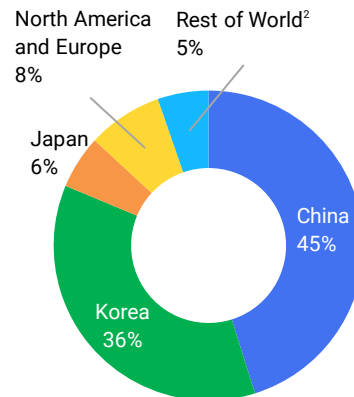
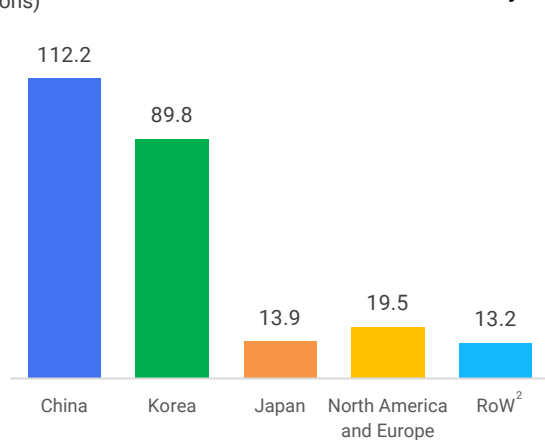
<sup>5</sup> Nexon Group has made a change to a part of its regional segmentation of revenue from external customers from Q1 2020. The numbers for the past years have also been adjusted accordingly.

# Key Titles by Region<sup>1</sup>

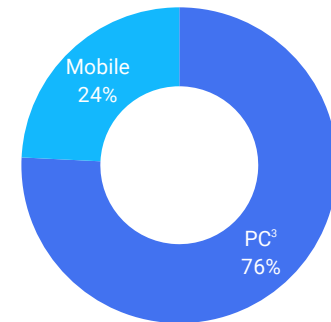


(Unit: ¥ billions)

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



FY2019 Revenue by Platform



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

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

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

<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.

# 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; approximately 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 August 5<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

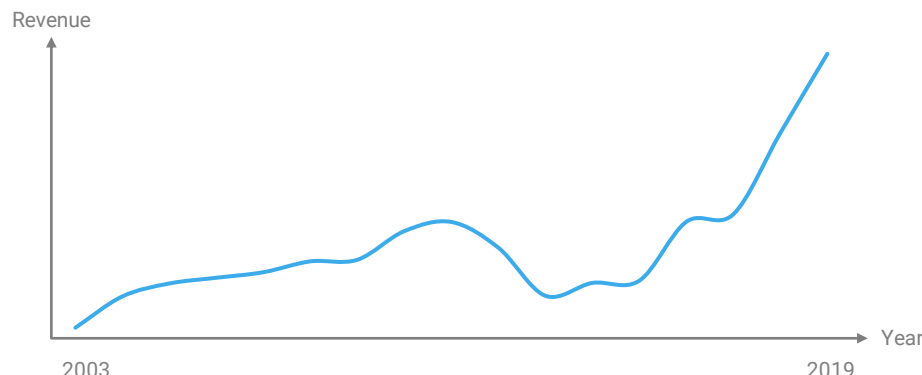


Combined PC and mobile revenue exceeds global box office of the movie franchise *Frozen* – one of Disney's biggest<sup>1</sup>

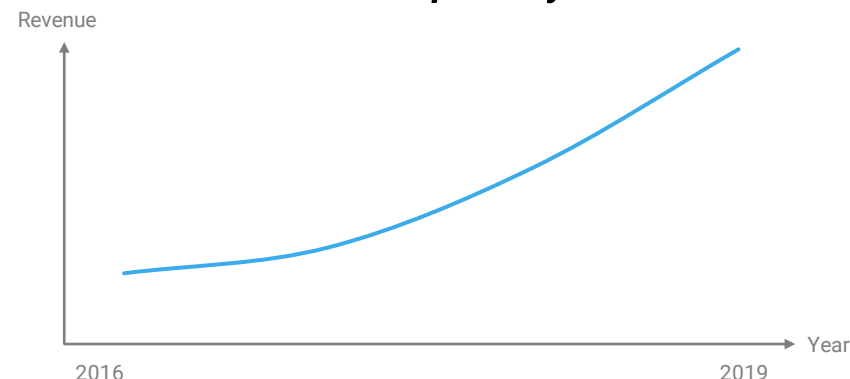


An easy-to-learn, hard-to-master MMORPG with cross-cultural appeal that has been growing players and revenue over 17 years. Players love personalizing their characters

**Korea MapleStory**



**Korea MapleStory M**



<sup>1</sup> Life-to-date global box office revenues as of August 5<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



Life-to-date franchise gross revenue over \$0.7 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*** **LTD Overview**



Launched 1996



Registered users over 21 million



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



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



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

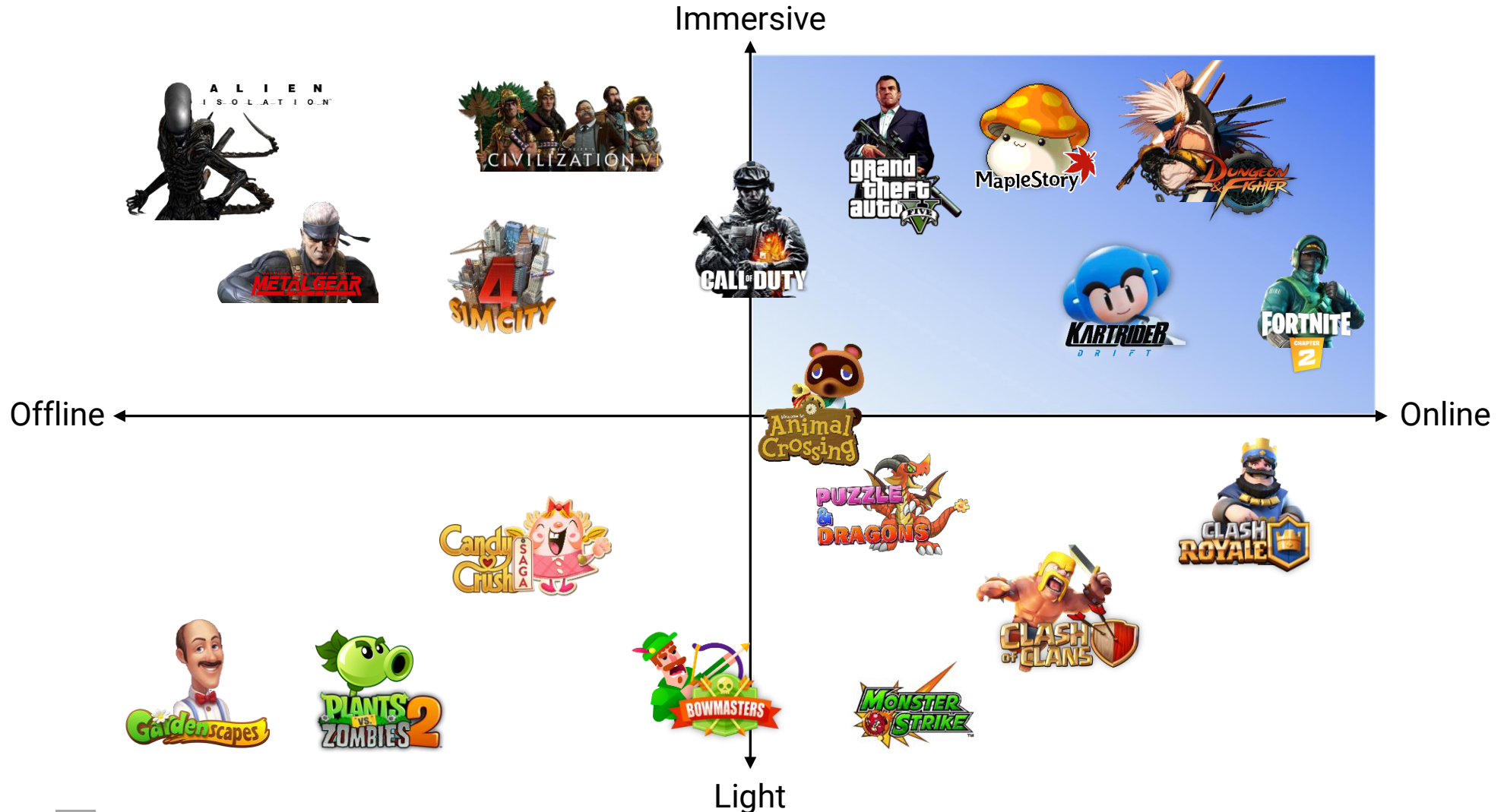
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# NEXON's Business

# Game Industry

Massive TAM<sup>1</sup> Growth In Deeply Immersive Online Games, Enabled by Mobile



<sup>1</sup> TAM means "Total Addressable Market".

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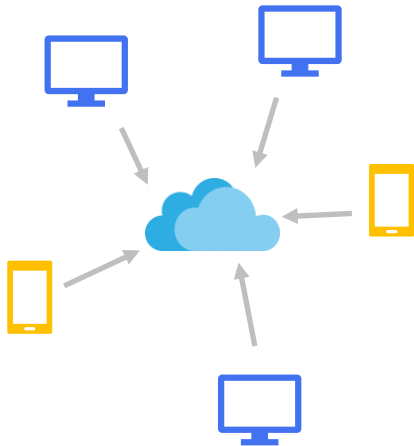
<sup>3</sup> The categorization of the games shown in this material is based on our own view. It may not necessarily reflect the common views in the market.



# 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

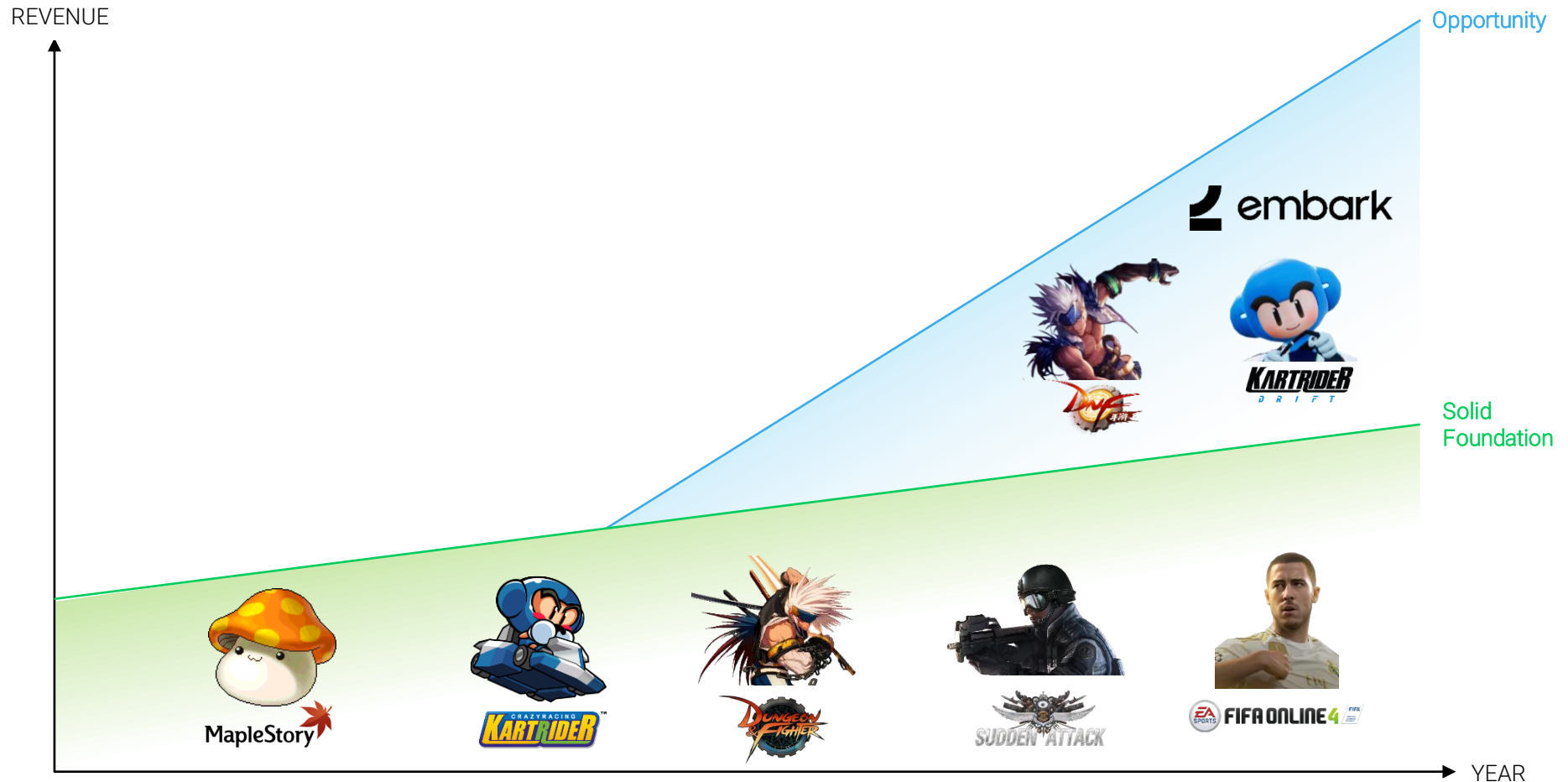


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# Solid Foundation. Significant Opportunities for Growth

Multi-year/Decade Franchises Provide Stable Foundation. New Launches Accelerate Growth



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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.

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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:

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- Continued growth and popularity of Nexon's key titles;
- Nexon's ability to maintain favorable relationships with key licensing partners;
- Nexon's continued ability to offer games in China, through local partners or otherwise;
- Nexon's ability to compete effectively in the online games industry;
- Nexon's ability to address hacking, viruses, security breaches and other technical challenges;
- Fluctuations in currency exchange rates;
- Nexon's ability to maintain and further develop its brand name;
- Effective acquisition of new companies, businesses, technologies and games from third parties and the possibility of recognizing impairment losses;
- Continued growth of the online games market, including the underlying infrastructure, and free-to-play/item-based revenue generation model;
- Nexon's ability to adapt to new technologies;
- Nexon's ability to enter into licensing arrangements for third-party titles on terms favorable to it;
- Effective defense of Nexon's intellectual property; and
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information, future events or otherwise. We caution you not to place undue reliance on the forward-looking statements contained in this presentation.

# Q3 2020 Earnings Release Schedule

Q3 2020 financial results are scheduled for release on

# Tuesday, November 10th, 2020.

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.



