



NEXON

Investor Presentation Q4 2017

February 8, 2018 NEXON Co., Ltd.

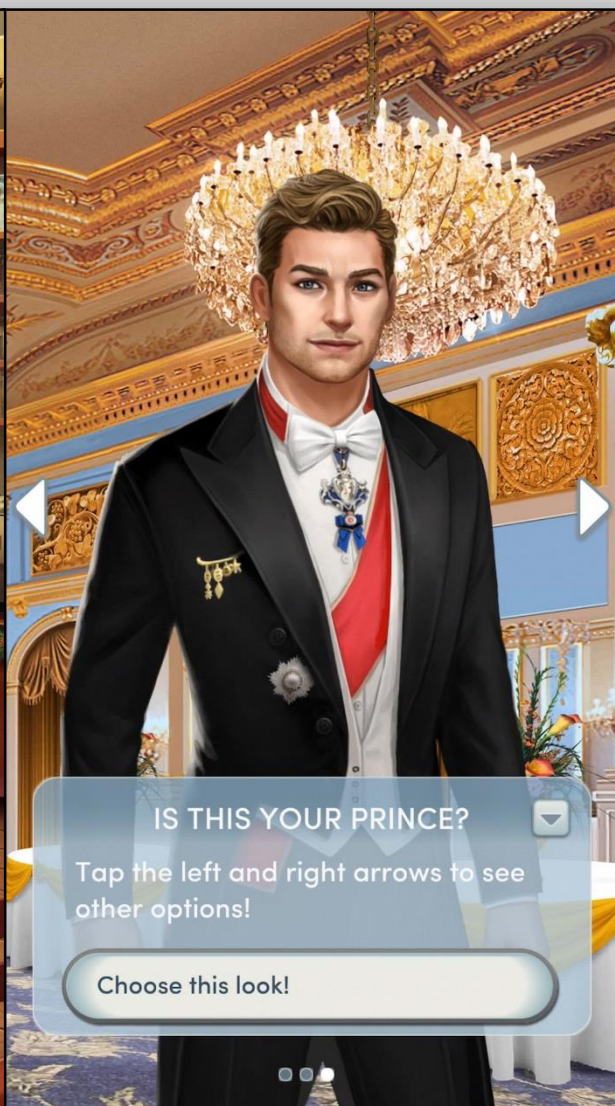
Owen Mahoney

President and Chief Executive Officer

- Record-breaking annual results. Significant year-over-year growth, driven by continued strong performance of key titles and new games
- Highest Q4 Revenues and Operating Income ever
- Outstanding performance of *Dungeon&Fighter* throughout 2017
 - Double-digit percentage year-over-year annual growth worldwide
 - Annuity-like performance, resembling a software-as-a-service model
 - Very strong start for Lunar New Year update
- 2017 *MapleStory* global revenues recorded double-digit percentage growth year-over-year
- Results underline the power of Nexon's strategy and our core strength in live game operations

Choices: Stories You Play

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OVERHIT

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Durango: Wild Lands

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Shiro Uemura

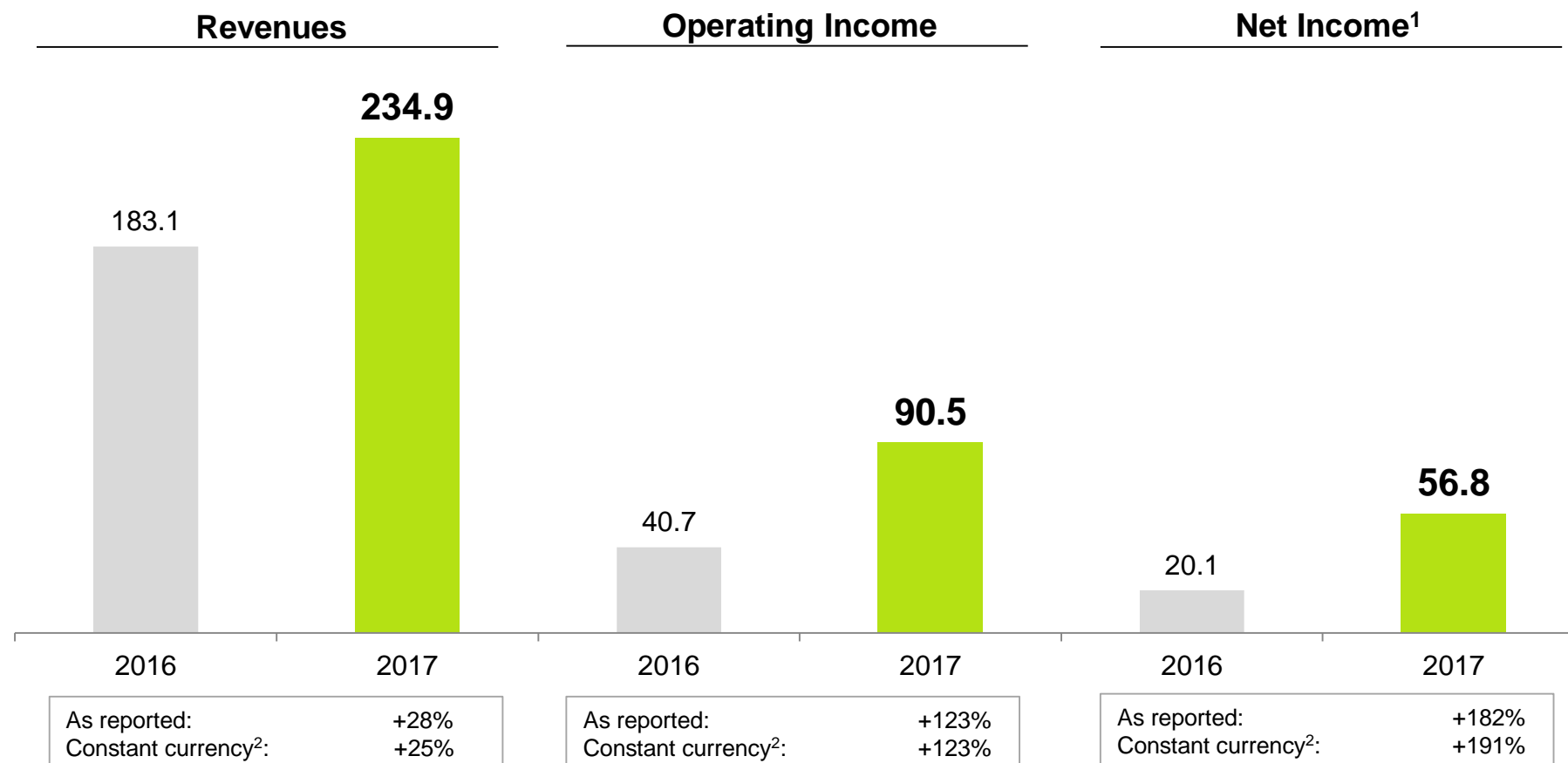
Chief Financial Officer

FY 2017 Results

2017 Financial Results

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(Unit: ¥ billions)



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

² Constant currency is a non-GAAP measure used to show performance unaffected by fluctuations in foreign currency exchange rates. Constant currency basis amounts are calculated using the average foreign currency exchange rates for the comparable period in the prior year and applied to the current period. As an example, we calculate royalty revenues from China *Dungeon&Fighter* by applying the same CNY/USD, USD/KRW and KRW/JPY exchange rates from last year's same fiscal quarter.

Q4 2017 Results

Q4 Highlights

- Revenues ¥52.7 billion, up 22% year-over-year as-reported, up 14% constant currency¹
- High end of outlook, primarily driven by *Dungeon&Fighter* in China, which continued to perform well throughout the quarter
- Operating income ¥11.8 billion – below outlook, primarily due to impairment loss on goodwill, prepaid royalties, and game IP, partially offset by China outperformance, lower-than-planned HR costs and CSR donations
- Net loss² ¥2.2 billion – below outlook, primarily due to the FX loss on U.S. dollar-denominated cash deposits and account receivables

(Unit: ¥ millions, except per share data)

	Q4 2016	Q4 2017 Outlook		Q4 2017	YoY %
		Low end	High end		
Revenues	¥43,253	¥48,749	~ ¥52,823	¥52,675	22%
PC ³	31,352	34,545	~ 37,143	38,080	21%
Mobile	11,901	14,204	~ 15,680	14,595	23%
Japan	3,277			2,553	(22%)
ex-Japan	8,624			12,042	40%
Operating income	7,287	12,229	~ 15,421	11,760	61%
Net income/(loss)²	11,206	11,281	~ 13,913	(2,210)	n/a
Earnings/(Loss) per share	25.78	25.56	~ 31.52	(5.01)	
Exchange rates					
100 KRW/JPY	9.46	9.98	9.98	10.22	8%
CNY/JPY	15.97	17.07	17.07	17.08	7%
USD/JPY	109.30	112.95	112.95	112.98	3%

¹ Constant currency is a non-GAAP measure used to show performance unaffected by fluctuations in foreign currency exchange rates. Constant currency basis amounts are calculated using the average foreign currency exchange rates for the comparable period in the prior year and applied to the current period. As an example, we calculate royalty revenues from China *Dungeon&Fighter* by applying the same CNY/USD, USD/KRW and KRW/JPY exchange rates from last year's same fiscal quarter.

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

³ PC revenue includes other revenues besides PC online games and mobile games.

Revenue Breakdown

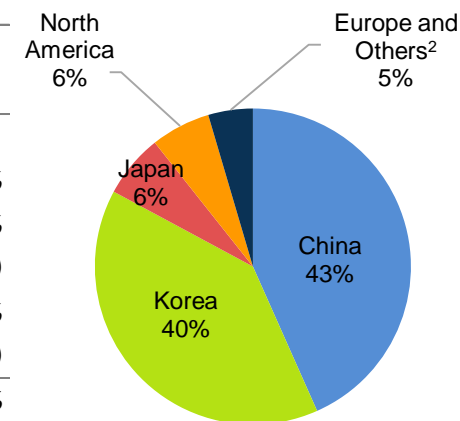
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(Unit: ¥ millions)

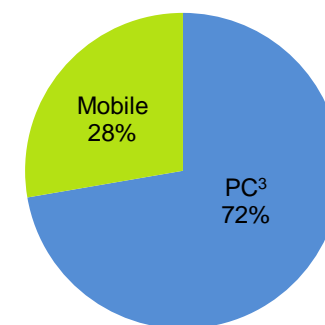
Unit: ¥ Millions)

		Q4 2017		YoY % Change	
	Q4 2016	As-Reported	Constant Currency ⁴	As-Reported	Constant Currency ⁴
Revenue by Region ¹					
China	¥15,384	¥22,829	¥21,378	48%	39%
Korea	18,441	20,817	19,212	13%	4%
Japan	4,692	3,414	3,414	(27%)	(27%)
North America	2,098	3,213	3,097	53%	48%
Europe and Others ²	2,638	2,402	2,245	(9%)	(15%)
Nexon Total	43,253	52,675	49,346	22%	14%
Revenue by Platform					
PC ³	31,352	38,080	35,593	21%	14%
Mobile	11,901	14,595	13,753	23%	16%
Japan	3,277	2,553	2,553	(22%)	(22%)
ex-Japan	8,624	12,042	11,200	40%	30%
Nexon Total	43,253	52,675	49,346	22%	14%
FX Rate					
100 KRW/JPY	9.46	10.22	9.46	8%	
CNY/JPY	15.97	17.08	15.97	7%	
USD/JPY	109.30	112.98	109.30	3%	

Q4 2017 Revenue by Region¹



Q4 2017 Revenue by Platform



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

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

³ PC revenue includes other revenues besides PC online games and mobile games.

⁴ Constant currency is a non-GAAP measure used to show performance unaffected by fluctuations in foreign currency exchange rates. Constant currency basis amounts are calculated using the average foreign currency exchange rates for the comparable period in the prior year and applied to the current period. As an example, we calculate royalty revenues from China *Dungeon&Fighter* by applying the same CNY/USD, USD/KRW and KRW/JPY exchange rates from last year's same fiscal quarter.

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

China/Korea – Highlights

China

- *Dungeon&Fighter*
 - Conducted multiple in-game events during the quarter; no major content updates introduced
 - Revenues, paying users and ARPPU increased year-over-year; MAUs slightly decreased year-over-year
 - Quarter-over-quarter revenues, ARPPU, MAUs, and paying users down due to the typical seasonality
- Year-over-year growth in China business driven by *Dungeon&Fighter* and *MapleStory2*

Korea

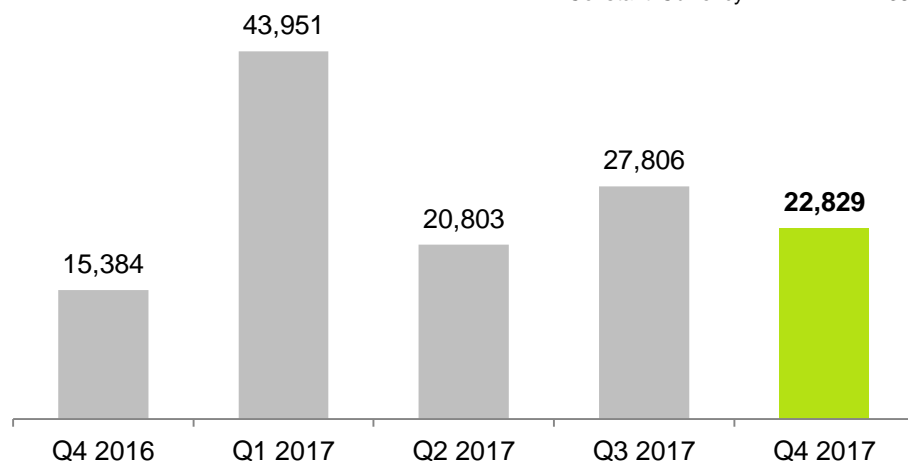
- Year-over-year growth driven by contribution from new mobile games including *OVERHIT* (Nov), *AxE* and *Dark Avenger 3*
- PC² revenues decreased year-over-year primarily due to *Dungeon&Fighter* with high comps driven by successful updates in 2H 2016

(Unit: ¥ millions)

China

YoY% change:

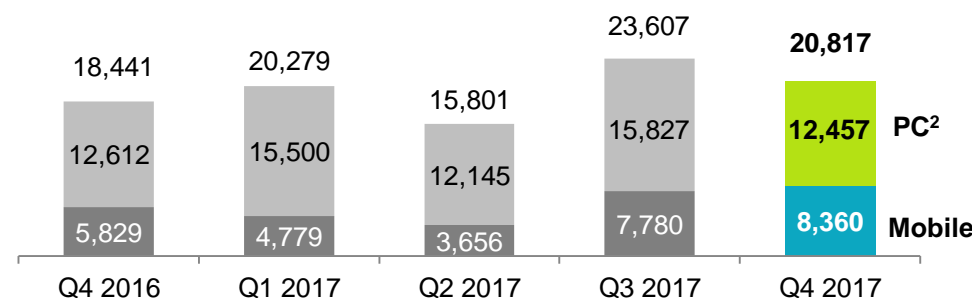
As Reported: +48%
Constant Currency¹: +39%



Korea

YoY% change:

As Reported: +13%
Constant Currency¹: +4%



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² PC revenue includes other revenues besides PC online games and mobile games.

Japan/North America/Europe and Others¹ – Highlights

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Japan

- Year-over-year decrease primarily due to the deceleration of mobile browser games and *Tree of Savior*
- Preparing for launches of multiple mobile games in 2018

North America

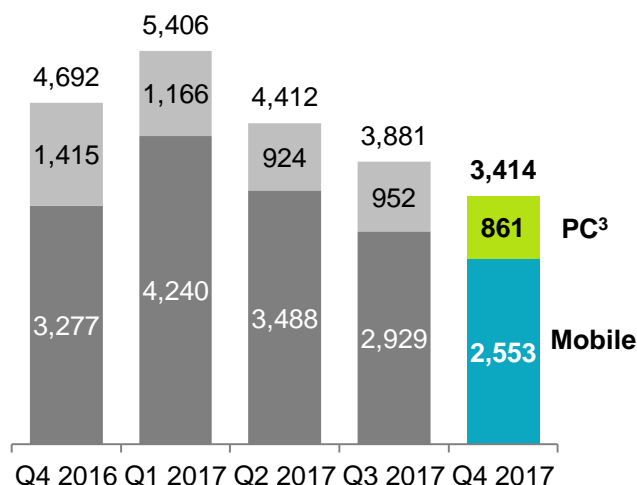
- Year-over-year growth primarily driven by contribution from Pixelberry Studios, newly consolidated beginning in late November

(Unit: ¥ millions)

YoY% change:

As Reported: -27%
Constant Currency²: -27%

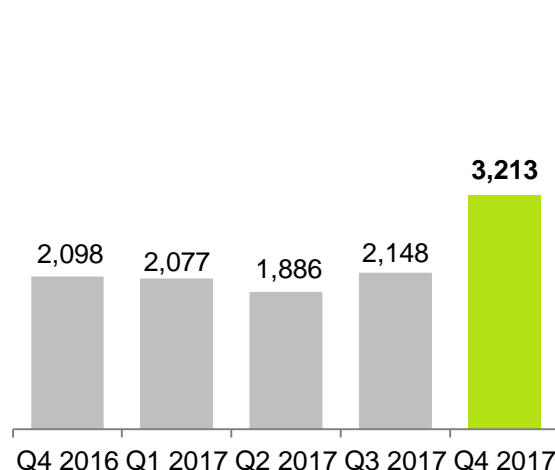
Japan



YoY% change:

As Reported: +53%
Constant Currency²: +48%

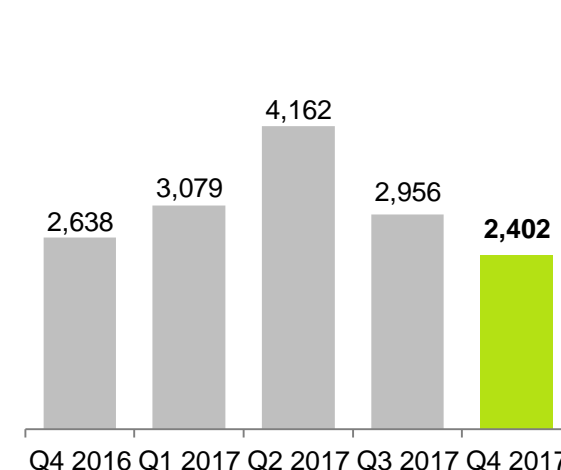
North America



YoY% change:

As Reported: -9%
Constant Currency²: -15%

Europe and Others¹



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

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³ PC revenue includes other revenues besides PC online games and mobile games.

Q1 2018 Outlook

Q1 2018 Business Outlook

- Expect revenues to be:
 - Up 10% to 20% year-over-year on as-reported basis
 - Up 5% to 15% year-over-year on constant currency¹ basis

(Unit: ¥ millions, except per share data)

	Q1 2017	Q1 2018 Outlook			YoY %		
Revenues	¥74,792	¥81,917	~	¥89,799	10%	~	20%
PC ²	63,114	68,345	~	74,668	8%	~	18%
Mobile	11,678	13,572	~	15,131	16%	~	30%
Operating income	39,762	45,132	~	52,302	14%	~	32%
Net income³	19,906	40,397	~	46,332	103%	~	133%
Earnings per share	45.70	91.74	~	105.22			
FX Rate Assumptions							
100 KRW/JPY	9.88	10.40		10.40	5%		
CNY/JPY	16.50	17.26		17.26	5%		
USD/JPY	113.64	110.86		110.86	(2%)		

- Forex sensitivity: every one Japanese yen move against the U.S. dollar would have the following impact on our financials for Q1 2018⁴

Revenues	0.75 billion yen
Operating Income	0.46 billion yen

¹ Constant currency is a non-GAAP measure used to show performance unaffected by fluctuations in foreign currency exchange rates. Constant currency basis amounts are calculated using the average foreign currency exchange rates for the comparable period in the prior year and applied to the current period. As an example, we calculate royalty revenues from China *Dungeon&Fighter* by applying the same CNY/USD, USD/KRW and KRW/JPY exchange rates from last year's same fiscal quarter.

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

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

⁴ 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.

Q1 2018 and Full-Year Regional Outlook

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China

Q1

- As-reported: Expect high teens % to 30+% YoY increase
- Constant currency¹: Expect low teens % to 20+% YoY increase
- *Dungeon&Fighter*: Introduced Lunar New Year Update (Feb)

Full-Year

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



Korea

Q1

- As-reported: Expect low single digit % decrease to high single digit % YoY increase
- Constant currency¹: Expect high single digit % decrease to flat
- PC: Started open beta test (Jan) and official service (Feb) for *Moonlight Blade*
- Mobile: Launched new mobile games including *Durango: Wild Lands* (Jan), *Yulhyulgangho M* (Jan)
Scheduled to launch *MapleStory Blitz* (Feb)

Full-Year

- Multiple new PC online and mobile games scheduled for launch:
 - Mobile: *Mabinogi Mobile*
 - PC: *EA SPORTS™ FIFA ONLINE 4*, *Astellia*, *Battlerite*



Japan

Q1

- As-reported or constant currency¹: Expect 40+% YoY decrease
- No major launch planned in Q1

Full-Year

- Preparing multiple mobile games for 2018

North America, Europe and Others²

Q1

- North America
 - As-reported or constant currency¹: Expect over 2x YoY increase
- Europe and Others²
 - As-reported or constant currency¹: Expect high teens % to 20+% YoY decrease

Full-Year

- Preparing multiple mobile games for 2018

¹ Constant currency is a non-GAAP measure used to show performance unaffected by fluctuations in foreign currency exchange rates. Constant currency basis amounts are calculated using the average foreign currency exchange rates for the comparable period in the prior year and applied to the current period. As an example, we calculate royalty revenues from China *Dungeon&Fighter* by applying the same CNY/USD, USD/KRW and KRW/JPY exchange rates from last year's same fiscal quarter.

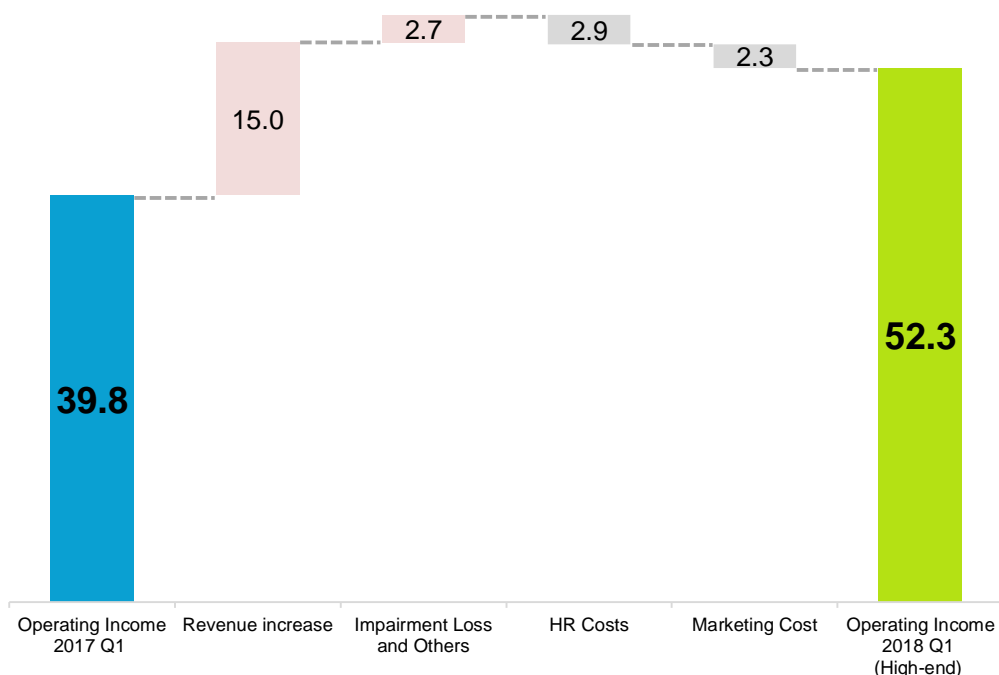
² "Europe and Others" includes Europe as well as other Asian countries and South American countries.

Q1 2018 Operating Income Outlook

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YoY Operating Income Comparison

(Unit: ¥ billions)



Expect Q1 2018 operating income of ¥45.1 to ¥52.3 billion due to:

Positive drivers

- Increased revenues, primarily driven by high-margin China business
- Decreased impairment loss

Negative drivers

- Increase in HR costs due to increased headcount, annual salary hike and higher stock option expense
- Increase in marketing costs associated with Pixelberry Studios' key title *Choices: Stories You Play* and the launch of new titles including *Durango: Wild Lands*

2018 China *Dungeon&Fighter* Update Schedule

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

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



Indicates financially important updates

Notification of Stock Split

- The board of directors resolved a two-for-one stock split on February 8, 2018
- To increase the liquidity of the Company's stock and expand the investor base by reducing the stock price per trading unit
- Each share of common stock owned by shareholders recorded on the final shareholder registry as of March 31, 2018¹ to be split into two shares
- Number of shares to be increased by the stock split²

Outstanding shares:	440,372,332
Shares to be increased:	440,372,332
After stock split:	880,744,664

¹ The record date of the stock split is Saturday, March 31, 2018. However, this day falls under a non-business day of the shareholder registry administrator. The practical record date will be Friday, March 30, 2018.

² Total number of shares outstanding before stock split, number of shares to be increased by the stock split, and total number of shares outstanding after stock split above are each calculated based on the total number of shares outstanding as of January 31, 2018. Nexon has issued subscription rights to shares, however, increase in the total number of shares outstanding by the exercise of such subscription rights to shares on or after February 1, 2018 has not been included in the numbers above. Therefore, the total number of shares outstanding may increase during the period from February 1, 2018 to the record date of the stock split as a result of exercise of subscription rights to shares.

Setting of an Audit & Supervisory Committee

- The board of directors resolved a policy on transitioning to a “company with an Audit & Supervisory Committee” on February 8, 2018
- To further strengthen the supervisory function of the board of directors and enhance the corporate governance and speed up the decision-making and execution of business
- Transition after amendments to the Articles of Incorporation approved at the Annual General Meeting of Shareholders in March 2018

Pipeline¹

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Q1 2018 and onward

PC Online



Moonlight Blade



MapleStory2



EA SPORTS™ FIFA ONLINE 4



Astellia



Titanfall™ Online



Battlerite

Mobile



Durango: Wild Lands



OVERHIT



Elsword M Shadow of Luna



KAISER



DARKNESS RISES²



*FINAL FANTASY® XI
mobile*



MapleStory Blitz



Gigant Shock



MapleStoryM



Project D



AxE



*Dungeon&Fighter 2D
mobile*



Mabinogi Mobile

¹ Chart is illustrative excerpt of pipeline.

² The official title of global launch for *Dark Avenger 3*.

³ The letters, graphics, symbols, logos and other marks shown in this material are trademarks or registered trademarks owned by respective right holders.

Appendix

Summary of Results and Key Operational Metrics

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(Unit: ¥ millions, except per share data)

	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	YoY%
(By Region)									
China	¥25,829	¥15,625	¥17,360	¥15,384	¥43,951	¥20,803	¥27,806	¥22,829	48%
Korea	22,555	14,954	18,298	18,441	20,279	15,801	23,607	20,817	13%
Japan	4,561	3,891	3,735	4,692	5,406	4,412	3,881	3,414	(27%)
North America	2,163	1,706	2,138	2,098	2,077	1,886	2,148	3,213	53%
Europe and Others ¹	2,389	1,947	2,724	2,638	3,079	4,162	2,956	2,402	(9%)
(By Platform)									
PC ²	45,054	28,915	34,474	31,352	63,114	35,540	46,755	38,080	21%
Mobile	12,443	9,208	9,781	11,901	11,678	11,524	13,643	14,595	23%
Japan	3,554	3,035	2,673	3,277	4,240	3,488	2,929	2,553	(22%)
ex-Japan	8,889	6,173	7,108	8,624	7,438	8,036	10,714	12,042	40%
Revenue	57,497	38,123	44,255	43,253	74,792	47,064	60,398	52,675	22%
Operating income	3,703	13,379	16,292	7,287	39,762	16,278	22,704	11,760	61%
Net income/(loss) ³	(6,272)	7,564	7,635	11,206	19,906	19,448	19,606	(2,210)	n/a
Earnings/(loss) per share	(14.43)	17.36	17.50	25.78	45.70	44.42	44.53	(5.01)	
FX rate									
100 KRW/JPY	9.62	9.30	9.15	9.46	9.88	9.85	9.82	10.22	8%
CNY/JPY	17.65	16.53	15.36	15.97	16.50	16.19	16.65	17.08	7%
USD/JPY	115.48	108.14	102.43	109.30	113.64	111.09	111.03	112.98	3%
KPI (Excluding Mobile)									
MAU (millions)	51.4	44.7	44.3	41.0	44.9	41.2	42.2	39.7	(3%)
Pay Rate	10.9%	11.3%	11.4%	13.7%	16.1%	15.6%	15.6%	14.3%	5%
ARPPU (as-reported)	4,676	3,161	3,651	2,871	5,628	3,241	4,202	3,503	22%

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

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

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COGS and SG&A

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(Unit: ¥ millions)

	FY2016				FY2017			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total Cost of Revenue ¹	¥13,075	¥10,475	¥11,242	¥13,339	¥14,767	¥12,584	¥14,953	¥14,352
Royalty ²	5,935	3,274	3,988	4,736	5,635	4,413	5,271	4,383
HR cost (COGS) ³	4,528	4,409	4,335	5,363	6,258	5,447	6,754	6,585
Other (COGS) ⁴	2,612	2,792	2,919	3,240	2,874	2,724	2,928	3,384
Total SG&A ¹	16,412	14,202	16,362	19,234	17,298	16,648	19,834	21,308
HR cost	3,261	3,463	3,668	4,416	4,036	3,527	3,887	4,853
PG fee ⁵	5,491	4,046	4,608	5,078	5,229	4,715	5,928	5,524
R&D	1,649	1,939	1,886	1,877	2,007	2,056	1,951	2,057
Marketing/advertising expenses	3,209	1,941	3,618	5,088	3,173	3,650	5,122	5,910
Depreciation and amortization	797	859	896	1,010	1,009	856	600	669
Other	2,005	1,954	1,686	1,765	1,844	1,844	2,346	2,295
Other Income ⁶	147	120	217	537	181	714	762	(272)
Other Expense ⁷	24,454	187	576	3,930	3,146	2,268	3,669	4,983
Includes: impairment loss	24,364	128	556	3,737	2,689	2,185	3,618	4,246

¹ Breakdown of COGS and SG&As are unaudited.

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

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

⁴ Other (COGS) primarily consists of depreciation and amortization of assets related to existing games, connection fees (mainly comprised of co-location and datacenter fees, internet bandwidth and access fees), and the costs of purchasing and maintaining our servers and computer equipment.

⁵ PG fee in SG&A includes commissions made to external payment gateway companies when users purchase in-game items in PC Online games that we service. It also includes mobile carrier-related commissions we pay regarding our Japanese mobile browser games, commissions we pay to Apple/Google regarding our mobile native games globally, and platform commission fees related to mobile browser games.

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

⁷ Other Expense includes other non-operating expenses, loss on sale/disposal of properties, loss on impairment of tangible fixed assets, loss on impairment of intangible assets, loss on impairment of other fixed assets and loss on change in equity. It also includes impairment loss of game IPs and goodwill.

P&L Below Operating Income

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(Unit: ¥ millions)

	FY2016				FY2017			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Operating Income	¥3,703	¥13,379	¥16,292	¥7,287	¥39,762	¥16,278	¥22,704	¥11,760
Finance Income ¹	823	808	819	21,790	1,202	6,271	2,117	2,463
Finance Costs ²	6,549	4,401	7,016	(87)	15,920	294	15	15,728
Equity income/(loss) of affiliates, equity method companies	16	53	80	(48)	(12)	(340)	(178)	(75)
Income/(Loss) before Income Tax	(2,007)	9,839	10,175	29,116	25,032	21,915	24,628	(1,580)
Tax expense ³	4,072	2,262	2,357	17,911	5,220	2,613	4,981	664
Net income/(loss) ⁴	(6,272)	7,564	7,635	11,206	19,906	19,448	19,606	(2,210)

¹ 2016 Q4, 2017 Q2, and 2017 Q3 Finance Income includes FX conversion gain related to foreign currency deposits & A/R.

² 2016 Q1, Q2, Q3, and 2017 Q1, Q4 Finance Costs are primarily caused by FX conversion loss related to foreign currency deposits & A/R.

³ 2016 Q4 Tax Expense was significant due to the 14.6 billion yen deferred tax expense in relation to re-examination of tax effect accounting on overseas subsidiary's retained earnings.

⁴ Net income/(loss) refers to net income/(loss) attributable to owners of the parent, as stated in Nexon's consolidated financial results.

Cash Flow Statement

NEXON Co., Ltd.
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(Unit: ¥ millions)

	12 months ended December 31, 2016	12 months ended December 31, 2017
Cash flows from operating activities	¥73,293	¥80,718
Cash flows from investing activities	(97,084)	(81,891)
Cash flows from financing activities	(9,275)	(3,019)
Net increase / (decrease) in cash and cash equivalents	(33,066)	(4,192)
Cash and cash equivalents at beginning of fiscal year	194,225	152,683
Effect of exchange rate change on cash and cash equivalents	(8,476)	4,751
Cash and cash equivalents at end of fiscal year	152,683	153,242

Balance Sheet

NEXON Co., Ltd.
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(Unit: ¥ millions)

	December 31, 2016	December 31, 2017
Asset		
Current Assets		
Cash and cash equivalents	¥152,683	¥153,242
Other deposits	173,226	234,092
Other current assets	40,188	55,285
Total current assets	366,097	442,619
Noncurrent assets		
Tangible assets	20,394	27,303
Goodwill	17,523	21,682
Intangible assets	7,127	12,784
Others	30,691	41,568
Total noncurrent assets	75,735	103,337
Total assets	441,832	545,956
Liability		
Current liabilities		
Current tax liabilities	5,511	7,698
Current borrowings	1,683	3,490
Others	27,810	30,359
Total current liabilities	35,004	41,547
Noncurrent liabilities		
Non-current borrowings	835	-
Others	28,299	34,191
Total noncurrent liabilities	29,134	34,191
Total liabilities	64,138	75,738
Shareholders' equity		
Capital stock	3,519	9,390
Capital surplus	86,753	41,021
Treasury shares	(0)	-
Other equity interest	56,254	91,033
Retained earnings	226,398	323,763
Non-controlling interests	4,770	5,011
Total equity	377,694	470,218
Total liabilities and total equity	441,832	545,956

P&L by Reporting Segment¹

NEXON Co., Ltd.
Q4 2017
INVESTOR PRESENTATION

(Unit: ¥ millions)

	FY2016				FY2017			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Japan								
Revenue from external customers	¥4,184	¥3,575	¥3,410	¥4,256	¥3,532	¥3,067	¥2,866	¥2,641
Segment profit/(loss)	(265)	(1,038)	(1,303)	(1,185)	(903)	(948)	(700)	(1,458)
Korea								
Revenue from external customers	49,231	31,190	37,303	35,428	67,616	41,390	54,236	45,544
Segment profit/(loss)	28,167	15,171	18,446	12,786	44,005	20,120	28,109	20,368
China								
Revenue from external customers	1,330	929	1,092	1,177	1,305	665	699	528
Segment profit/(loss)	1,014	558	739	784	933	300	326	131
North America								
Revenue from external customers	2,347	2,075	2,181	2,177	2,128	1,802	2,473	3,647
Segment profit/(loss)	(818)	(1,218)	(1,212)	(1,591)	(1,272)	(1,587)	(2,072)	(1,937)
Others								
Revenue from external customers	405	354	269	215	211	140	124	315
Segment profit/(loss)	(103)	(31)	(19)	(109)	(31)	(55)	(102)	(84)
Adjustments								
Revenue from external customers	-	-	-	-	-	-	-	-
Segment profit/(loss)	15	4	-	(5)	(5)	2	50	(5)
Total								
Revenue from external customers	57,497	38,123	44,255	43,253	74,792	47,064	60,398	52,675
Segment profit/(loss)	28,010	13,446	16,651	10,680	42,727	17,832	25,611	17,015

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

Number of Employees by Reporting Segment

NEXON Co., Ltd.
Q4 2017
INVESTOR PRESENTATION

	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017
Full-time employees								
Japan	637	614	606	606	585	561	532	537
Korea	3,833	3,969	4,107	4,234	4,263	4,292	4,334	4,426
China	261	253	260	260	260	254	273	239
North America	302	316	339	340	322	332	351	445
Others	68	70	64	85	104	113	110	121
Total	5,101	5,222	5,376	5,525	5,534	5,552	5,600	5,768

Nexon Japan Corporate Entity Financial Statement¹ (1)

NEXON Co., Ltd.
Q4 2017
INVESTOR PRESENTATION

(Unit: ¥ millions)

Condensed Income Statement	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Revenue	¥13,033	¥11,657	¥11,236	¥7,987	¥5,815	¥5,208
Cost of revenue	4,745	4,732	4,829	3,679	3,117	3,134
Gross profit	8,287	6,924	6,407	4,308	2,698	2,074
SG&A	5,896	6,517	7,275	7,585	6,470	6,736
Operating profit / (loss)	2,391	406	(868)	(3,277)	(3,772)	(4,662)
Non-operating income	849	697	14,186	28,335	19,163	636
Includes: dividend income	394	135	12,926	24,613	18,869	22
Non-operating expenses	720	582	603	526	1,246	1,826
Ordinary income	2,521	521	12,715	24,532	14,145	(5,852)
Extraordinary income	-	-	-	244	6,443	852
Extraordinary losses	13	2,624	4,451	18,717	6,897	39,573
Income / (loss) before income taxes	2,507	(2,102)	8,264	6,059	13,691	(44,573)
Tax expense	986	50	725	4,656	5,519	(201)
Net income / (loss)	1,521	(2,153)	7,539	1,403	8,172	(44,372)

¹ Excerpt of NEXON Co., Ltd.'s standalone financial statements included in Annual Securities Report (Yuuka Shouken Houkokusho). Annual Securities Report for FY2017 will be released in late March 2018. Please note NEXON Co., Ltd.'s standalone financial statements are based on J-GAAP (Nexon Group's consolidated financial statements are based on IFRS).

Nexon Japan Corporate Entity Financial Statement¹ (2)

NEXON Co., Ltd.
Q4 2017
INVESTOR PRESENTATION

(Unit: ¥ millions)

Condensed Balance Sheet	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016
Current assets	¥93,487	¥51,806	¥45,632	¥46,760	¥70,444	¥52,632
Includes: cash and cash equivalents	90,800	48,952	32,367	30,711	68,997	49,531
Non-current assets	34,517	99,900	135,011	101,337	38,190	6,438
Property, plant and equipment	289	216	183	222	200	74
Intangible assets	709	59	56	60	66	-
Investments and other assets	33,518	99,624	134,772	101,055	37,924	6,364
Total assets	128,005	151,707	180,643	148,097	108,634	59,070
Current liabilities	3,102	14,302	13,103	16,345	3,506	2,341
Non-current liabilities	18,443	40,230	39,644	23,154	498	448
Total liabilities	21,545	54,532	52,747	39,499	4,004	2,789
Shareholder's equity	106,012	105,943	110,163	98,122	99,779	50,669
Capital stock	50,300	51,342	51,868	52,332	56,227	3,307
Capital surplus	50,160	51,202	51,728	42,192	36,087	88,621
Includes: other capital surplus	-	50,000	50,000	40,000	30,000	86,064
Retained earnings	5,551	3,398	6,567	3,598	7,465	(41,259)
Includes: other retained earnings	5,551	3,398	6,130	2,724	6,160	(41,476)
Treasury shares	-	-	(0)	-	-	(0)
Valuation and translation adjustments	(7)	(9,555)	15,844	6,536	246	77
Subscription rights to shares	455	786	1,889	3,940	4,605	5,535
Total net assets	106,459	97,174	127,896	108,598	104,630	56,281
Statement of changes in equity (excerpt)	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016
Payment of dividends	(1,058)	-	(4,807)	(4,372)	(4,305)	(4,352)
Acquisition of treasury shares	-	-	(0)	(10,000)	(10,000)	(5,000)
Cancellation of treasury shares	-	-	-	10,000	10,000	5,000

¹ Excerpt of NEXON Co., Ltd.'s standalone financial statements included in Annual Securities Report (Yuuka Shouken Houkokusho). Annual Securities Report for FY2017 will be released in late March 2018. Please note NEXON Co., Ltd.'s standalone financial statements are based on J-GAAP (Nexon Group's consolidated financial statements are based on IFRS).

Key Titles by Region

NEXON Co., Ltd.
Q4 2017
INVESTOR PRESENTATION



China



Dungeon&Fighter (PC)



Counter-Strike Online (PC)



MapleStory (PC)



MapleStory2 (PC)



Korea



MapleStory (PC)



Dungeon&Fighter (PC)



Sudden Attack (PC)



EA SPORTS™
FIFA Online 3 (PC)



EA SPORTS™ FIFA Online 3 M
(Mobile)



AxE (Mobile)



OVERHIT (Mobile)



Japan



HIT (Mobile)



HIDE AND FIRE
(Mobile)



Sangokushi Battle
(Mobile)



MapleStory (PC)



Mabinogi (PC)



Dungeon&Fighter (PC)



Tree of Savior (PC)



North America and Rest of the World



MapleStory (PC)

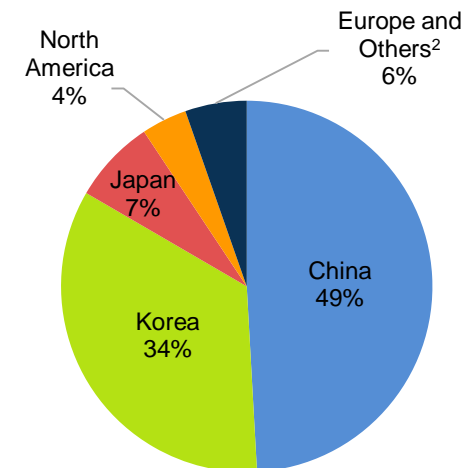


DomiNations (Mobile)

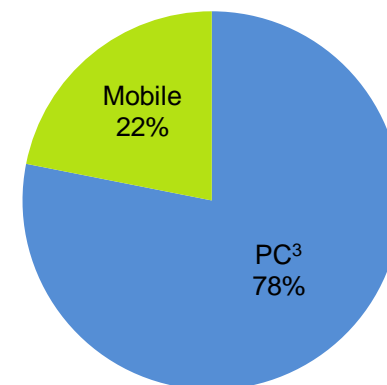


Choices: Stories You Play
(Mobile)

2017 Revenue by Region¹



2017 Revenue by Platform



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

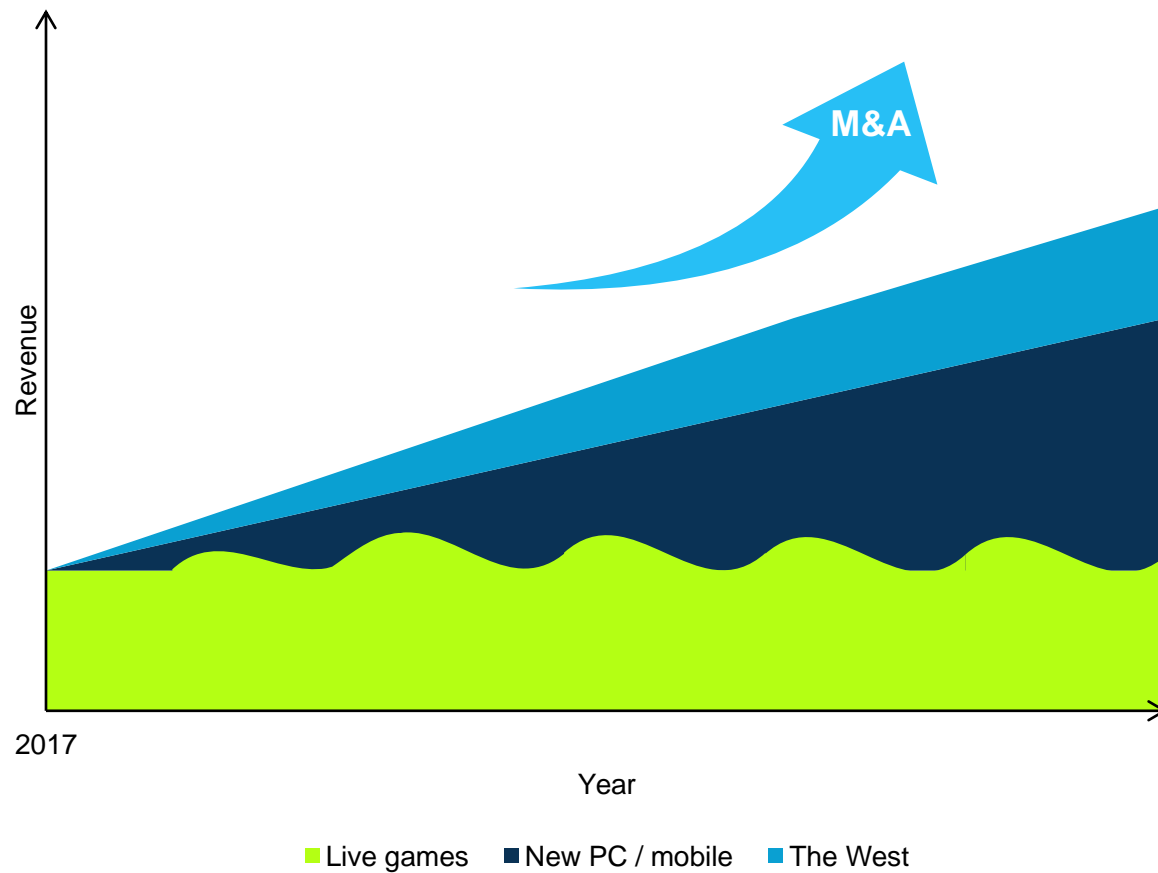
² "Europe and Others" includes Europe as well as other Asian countries and South American countries.

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

Long-term Growth Vision

NEXON Co., Ltd.
Q4 2017
INVESTOR PRESENTATION

Long-term Growth Vision and Evolution¹



¹ Above graph is illustrative and not to scale.

Glossary of Terms

Term / Abbreviation	Meaning
AOS	AOS is a sub-genre of the real-time strategy genre, in which two teams of players compete with each other in discrete games, with each player controlling a single character through an RTS-style interface.
FPS (first person shooter)	A game in which the player plays from the point of view of the game character in three-dimensional graphics
RTS (real-time strategy)	A game that is usually played from a third-person perspective, in which the player controls vast numbers of in-game characters in a tactical scenario
MMORPG (massively multiplayer online role playing game)	An online role-playing game that has a "massive" number (usually several hundred or more) of players who play concurrently
MAU (monthly active user)	The total number of accounts of users who log in and play a particular game in a given month
ARPPU (average revenue per paying user)	Online game net revenues for any given period divided by the average number of paying players of such games during the period
Pay Rate	The number of paying users divided by monthly active users for any given period of time
MCCU (maximum concurrent users)	The maximum number of users concurrently accessing a game at a particular moment. MCCU is generally used to measure the popularity of a game
Closed Beta Test (CBT)	A trial mode (beta version) of a game taken in a certain period with a limited number of users or groups; a Limited Beta Test is an even smaller-scale trial mode of a game with fewer numbers of users or groups
Open Beta Test (OBT)	A trial mode (beta version) of a game usually taken after CBT without restrictions on participation
Tier One Update	Large scale updates to existing PC games typically launched in Q1 or Q3 around peak season
Tier Two Update	Smaller updates to existing PC games released throughout the year
Immersive Games	Games that are designed to be played continuously for hours and enable thousands of concurrent users to interact with each other in real time. Our games are architected to evolve over years, in contrast to packaged goods games, which often have finite story lines and comparatively less open-ended player engagement.

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, appropriateness, or completeness thereof. This presentation does not contain all relevant information relating to Nexon or the sale of its shares, including, without limitation, the information that would be stated under the captions “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business” in an annual report. Any investment decision with respect to any shares of Nexon should be made solely upon the basis of the information contained in the disclosure documents and is qualified in its entirety by reference to the detailed information appearing in the disclosure documents.

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

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

- Continued growth and popularity of Nexon’s key titles;
- Nexon’s ability to maintain favorable relationships with key licensing partners;
- Nexon’s continued ability to offer games in China, through local partners or otherwise;
- Nexon’s ability to compete effectively in the online games industry;
- Nexon’s ability to address hacking, viruses, security breaches and other technical challenges;
- Fluctuations in currency exchange rates;
- Nexon’s ability to maintain and further develop its brand name;
- Effective acquisition of new companies, businesses, technologies and games from third parties and the possibility of recognizing impairment losses;
- Continued growth of the online games market, including the underlying infrastructure, and free-to-play/item-based revenue generation model;
- Nexon’s ability to adapt to new technologies;
- Nexon’s ability to enter into licensing arrangements for third-party titles on terms favorable to it;
- Effective defense of Nexon’s intellectual property; and
- Legislative, regulatory, accounting and taxation changes in the countries in which Nexon operates.

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

Q1 2018 Earnings Release Schedule (Tentative)

Q1 2018 financial results are scheduled for release on **Thursday, May 10th, 2018**.

Nexon management is scheduled to host an earnings conference call with Japanese – English simultaneous translation for investors, analysts and the media on the same day.

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



NEXON