



FOR IMMEDIATE RELEASE

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NEXON Co., Ltd.

Nexon Reports Fourth Quarter and Fiscal Year 2012 Financial Results

TOKYO – February 13, 2013 – NEXON Co., Ltd. (“Nexon”) (3659.TO), a worldwide leader in free-to-play online games, today announced financial results for its fourth quarter and fiscal year ended December 31, 2012. Fourth quarter revenues grew by 39% and operating income increased 5% year-over-year, both exceeding the Company’s outlook. Full year revenues grew 24% year-over-year, and full year operating income grew 25%.

“2012 was a pivotal year of transformation for Nexon, during which we completed several transactions that have reshaped our business model as our dynamic industry continues to evolve. We invested for growth in our PC business and in the important – and rapidly growing – mobile arena, while maintaining our strategic and operational focus and delivering another year of solid growth,” said Seungwoo Choi, President and Chief Executive Officer of Nexon. “We enhanced our mobile business through the successful acquisitions of inBlue and gloops, positioning Nexon as the leading third-party mobile game developer globally. Since acquiring these companies, both have outperformed our expectations and each is set to deliver a strong 2013 lineup for the domestic and international markets. Importantly, through our recent alliance, DeNA is running strong marketing promotions for our games on the Mobage platform. We expect continued strength in our PC business over 2013 as we begin to realize the returns from the large publishing deals we signed in 2012.”

“Longer term, we expect to see continued convergence between the PC and mobile devices. As a content creator, this trend presents significant opportunities for Nexon and increases the number of ways consumers can enjoy our games,” continued Mr. Choi. “These industry trends, coupled with the groundwork we have laid, position Nexon well to deliver growth and value to our shareholders.”

Fourth Quarter Fiscal 2012 Financial Highlights

- Total consolidated revenues were ¥30,937 million, an increase of 39% over the fourth quarter of 2011 (or 30% on a constant currency basis).
- Operating income was ¥9,778 million, a 5% increase from the fourth quarter of 2011. Operating income margin was 31.6%, as a result of the addition of significant new mobile revenues at lower margins, increased marketing expenses, amortization expenses from our gloops acquisition and changes in the geographic mix shift as the increase in Japan mobile revenues caused our higher-margin China business to decrease as a percentage of total revenue.
- Net loss for the quarter was ¥94 million, below the Company's outlook, due to a write-down related to Nexon's investment in JC Entertainment. Additionally, tax expenses were higher than expected due to a new interpretation of Korean tax regulation. Write-downs were also taken on smaller impairments of IP and goodwill of minority investment subsidiaries.
- Adjusted net income¹ for the quarter was ¥1,033 million.
- Basic earnings per share were a loss of ¥0.22. Adjusted earnings per share were ¥2.38.

Footnote:

¹ Adjusted net income is a non-GAAP measure that excludes the non-cash amortization of goodwill related to our acquisitions (and negative goodwill in the case of acquisitions occurring before April 1, 2010), which is required under Japanese GAAP. We provide this information to investors for the purpose of comparing our net income with that of companies that do not amortize goodwill or negative goodwill associated with acquisitions in their financial results, including those reporting in accordance with U.S. GAAP.



Revenue by Region^{1,4}

(Millions of yen)

	Q4 2011	Q4 2012 (As- Reported)	Q4 2012 (Constant Currency ³)	YoY % Change	
				As- Reported	Constant Currency ³
China	¥ 8,281	¥ 11,074	¥ 9,862	34%	19%
Korea	7,224	7,057	6,340	-2%	-12%
Japan	3,687	10,037	10,037	172%	172%
North America	1,407	1,117	1,036	-21%	-26%
Europe and Others ²	1,590	1,651	1,534	4%	-4%
Nexon Total	22,190	30,937	28,811	39%	30%

FX Rate⁵

<i>100 KRW/JPY</i>	<i>7.23</i>	<i>7.10</i>	<i>7.23</i>
<i>CNY/JPY</i>	<i>12.34</i>	<i>12.64</i>	<i>12.34</i>
<i>USD/JPY</i>	<i>79.84</i>	<i>79.82</i>	<i>79.84</i>

Footnotes:

¹The above table presents a breakdown of our revenue based on the region in which revenues originate.

It is not a presentation of our revenues according to Nexon entities.

² Others consists of United Kingdom, other Asian countries, and South American countries.

³ Constant currency percent change is the growth rate had the currency rate not changed from Q4 2011.

⁴ Revenues are Nexon Group's consolidated revenues, which include gloops' revenue.

⁵ Constant currency is calculated differently under Japanese GAAP compared to U.S. GAAP. Instead of fixing the exchange rate at the end of each quarter, we apply one of the approved methods under Japanese GAAP and take the cumulative average from the beginning of the year. For example, the Q2 rate is the average from the beginning of year through Q2. Also, when converting currency for China revenue, Tencent pays Nexon Korea in USD, which is converted to KRW in Nexon Korea's books and then converted to JPY for reporting purposes.

Fourth Quarter Actual Results versus Outlook

The following table shows Nexon's results relative to the Company's outlook. In future disclosures, Nexon intends to present its revenues in two categories: mobile revenues and PC revenues.



Q4 2012 Actual Results versus Outlook

(Millions of yen, except per share data)

	Q4 2012 Nexon Outlook (excluding gloops)		Q4 2012 Nexon (excluding gloops)	Q4 2012 gloops Outlook		Q4 2012 gloops
	¥21,263	~ ¥24,000		¥6,200	~ ¥6,700	
Revenues	¥21,263	~ ¥24,000	¥24,492	¥6,200	~ ¥6,700	¥6,445
Operating income	5,580	~ 8,102	8,613	1,500	~ 1,800	1,910
Net income (loss)	3,188	~ 5,099	(400)	900	~ 1,080	1,013
Adjusted net income	3,597	~ 5,507	74	900	~ 1,080	1,013
Basic EPS (LPS)	7.34	~ 11.74	(0.92)	2.07	~ 2.49	2.33
Adjusted EPS	8.28	~ 12.68	0.17	2.07	~ 2.49	2.33

Fiscal Year 2012 Financial Highlights

- Total consolidated revenues were ¥108,448 million, an increase of 24% over the prior fiscal year.
- Operating income was ¥47,874 million, an increase of 25% over the prior fiscal year. Operating income margin was 44.1%, slightly higher than the 43.7% in 2011.
- Net income for the year declined 1% over the prior fiscal year to ¥25,401 million.
- Adjusted net income for the year was ¥27,711 million, up 2% over the prior fiscal year.
- Basic earnings per share were ¥58.71. Adjusted earnings per share were ¥64.05.

First Quarter 2013 Business Outlook

In an effort to provide shareholders with more precise information, Nexon plans to provide a quarterly outlook rather than a full year outlook beginning in the first quarter of 2013. The Company will continue to provide additional detail and commentary regarding longer-term trends in its quarterly shareholder letter and other investor communications.

Nexon expects Q1 2013 revenue in the range of ¥28.5 billion to ¥30.3 billion for PC and ¥7.4 billion to ¥8.1 billion for mobile. Management expects the PC business will benefit from Nexon's content update schedule, which will be more evenly weighted between Q1 and Q3 than it was in 2012. Nexon's mobile business, which consists of gloops, inBlue and other studios, will benefit from a solid lineup of marketing initiatives,



particularly on the Mobage platform through our recently announced alliance with DeNA. Further detail regarding Nexon's Q1 2013 outlook is provided in management's letter to shareholders, which is available on the Company's investor relations website.

Business Outlook

(Millions of yen, except per share data)

	Q1 2011	Q1 2012	Q1 2013	
Revenues	¥ 20,809	¥ 30,377	¥35,965	~ ¥38,519
PC	20,666	30,151	28,553	~ 30,345
Mobile	143	225	7,411	~ 8,174
Operating income	9,340	17,384	12,330	~ 14,378
Net income	7,586	12,377	7,840	~ 9,318
Adjusted net income	7,968	12,738	8,923	~ 10,401
Earnings per share² :				
Basic EPS	21.50	28.82	18.00	~ 21.39
Adjusted EPS	22.58	29.66	20.49	~ 23.88
FX Rate Assumptions³				
100KRW/JPY	7.37	7.03	7.94	7.94
CNY/JPY	12.52	12.55	13.34	13.34
USD/JPY	82.34	79.28	85.08	85.08

Footnote:

¹ Adjusted to reflect the 1:100 stock splits that occurred on July 21, 2011.

² Based on the assumptions above, every one Japanese yen move against the U.S. dollar would have an impact of 0.32 billion yen on revenue and 0.15 billion yen on operating income for the three months ending March 31, 2013.

Conference Call and Webcast

Nexon management will host a conference call in English on February 13, 2013 at 10:30 p.m. Japan Standard Time (JST) / 8:30 a.m. Eastern Standard Time (EST) for analysts and investors to discuss Nexon's financial results and outlook. The call can be accessed via live audio webcast on Nexon's Investor Relations website at <http://ir.nexon.co.jp/en/>.

A transcript of the conference call will also be available on Nexon's Investor Relations website a few days after the live webcast.



Shareholder Letter and Financial Statements

Please visit the Investor Relations section of Nexon's website at <http://ir.nexon.co.jp/en/> to view management's fourth quarter letter to shareholders and financial statements.

About NEXON Co., Ltd. <http://company.nexon.co.jp/>

NEXON Co., Ltd. ("Nexon") (3659.TO) is a worldwide leader in free-to-play online games. Founded in Korea in 1994, Nexon developed one of the world's first graphics-based massively multiplayer online games. Nexon also pioneered the concept of microtransactions and the free-to-play business model, setting a new standard in which play is free, and users have the option to purchase in-game items to enhance their experience. Nexon currently services more than 60 online games in more than 100 countries and since its founding, Nexon has generated more than 1.3 billion player registrations. The Company is headquartered in Tokyo, Japan and its shares are listed on the Tokyo Stock Exchange.

Contact Information

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