



FOR IMMEDIATE RELEASE

May 10, 2013  
NEXON Co., Ltd.

## Nexon Announces Strong First Quarter 2013 Financial Results

TOKYO – May 10, 2013 – NEXON Co., Ltd. (“Nexon”) (3659.TO), a worldwide leader in free-to-play online games, today announced financial results for its first quarter ended March 31, 2013. Revenues grew 46% year-over-year, operating income increased 24% and net income increased 17%.

“We are pleased that our first quarter results exceeded the high end of the outlook we provided last quarter, primarily due to better-than-expected performance in China and strong results in Korea, as well as a favorable currency environment. Additionally, the acquisitions of gloops and inBlue have positioned us as a major player in mobile, adding significant revenue to our business,” said Seungwoo Choi, President and Chief Executive Officer of Nexon. “Content updates to our major PC games were well-received by players around the world, particularly a tier 1 update for *Dungeon&Fighter* in China. We also successfully launched *FIFA Online 3* in Korea during the quarter, and the game is showing strong performance in terms of both user metrics and revenues.”

### First Quarter Fiscal 2013 Financial Highlights

As announced on April 22, 2013, Nexon voluntarily adopted International Financial Reporting Standards (“IFRS”) in order to provide financial information to its international investor base that can be compared across companies globally. Beginning with the first quarter of the fiscal year 2013, Nexon is reporting its financial results consistent with IFRS.

Highlights of the first quarter are described below.

- Total consolidated revenues were ¥44,364 million, a 46% year-over-year increase (or 26% on a constant currency basis).
- Operating income was ¥20,716 million, a 24% increase year-over-year.

- Operating margin was 47%. The year-over-year decrease from 55% in the first quarter of 2012 reflected the addition of significant new mobile revenues at lower margins, as well as higher development and support costs due to a more robust schedule of new title launches, and increases in royalty payments in Nexon's PC business.
- Net income for the first quarter was ¥15,150 million.
- Earnings per share were ¥34.77.

Key accounting changes resulting from the transition to IFRS include: i) goodwill is not amortized and is instead valued quarterly with impairments taken according to IFRS guidelines, and ii) the value of Nexon's investment securities, for example its investment in NCsoft, is marked to market, and the difference between the book value and the market value is recognized, after tax effects, as other comprehensive income on Nexon's comprehensive income statement.

Additional detail regarding Nexon's results, the Company's second quarter 2013 outlook, and the transition to IFRS can be found in management's letter to shareholders, which is available on the Company's investor relations website.



**Revenue by Region / Platform (IFRS)<sup>1</sup>**  
**(Millions of Yen)**

	Q1 2012	Q1 2013 (As- Reported)	Q1 2013 (Constant Currency) <sup>4</sup>	YoY % Change	
				As- Reported	Constant Currency
<b>Revenue by Region<sup>2</sup></b>					
China	¥ 15,175	¥ 20,409	¥ 16,867	34%	11%
Korea	8,857	10,589	8,730	20%	-1%
Japan	3,097	9,927	9,927	221%	221%
North America	1,398	1,418	1,215	1%	-13%
Europe and Others <sup>3</sup>	1,850	2,021	1,686	9%	-9%
<b>Nexon Total</b>	<b>30,377</b>	<b>44,364</b>	<b>38,425</b>	<b>46%</b>	<b>26%</b>
<b>Revenue by Platform</b>					
PC	30,151	36,877	30,981	22%	3%
Mobile	226	7,487	7,444	33.1x	32.9x
<b>FX rate</b>					
<i>100 KRW/JPY</i>	<i>7.03</i>	<i>8.53</i>	<i>7.03</i>		
<i>CNY/JPY</i>	<i>12.55</i>	<i>14.73</i>	<i>12.55</i>		
<i>USD/JPY</i>	<i>79.28</i>	<i>92.42</i>	<i>79.28</i>		

Footnotes:

<sup>1</sup>Nexon has voluntarily adopted IFRS beginning in the first quarter of the current fiscal year. Q1 2012 actual results are disclosed according to IFRS.

<sup>2</sup>Based on the region in which revenues originate; not a representation of revenues according to Nexon entities.

<sup>3</sup>Others: United Kingdom, other Asian countries and South American countries.

<sup>4</sup>On a constant currency basis (using Q1 2012 currency exchange rates).

## First Quarter Actual Results versus Outlook

The following table shows Nexon's results relative to the Company's outlook.

### Selected Consolidated Financial Data (IFRS) (Millions of Yen, except per share data)

	Q1 2012	Q1 2013 Outlook <sup>1</sup>		Q1 2013 Actual	YoY%
<b>Revenues</b>	<b>¥30,377</b>	<b>¥35,975</b>	<b>~ ¥38,529</b>	<b>¥44,364</b>	<b>46%</b>
PC	30,151	28,554	~ 30,346	36,877	22%
Mobile	226	7,421	~ 8,183	7,487	33.1x
<b>Operating income</b>	<b>16,760</b>	<b>13,514</b>	<b>~ 15,562</b>	<b>20,716</b>	<b>24%</b>
Net income <sup>2</sup>	12,996	9,140	~ 10,618	15,150	17%
<b>Earnings per share:</b>	<b>30.26</b>	<b>20.98</b>	<b>~ 24.38</b>	<b>34.77</b>	<b>15%</b>
<b>FX rate</b>					
100 KRW/JPY	7.03	7.94	7.94	8.53	
CNY/JPY	12.55	13.34	13.34	14.73	
USD/JPY	79.28	85.08	85.08	92.42	

#### Footnotes:

<sup>1</sup>The initial Q1 2013 outlook disclosed on February 13, 2013 was restated according to IFRS and disclosed on May 9, 2013.

<sup>2</sup>Net income refers to net income attributable to owners of the parent, as stated in Nexon's consolidated financial results.

## Second Quarter 2013 Business Outlook

Nexon expects second quarter 2013 revenues in the range of ¥27.2 billion to ¥28.4 billion for PC and ¥6.8 billion to ¥7.5 billion for mobile. In the PC business, management expects the solid performance of existing titles in China and Korea to contribute to year-over-year revenue growth.

In the mobile business, management expects performance of existing titles, including those launched in first quarter 2013, to continue to gain momentum towards the latter half of 2013.

During the second quarter, Nexon expects to launch *Dragon Girls* in Korea on Kakao and *Guardian Break (Royal Tactics)* in North America, both as native applications, further expanding growth opportunities.

Nexon expects second quarter 2013 operating income in the range of ¥11.4 billion to ¥12.3 billion, representing an operating margin range of 33% to 34%. Although China



revenues are expected to grow moderately year-over-year, management anticipates that operating margins will decline year-over-year primarily due to i) increased marketing, development and support costs related to new title launches, ii) a greater proportion of mobile revenue, the margins of which are generally lower than PC margins, and iii) an increase in licensed title revenues – in particular, *FIFA Online 3* – leading to higher royalty payments and marketing costs.

**Nexon Business Outlook (IFRS)**  
(Millions of Yen, except per share data)

(Millions of Yen) <sup>1</sup>	Q2 2012 (J-GAAP) <sup>1</sup>	Q2 2012 (Reclassified J-GAAP) <sup>2</sup>	Q2 2013 (IFRS)		
<b>Revenues</b>	¥22,876	¥22,877	¥34,021	~	¥35,991
PC	22,696	22,697	27,246	~	28,448
Mobile	180	180	6,775	~	7,543
<b>Operating income</b>	10,678	11,363	11,356	~	12,325
<b>Net income</b>	6,768	7,377	8,393	~	8,890
<b>Earnings per share</b>	15.63	17.04	19.22	~	20.36
<b>FX rate assumptions</b>					
100KRW/JPY	7.00	7.00	8.53		8.53
CNY/JPY	12.62	12.62	14.73		14.73
USD/JPY	79.74	79.74	92.42		92.42

Footnote:

<sup>1</sup>Numbers are rounded down based on J-GAAP methods.

<sup>2</sup>Q2 2012 J-GAAP results reclassified to provide an approximation of IFRS.

**Conference Call and Webcast**

Nexon's management will host two conference calls to discuss the Company's financial results and outlook. A conference call for Japanese domestic investors will be held at 4:30 p.m. JST / 3:30 a.m. EDT and will be conducted in Japanese. A conference call for international investors will be held at 9:30 p.m. JST / 8:30 a.m. EDT the same day and will be conducted in English. Dial-in information for both conference calls is available on Nexon's Investor Relations website.

A replay and transcripts of each respective call will also be available on Nexon's Investor Relations website a few days following the calls.



## **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 first quarter 2013 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 nearly 60 online games in more than 100 countries and since its founding, Nexon has generated more than 1.4 billion player registrations. The Company is headquartered in Tokyo, Japan and its shares are listed on the Tokyo Stock Exchange.

## **Contact Information**

Owen Mahoney, Chief Financial Officer  
+813-3523-7910