



NEXON

Investor Presentation Q4 2018

February 12, 2019 NEXON Co., Ltd.

Owen Mahoney

President and Chief Executive Officer

FY 2018 Highlights

- Record-high Results. Revenues, operating income and net income¹ all up year-over-year
- Highest full-year PC and mobile results
- China *Dungeon&Fighter*. Three consecutive years with double-digit year-over-year growth in its 10th anniversary year
- *MapleStory*
 - Korea *MapleStory* grew incredible 67% year-over-year, driven by the successful Summer update.
 - *MapleStory M* grew 81% year-over-year in Korea alone; over 6x year-over-year with its global results combined.
- Successful service transition of *FIFA ONLINE 4*² in Korea. PC and mobile both on track
- Strategic partnership with Embark Studios; Patrick Söderlund to serve on Nexon's Board of Directors

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

² Official titles are EA SPORTS™ FIFA ONLINE 4 (PC) and EA SPORTS™ FIFA ONLINE 4M (mobile).

Mabinogi Mobile¹



¹ Mobile game based on original IP.

Dungeon&Fighter 2D mobile¹ (1)



¹ Mobile game based on original IP.

Dungeon&Fighter 2D mobile¹ (2)



¹ Mobile game based on original IP.

Project BBQ¹

NEXON Co., Ltd.
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¹ PC 3D action RPG based on *Dungeon&Fighter* universe

Focus on Nexon's Wholly-owned IP



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Leverage Major Technological Change



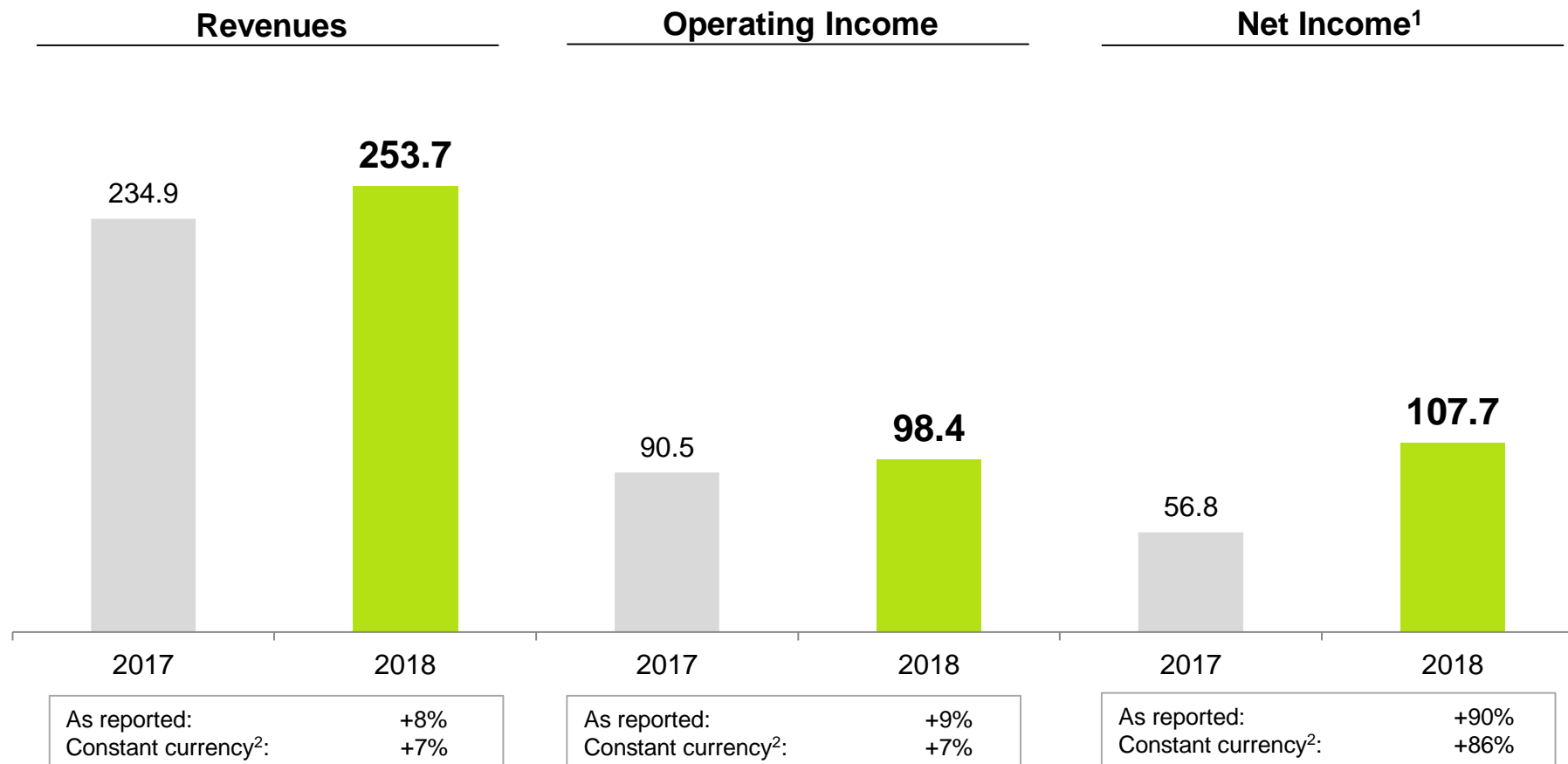
Shiro Uemura

Chief Financial Officer

FY 2018 Results

FY 2018 Financial Results

(Unit: ¥ billions)



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

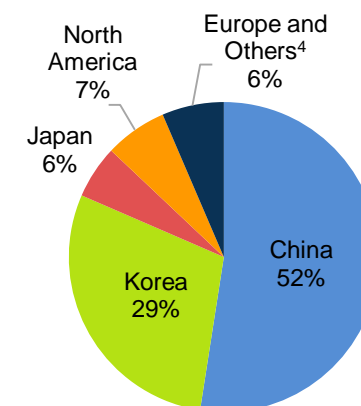
² Constant currency is a non-GAAP measure used to show performance unaffected by fluctuations in foreign currency exchange rates. Constant currency basis amounts are calculated using the average foreign currency exchange rates for the comparable period in the prior year and applied to the current period. 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.

FY 2018 Revenue Breakdown

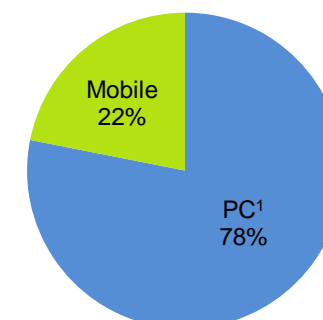
(Unit: ¥ millions)

	FY2017	FY2018		YoY % Change	
		As-Reported	Constant Currency ⁵	As-Reported	Constant Currency ⁵
Revenue	¥234,929	¥253,721	¥251,334	8%	7%
PC ¹	183,488	198,871	196,569	8%	7%
Mobile	51,441	54,850	54,765	7%	6%
Operating Income	90,504	98,360	96,595	9%	7%
Net income²	56,750	107,672	105,741	90%	86%
Revenue by Region³					
China	¥115,389	¥132,966	¥131,281	15%	14%
Korea	80,504	73,790	72,872	(8%)	(9%)
Japan	17,113	14,068	14,068	(18%)	(18%)
North America	9,324	16,498	16,711	77%	79%
Europe and Others ⁴	12,599	16,399	16,402	30%	30%

FY2018 Revenue by Region³



FY2018 Revenue by Platform



¹ PC revenues include other revenues besides PC online games and mobile games.

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

³ Based on the regions in which revenues originate; not a representation of revenues according to Nexon entities.

⁴ "Europe and Others" includes Europe as well as other Asian countries and South American countries.

⁵ 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 2018 Results

Q4 Highlights

- Revenues ¥46.1 billion, down 13% year-over-year as-reported, down 10% constant currency¹ – in the range of outlook
- PC² revenues were in the range of outlook. Mobile revenues were below outlook primarily due to lower-than-expected contributions from new mobile games in Japan as well as from mobile games in Korea.
- Operating income ¥3.9 billion and net income³ ¥6.5 billion – both below our outlook, due to the ¥3.0 billion impairment loss, primarily on NAT Games' game IP and goodwill. Adjusted for the impairment loss, operating income and net income³ would have been ¥6.9 billion; ¥9.5 billion yen, respectively.

(Unit: ¥ millions, except per share data)

	Q4 2017	Q4 2018 Outlook		Q4 2018	YoY %
		Low end	High end		
Revenues	¥52,675	¥45,892	~ ¥50,010	¥46,081	(13%)
PC ²	38,080	31,608	~ 33,950	32,724	(14%)
Mobile	14,595	14,284	~ 16,060	13,357	(8%)
Japan	2,553			3,482	36%
ex-Japan	12,042			9,875	(18%)
Operating income	11,760	6,392	~ 8,840	3,907	(67%)
Net income³	(2,210)	7,567	~ 9,574	6,504	n/a
Earnings per share ⁴	(2.51)	8.46	~ 10.71	7.27	
Exchange rates					
100 KRW/JPY	10.22	9.98	9.98	10.03	(2%)
CNY/JPY	17.08	16.24	16.24	16.30	(5%)
USD/JPY	112.98	112.82	112.82	112.90	(0%)

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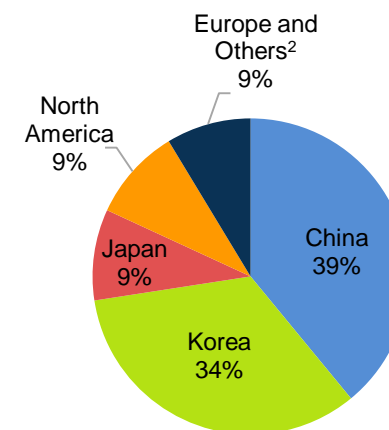
⁴ Nexon conducted a two-for-one stock split of its common stock as of April 1, 2018. The amount of Earnings per share has been calculated based on the assumption that such stock split was conducted at the beginning of the previous consolidated accounting year.

Q4 Revenue Breakdown

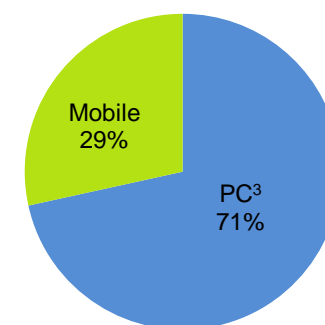
(Unit: ¥ millions)

	Q4 2017	Q4 2018		YoY % Change	
		As-Reported	Constant Currency ⁴	As-Reported	Constant Currency ⁴
Revenue by Region¹					
China	¥22,829	¥17,863	¥18,760	(22%)	(18%)
Korea	20,817	15,567	15,887	(25%)	(24%)
Japan	3,414	4,321	4,321	27%	27%
North America	3,213	4,309	4,330	34%	35%
Europe and Others ²	2,402	4,021	4,073	67%	70%
Nexon Total	52,675	46,081	47,371	(13%)	(10%)
Revenue by Platform					
PC ³	38,080	32,724	33,872	(14%)	(11%)
Mobile	14,595	13,357	13,499	(8%)	(8%)
Japan	2,553	3,482	3,482	36%	36%
ex-Japan	12,042	9,875	10,017	(18%)	(17%)
Nexon Total	52,675	46,081	47,371	(13%)	(10%)
FX Rate					
100 KRW/JPY	10.22	10.03	10.22	(2%)	
CNY/JPY	17.08	16.30	17.08	(5%)	
USD/JPY	112.98	112.90	112.98	(0%)	

Q4 2018 Revenue by Region¹



Q4 2018 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.

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

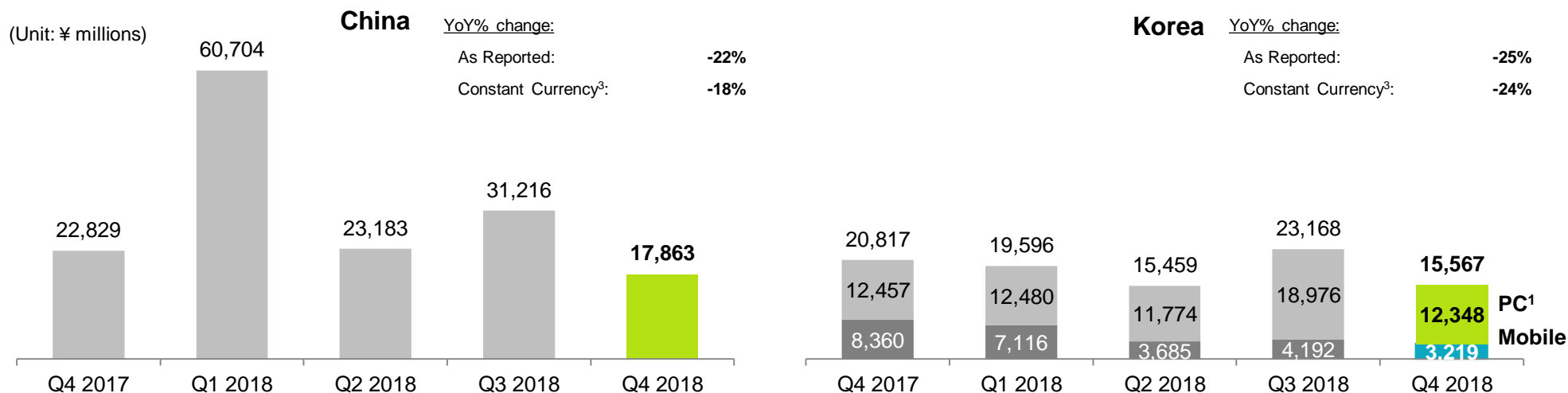
China/Korea – Highlights

China

- Results as planned. Revenues decreased year-over-year due to the high comps with Q4 2017, driven by strong performances of *Dungeon&Fighter* as well as *MapleStory 2*.
- Dungeon&Fighter*
 - No major content updates introduced, except for National Day update, which continued from Q3 (9/17 – 11/15).
 - Revenues, ARPPU, and MAUs decreased year-over-year; paying users were flat year-over-year.
 - Quarter-over-quarter revenues, ARPPU, MAUs, and paying users decreased due to typical seasonality.
 - Local currency basis full-year, first-half, and second-half revenues all grew year-over-year.

Korea

- Year-over-year decrease primarily due to the deceleration of mobile games including *AxE* and *OVERHIT*
- PC¹ revenues were roughly flat year-over-year. Year-over-year increase of *MapleStory* compensated for decreases in *Dungeon&Fighter* and *FIFA ONLINE 4*², which had tough comps with Q4 2017 – before it received service transition impact.
- FIFA ONLINE 4*²: Focused on bolstering users engagement; delivered good results as planned. The new service is ramping up well.



¹ PC revenues include other revenues besides PC online games and mobile games.

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Japan/North America/Europe and Others¹ – Highlights

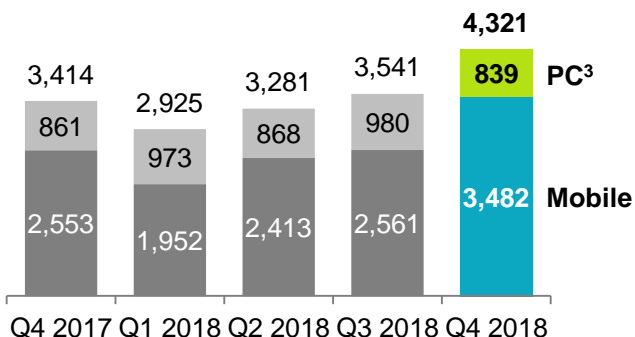
Japan: Year-over-year increase, primarily driven by contributions from newly launched mobile games including *Dynasty Warriors: Unleashed* (September) and *FAITH* (November); partially offset by the deceleration of mobile browser games, *HIT* and *HIDE AND FIRE*, all of which have in service for multiyear

North America / Europe and Others¹

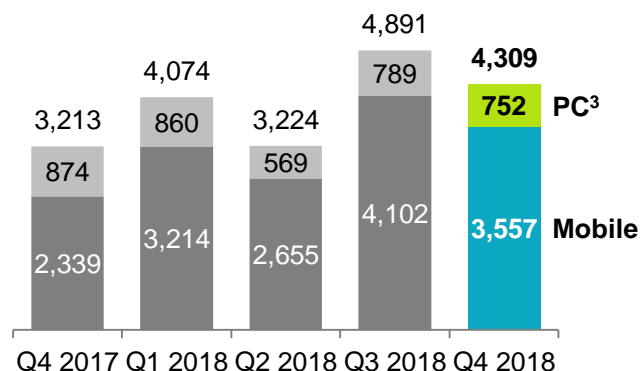
- Year-over-year increase primarily driven by contributions from Pixelberry Studios, *MapleStory M*, and *Darkness Rises*
- Launched *MapleStory 2* in the West (October); *Moonlight Blade* in Taiwan, Hong Kong and Macau (November)

(Unit: ¥ millions)	<u>YoY% change:</u>		<u>YoY% change:</u>		<u>YoY% change:</u>	
	As Reported:	+27%	As Reported:	+34%	As Reported:	+67%
	Constant Currency ² :	+27%	Constant Currency ² :	+35%	Constant Currency ² :	+70%

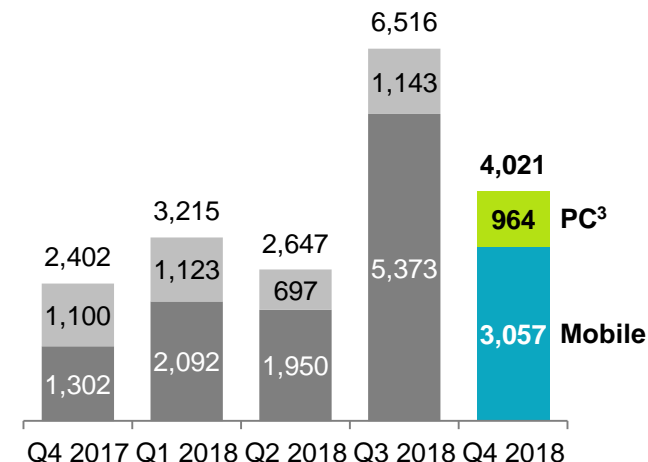
Japan



North America



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

Q1 2019 Outlook

Q1 2019 Business Outlook

- Expect revenues to be:
 - Down 12% to 3% year over year on as-reported basis
 - Down 8% to up 1% year over year on constant-currency¹ basis

(Unit: ¥ millions, except per share data)

	Q1 2018	Q1 2019 Outlook		YoY %	
Revenues	¥90,514	¥79,678	~ ¥87,399	(12%)	~ (3%)
PC ²	76,074	66,013	~ 72,089	(13%)	~ (5%)
Mobile	14,440	13,665	~ 15,310	(5%)	~ 6%
Operating income	54,729	40,674	~ 47,437	(26%)	~ (13%)
Net income³	46,615	37,921	~ 43,677	(19%)	~ (6%)
Earnings per share	52.80	42.40	~ 48.83		
FX Rate Assumptions					
100 KRW/JPY	10.11	9.72	9.72	(4%)	
CNY/JPY	17.07	16.04	16.04	(6%)	
USD/JPY	108.30	108.98	108.98	1%	

- Forex sensitivity⁴: Every one Japanese yen move against the U.S. dollar would have the following impact on our financials for Q1 2019

Revenues	0.76 billion yen
Operating Income	0.42 billion yen

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² PC revenues include other revenues besides PC online games and mobile games.

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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 2019 Regional Outlook



China

Q1

- As-reported: Expect high teens % to low teens % YoY decrease
- Constant currency¹: Expect low teens % to high single digit % YoY decrease
- Dungeon&Fighter*
 - Introduced Lunar New Year update (Jan); Level Cap release (Jan) – both going well
 - Expect revenue to decline YoY, due to the high comps with Q1 2018 when it marked record-high Lunar New Year avatar package sales
- Conducted closed beta test for *Dungeon&Fighter* 2D mobile (Jan)

Full-Year

- Dungeon&Fighter*: Continue to prioritize operating the game stably over the long term
- Continue development / preparation for *Dungeon&Fighter* 2D mobile (Publisher: Tencent)



Korea

Q1

- As-reported: Expect high single digit % to low single digit % YoY decrease
- Constant currency¹: Expect low single digit % YoY decrease to low single digit % YoY increase
- Launched *Spiritwish* (Jan)

Full-Year

- Multiple mobile games scheduled for launch, including *TRAHA*, *SINoALICE*, *Mabinogi Mobile*, *TALESWEAVERM*, *Crazy Arcade BnB M* and *The kingdom of the winds: Yeon*



Japan

Q1

- As-reported or constant currency¹: Expect 40+ % to 50+% YoY increase
- Scheduled to launch *DarkAvenger X* (Feb)

Full-Year

- Preparing multiple mobile games for 2019

North America, Europe and Others²

Q1

- North America
 - As-reported: Expect low single digit % YoY decrease to high single digit % YoY increase
 - Constant currency¹: Expect low single digit % YoY decrease to low teens % YoY increase
 - Scheduled to launch *AxE* (Feb)
- Europe and Others²
 - As-reported: Expect 30+ % to 50+% YoY increase
 - Constant currency¹: Expect 40+ % to 50+% YoY increase
 - Scheduled to launch *AxE* (Feb)

Full-Year

- Preparing multiple mobile games for 2019

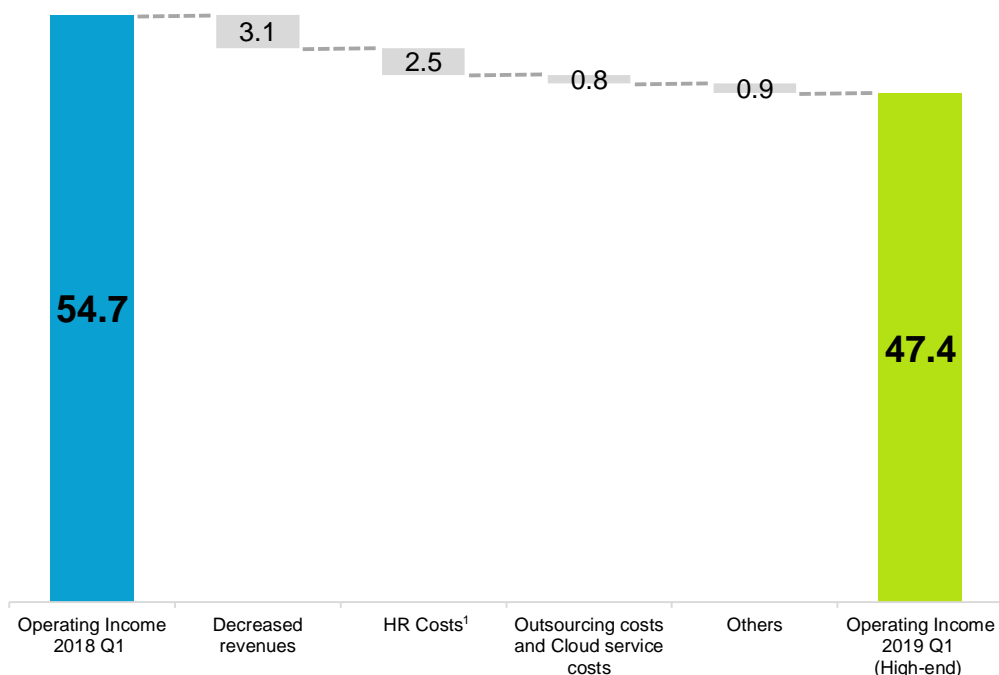
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² "Europe and Others" includes Europe as well as other Asian countries and South American countries.

Q1 2019 Operating Income Outlook

YoY Operating Income Comparison

(Unit: ¥ billions)



Expect Q1 2019 operating income of ¥40.7 to ¥47.4 billion due to:

- Decreased revenues, primarily from the high-margin China business
- Increased HR costs¹, primarily due to increased headcount in relation to mobile business expansion and consolidation of NAT Games
- Increased outsourcing costs and cloud service costs in relation to mobile business expansion (COGS “Other”)
- Others include increased platform fees and amortization costs

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

2019 China *Dungeon&Fighter* Update Schedule

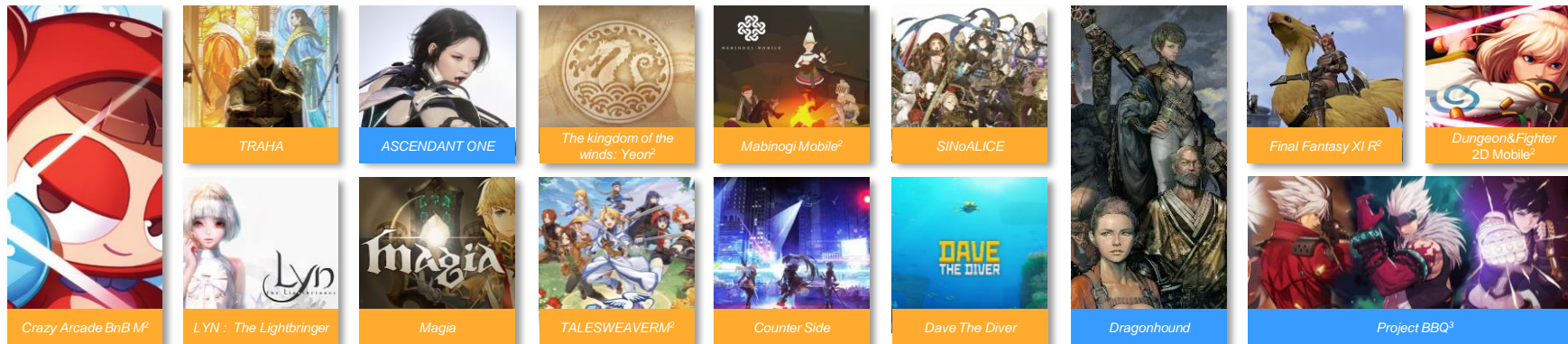
Period	Tier 1 Content Update	2018	2019
Q1	Lunar New Year Update	February 1 st	January 21 st
	2019: Level Cap Update	N/A	January 21 st
Q2	Labor Day Update	April 26 th	TBD
	Anniversary Update	June 19 th	TBD
Q3	Summer Update	July 5 th	TBD
	National Day Update	September 17 th	TBD
Q4	Winter Update	N/A	TBD

* 2019 update schedule is subject to change depending on various operational factors

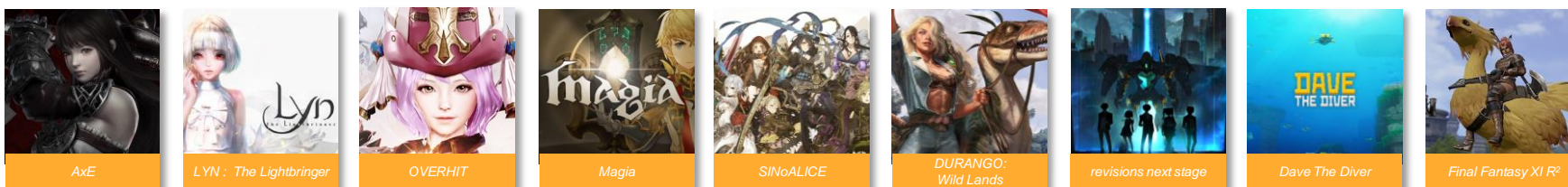
 Indicates financially important updates

Pipeline¹

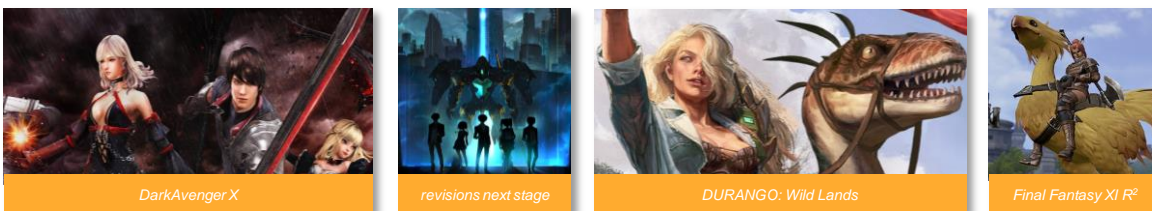
KOREA



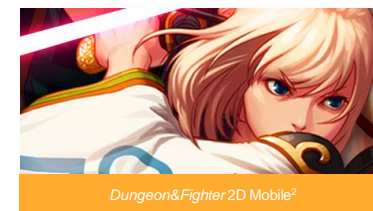
N.AMERICA & REST OF THE WORLD



JAPAN



CHINA



PC ONLINE MOBILE

¹ Chart is illustrative excerpt of pipeline.
² Mobile games based on original IPs.
³ PC 3D action RPG based on Dungeon&Fighter universe .
⁴ 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

NEXON Co., Ltd.
Q4 2018
INVESTOR PRESENTATION

(Unit: ¥ millions, except per share data)

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	YoY%
(By Region)									
China	¥43,951	¥20,803	¥27,806	¥22,829	¥60,704	¥23,183	¥31,216	¥17,863	(22%)
Korea	20,279	15,801	23,607	20,817	19,596	15,459	23,168	15,567	(25%)
Japan	5,406	4,412	3,881	3,414	2,925	3,281	3,541	4,321	27%
North America	2,077	1,886	2,148	3,213	4,074	3,224	4,891	4,309	34%
Europe and Others ¹	3,079	4,162	2,956	2,402	3,215	2,647	6,516	4,021	67%
(By Platform)									
PC ²	63,114	35,540	46,755	38,080	76,074	37,037	53,036	32,724	(14%)
Mobile	11,678	11,524	13,643	14,595	14,440	10,757	16,296	13,357	(8%)
Japan	4,240	3,488	2,929	2,553	1,952	2,413	2,561	3,482	36%
ex-Japan	7,438	8,036	10,714	12,042	12,488	8,344	13,735	9,875	(18%)
Revenue	74,792	47,064	60,398	52,675	90,514	47,794	69,332	46,081	(13%)
Operating income	39,762	16,278	22,704	11,760	54,729	16,012	23,712	3,907	(67%)
Net income/(loss)³	19,906	19,448	19,606	(2,210)	46,615	32,248	22,305	6,504	n/a
Earnings/(loss) per share⁴	22.85	22.21	22.27	(2.51)	52.80	36.24	24.98	7.27	
FX rate									
100 KRW/JPY	9.88	9.85	9.82	10.22	10.11	10.12	9.96	10.03	(2%)
CNY/JPY	16.50	16.19	16.65	17.08	17.07	17.10	16.39	16.30	(5%)
USD/JPY	113.64	111.09	111.03	112.98	108.30	109.07	111.46	112.90	(0%)
KPI (Excluding Mobile)									
MAU (millions)	44.9	41.2	42.2	39.7	35.3	33.3	37.5	32.7	(18%)
Pay Rate	16.1%	15.6%	15.6%	14.3%	19.3%	20.5%	16.3%	16.5%	
ARPPU (as-reported)	5,628	3,241	4,202	3,503	8,028	3,313	5,260	3,392	(3%)

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

² PC revenues include other revenues besides PC online games and mobile games.

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

⁴ Nexon conducted a two-for-one stock split of its common stock as of April 1, 2018. The amount of Earnings/(loss) per share has been calculated based on the assumption that such stock split was conducted at the beginning of the previous consolidated accounting year.

COGS and SG&A

NEXON Co., Ltd.
Q4 2018
INVESTOR PRESENTATION

(Unit: ¥ millions)

	FY2017				FY2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total Cost of Revenue ¹	¥14,767	¥12,584	¥14,953	¥14,352	¥14,337	¥13,135	¥14,980	¥15,101
Royalty ²	5,635	4,413	5,271	4,383	3,979	2,980	3,868	3,626
HR cost (COGS) ³	6,258	5,447	6,754	6,585	6,277	6,394	6,833	7,076
Other (COGS) ⁴	2,874	2,724	2,928	3,384	4,081	3,761	4,279	4,399
Total SG&A ¹	17,298	16,648	19,834	21,308	21,474	20,562	23,725	24,039
HR cost	4,036	3,527	3,887	4,853	5,434	5,265	5,305	5,500
PG fee ⁵	5,229	4,715	5,928	5,524	5,553	4,433	6,492	5,458
R&D	2,007	2,056	1,951	2,057	2,124	2,412	2,674	3,252
Marketing/advertising expenses	3,173	3,650	5,122	5,910	5,631	5,610	6,279	6,846
Depreciation and amortization	1,009	856	600	669	656	605	1,297	831
Other	1,844	1,844	2,346	2,295	2,076	2,237	1,678	2,152
Other Income ⁶	181	714	762	(272)	359	3,006	382	116
Other Expense ⁷	3,146	2,268	3,669	4,983	333	1,091	7,297	3,150
Includes: impairment loss	2,689	2,185	3,618	4,246	319	805	7,266	2,985

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, gain on change in equity and gain on step acquisition.

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

NEXON Co., Ltd.
Q4 2018
INVESTOR PRESENTATION

(Unit: ¥ millions)

	FY2017				FY2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Operating Income	¥39,762	¥16,278	¥22,704	¥11,760	¥54,729	¥16,012	¥23,712	¥3,907
Finance Income ¹	1,202	6,271	2,117	2,463	1,869	18,026	2,849	3,406
Finance Costs ²	15,920	294	15	15,728	3,225	222	1,856	926
Equity loss of affiliates, equity method companies	(12)	(340)	(178)	(75)	(23)	(187)	(97)	(530)
Income/(Loss) before Income Tax	25,032	21,915	24,628	(1,580)	53,350	33,629	24,608	5,857
Tax expense	5,220	2,613	4,981	664	6,845	1,613	4,982	1,027
Non-controlling interests	(94)	(146)	41	(34)	(110)	(232)	(2,679)	(1,674)
Net income/(loss) ³	19,906	19,448	19,606	(2,210)	46,615	32,248	22,305	6,504

¹ Finance Income includes interest income primarily on cash deposits. 2017 Q2, Q3 and 2018 Q2, Q4 Finance Income includes FX conversion gains related to foreign currency deposits and accounts receivable.

² 2017 Q1, Q4, and 2018 Q1, Q3 Finance Costs are primarily caused by FX conversion loss related to foreign currency deposits and accounts receivable.

³ 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

(Unit: ¥ millions)

	12 months ended December 31, 2017	12 months ended December 31, 2018
Cash flows from operating activities	¥80,718	¥118,018
Cash flows from investing activities	(81,891)	(68,183)
Cash flows from financing activities	(3,019)	8,260
Net increase / (decrease) in cash and cash equivalents	(4,192)	58,095
Cash and cash equivalents at beginning of fiscal year	152,683	153,242
Effect of exchange rate change on cash and cash equivalents	4,751	(6,045)
Cash and cash equivalents at end of fiscal year	153,242	205,292

Balance Sheet

NEXON Co., Ltd.
Q4 2018
INVESTOR PRESENTATION

(Unit: ¥ millions)

	December 31, 2017 ¹	December 31, 2018
Asset		
Current Assets		
Cash and cash equivalents	¥153,242	¥205,292
Other deposits	234,092	276,550
Other current assets	55,285	52,818
Total current assets	442,619	534,660
Noncurrent assets		
Tangible assets	27,303	25,166
Goodwill	18,957	26,529
Intangible assets	12,784	26,021
Others	41,568	37,622
Total noncurrent assets	100,612	115,338
Total assets	543,231	649,998
Liability		
Current liabilities		
Current tax liabilities	7,698	9,352
Current borrowings	3,490	4,324
Others	30,359	28,833
Total current liabilities	41,547	42,509
Noncurrent liabilities		
Non-current borrowings	-	-
Others	31,466	42,012
Total noncurrent liabilities	31,466	42,012
Total liabilities	73,013	84,521
Shareholders' equity		
Capital stock	9,390	14,402
Capital surplus	41,021	34,814
Treasury shares	-	(1)
Other equity interest	91,033	64,068
Retained earnings	323,763	441,985
Non-controlling interests	5,011	10,209
Total equity	470,218	565,477
Total liabilities and total equity	543,231	649,998

¹ With the finalization of provisional accounting related to the business combination for Pixelberry conducted in November 2017, the consolidated financial statements for the fiscal year ended December 31, 2017 have been revised retrospectively.

P&L by Reporting Segment¹

NEXON Co., Ltd.
Q4 2018
INVESTOR PRESENTATION

(Unit: ¥ millions)

	FY2017				FY2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Japan								
Revenue from external customers	¥3,532	¥3,067	¥2,866	¥2,641	¥2,469	¥2,112	¥2,593	¥2,980
Segment profit/(loss)	(903)	(948)	(700)	(1,458)	(1,756)	(2,018)	(1,806)	(1,649)
Korea								
Revenue from external customers	67,616	41,390	54,236	45,544	81,826	40,857	60,883	36,851
Segment profit/(loss)	44,005	20,120	28,109	20,368	57,739	17,962	33,661	11,275
China								
Revenue from external customers	1,305	665	699	528	646	597	878	1,206
Segment profit/(loss)	933	300	326	131	353	242	523	848
North America								
Revenue from external customers	2,128	1,802	2,473	3,647	5,440	4,187	4,943	4,723
Segment profit/(loss)	(1,272)	(1,587)	(2,072)	(1,937)	(1,460)	(1,951)	(1,704)	(3,375)
Others								
Revenue from external customers	211	140	124	315	133	41	35	321
Segment profit/(loss)	(31)	(55)	(102)	(84)	(177)	(135)	(55)	(158)
Adjustments								
Revenue from external customers	-	-	-	-	-	-	-	-
Segment profit/(loss)	(5)	2	50	(5)	4	(3)	8	0
Total								
Revenue from external customers	74,792	47,064	60,398	52,675	90,514	47,794	69,332	46,081
Segment profit/(loss)	42,727	17,832	25,611	17,015	54,703	14,097	30,627	6,941

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 2018
INVESTOR PRESENTATION

	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018
Full-time employees								
Japan	585	561	532	537	545	551	557	535
Korea	4,263	4,292	4,334	4,426	4,439	4,878	4,988	5,125
China	260	254	273	239	227	218	219	223
North America	322	332	351	445	424	428	465	479
Others	104	113	110	121	81	74	78	79
Total	5,534	5,552	5,600	5,768	5,716	6,149	6,307	6,441

Nexon Japan Corporate Entity Financial Statement¹ (1)

NEXON Co., Ltd.
Q4 2018
INVESTOR PRESENTATION

(Unit: ¥ millions)

Condensed Income Statement	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Revenue	¥11,657	¥11,236	¥7,987	¥5,815	¥5,208	¥5,927
Cost of revenue	4,732	4,829	3,679	3,117	3,134	3,438
Gross profit	6,924	6,407	4,308	2,698	2,074	2,489
SG&A	6,517	7,275	7,585	6,470	6,736	6,941
Operating profit / (loss)	406	(868)	(3,277)	(3,772)	(4,662)	(4,452)
Non-operating income	697	14,186	28,335	19,163	636	5,049
Includes: dividend income	135	12,926	24,613	18,869	22	4,612
Non-operating expenses	582	603	526	1,246	1,826	1,969
Ordinary income	521	12,715	24,532	14,145	(5,852)	(1,372)
Extraordinary income	-	-	244	6,443	852	58
Extraordinary losses	2,624	4,451	18,717	6,897	39,573	9,643
Income / (loss) before income taxes	(2,102)	8,264	6,059	13,691	(44,573)	(10,957)
Tax expense	50	725	4,656	5,519	(201)	234
Net income / (loss)	(2,153)	7,539	1,403	8,172	(44,372)	(11,191)

¹ Excerpt of NEXON Co., Ltd.'s standalone financial statements included in Annual Securities Report (Yuuka Shouken Houkokusho). Annual Securities Report for FY2018 will be released in late March 2019. 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 2018
INVESTOR PRESENTATION

(Unit: ¥ millions)

Condensed Balance Sheet	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017
Current assets	¥51,806	¥45,632	¥46,760	¥70,444	¥52,632	¥42,946
Includes: cash and cash equivalents	48,952	32,367	30,711	68,997	49,531	41,868
Non-current assets	99,900	135,011	101,337	38,190	6,438	5,494
Property, plant and equipment	216	183	222	200	74	7
Intangible assets	59	56	60	66	-	-
Investments and other assets	99,624	134,772	101,055	37,924	6,364	5,487
Total assets	151,707	180,643	148,097	108,634	59,070	48,440
Current liabilities	14,302	13,103	16,345	3,506	2,341	1,796
Non-current liabilities	40,230	39,644	23,154	498	448	457
Total liabilities	54,532	52,747	39,499	4,004	2,789	2,253
Shareholder's equity	105,943	110,163	98,122	99,779	50,669	41,230
Capital stock	51,342	51,868	52,332	56,227	3,307	9,183
Capital surplus	51,202	51,728	42,192	36,087	88,621	43,021
Includes: other capital surplus	50,000	50,000	40,000	30,000	86,064	34,588
Retained earnings	3,398	6,567	3,598	7,465	(41,259)	(10,974)
Includes: other retained earnings	3,398	6,130	2,724	6,160	(41,476)	(11,191)
Treasury shares	-	(0)	-	-	(0)	-
Valuation and translation adjustments	(9,555)	15,844	6,536	246	77	(10)
Subscription rights to shares	786	1,889	3,940	4,605	5,535	4,967
Total net assets	97,174	127,896	108,598	104,630	56,281	46,187
Statement of changes in equity (excerpt)	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017
Payment of dividends	-	(4,807)	(4,372)	(4,305)	(4,352)	-
Acquisition of treasury shares	-	(0)	(10,000)	(10,000)	(5,000)	(10,000)
Cancellation of treasury shares	-	-	10,000	10,000	5,000	10,000

¹ Excerpt of NEXON Co., Ltd.'s standalone financial statements included in Annual Securities Report (Yuuka Shouken Houkokusho). Annual Securities Report for FY2018 will be released in late March 2019. 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



China



Dungeon & Fighter (PC)



MapleStory (PC)



Counter-Strike Online (PC)



Japan

FAITH

FAITH
(Mobile)



Dynasty Warriors:
Unleashed (Mobile)



MapleStory
(PC)



North America and Rest of the World



MapleStory (PC)



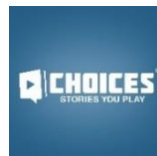
MapleStory 2 (PC)



MapleStory M (Mobile)



DomiNations (Mobile)



Choices: Stories You Play
(Mobile)



Darkness Rises
(Mobile)



Korea



MapleStory
(PC)



Dungeon & Fighter
(PC)



Sudden Attack
(PC)



EA SPORTS™ FIFA
ONLINE 4 (PC)



EA SPORTS™ FIFA ONLINE 4M
(Mobile)

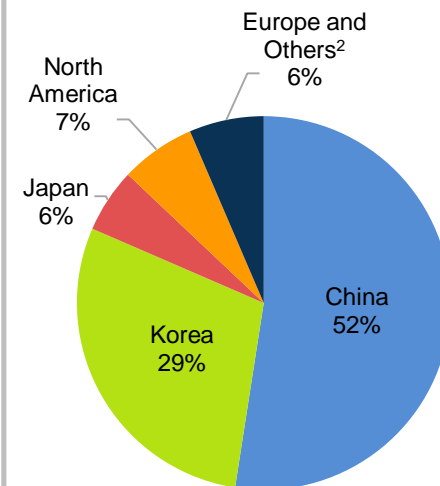


MapleStory M (Mobile)

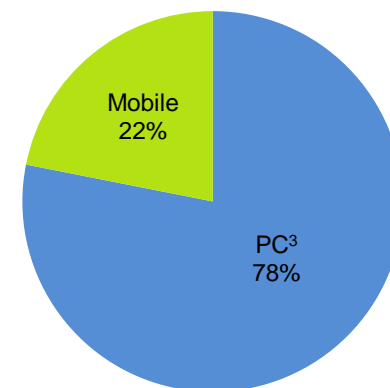


OVERHIT (Mobile)

FY2018 Revenue by Region¹



FY2018 Revenue by Platform



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

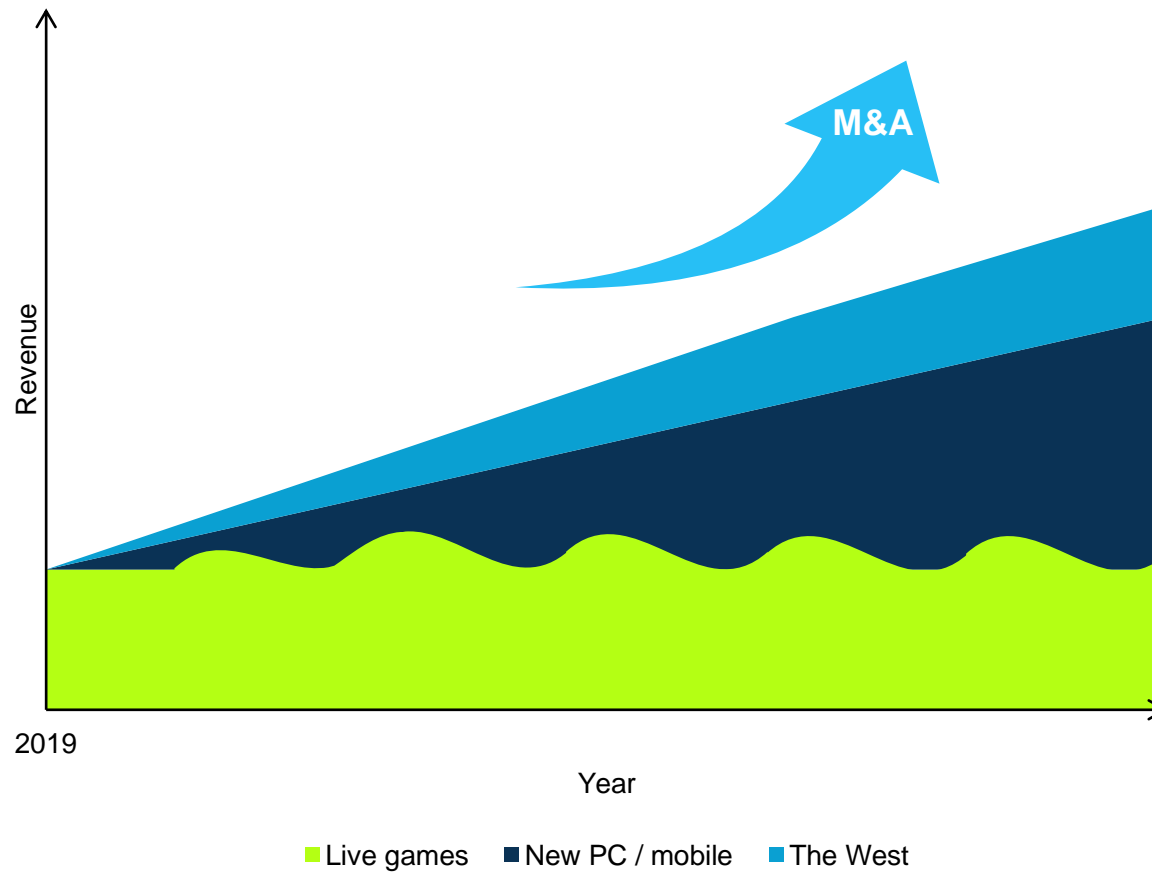
² "Europe and Others" includes Europe as well as other Asian countries and South American countries.

³ PC revenues include other revenues besides PC online games and mobile games.

⁴ The letters, graphics, symbols, logos and other marks shown in this material are trademarks or registered trademarks owned by respective right holders.

Long-term Growth Vision

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)	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 games developed and serviced by Nexon group, games developed by Nexon group and serviced by non-Nexon group publishers, and games developed by non-Nexon group developers for which Nexon group acquired publishing rights.
ARPPU (average revenue per paying user)	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.
Pay Rate	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.
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 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 is an even smaller-scale trial mode of a game with fewer numbers of users or groups
Open Beta Test (OBT)	A trial version (beta version) of a game offered for a certain period of time without restrictions on participation. OBT is usually conducted after CBT.
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.

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.

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 2019 Earnings Release Schedule (Tentative)

Q1 2019 financial results are scheduled for release on **Friday, May 10th, 2019**.

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.



NEXON