



Investor Presentation

Q4 2012

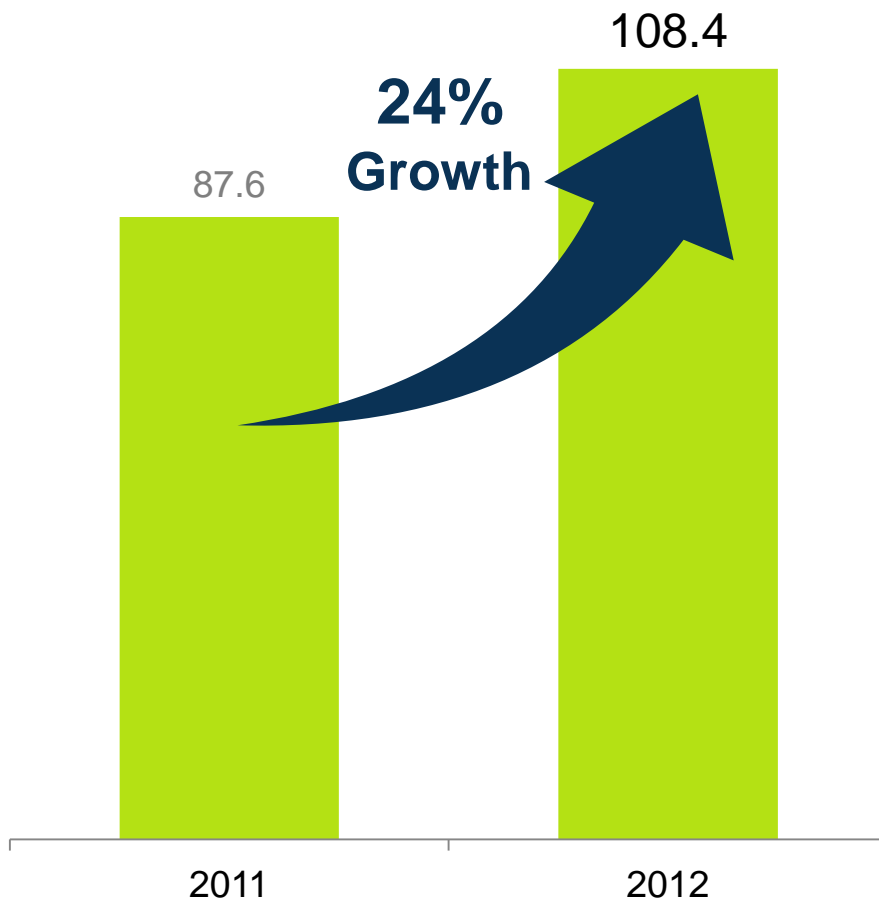
NEXON Co., Ltd.

2012 Overview and 2013 Outlook

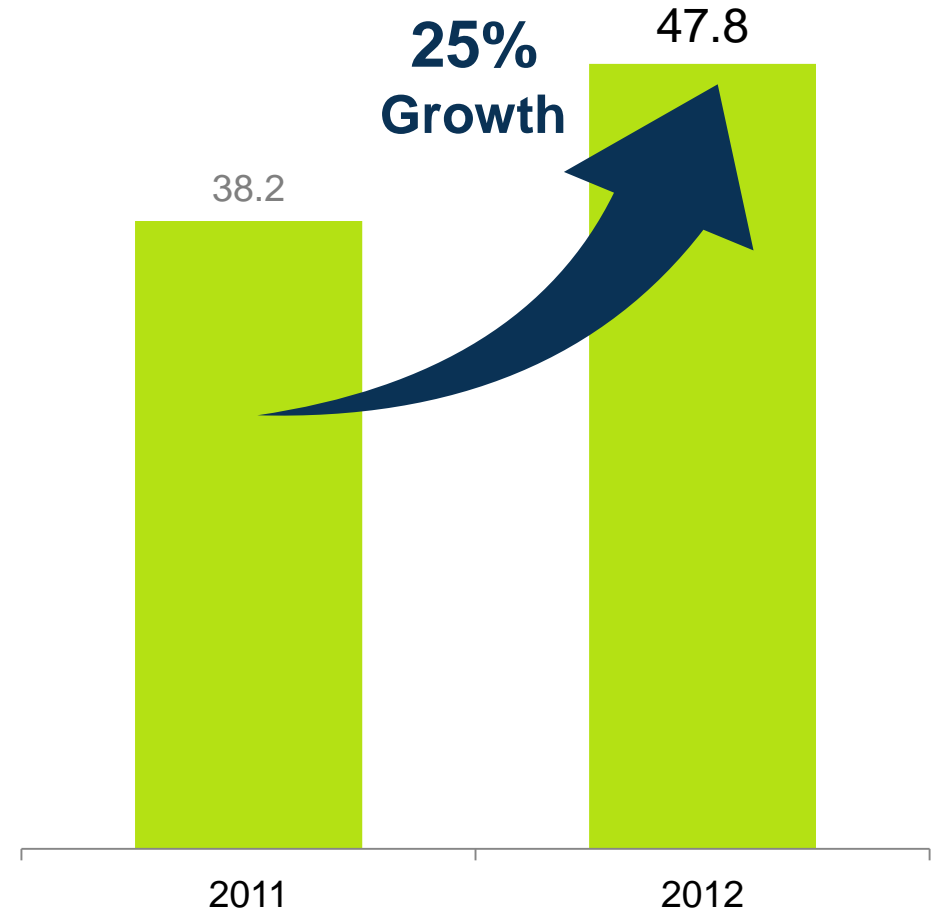
2012: Another Year of Double-Digit Growth

(Unit: ¥ billions)

Revenues



Operating Income



Strengthened Position in Mobile/PC Online Through M&A

Mobile: Expanded business towards mobile arena through acquisitions of gloops/inBlue



Three Kingdoms
Guild Battle



Guardians of the
Royale



Warriors of Odin
(Japan)



Warriors of Odin
(US)



Crystal Crusade



Japan Pro Baseball
Card Battle



Maji Gate
Summoner's Battle

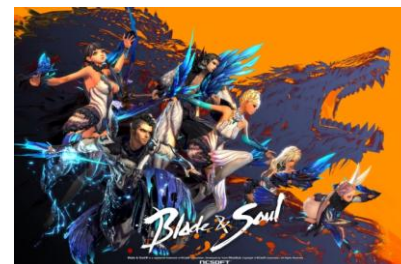


The Order of
Dragon Knights

PC Online: Acquired NCsoft shares becoming their largest shareholder, strengthening development capability



Co-development of Mabinogi 2



Blade & Soul



Tower of AION

2013 Outlook

PC Online

- Korea: Strengthen competitiveness with the introduction of new titles and large-scale updates to major titles, returning to growth
- China: Introducing powerful content updates for *Dungeon&Fighter* and *Counter-Strike Online*, building a foundation for further growth



Mobile

- Achieve leading position in the Japanese domestic market
- Expand outstanding developmental capabilities into the native app and foreign markets



Devil Girls
(Korea)



Warriors of Odin
(US)



Transformative Trends in the Games Industry

Offline



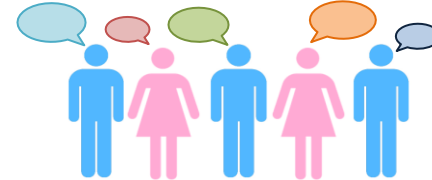
Online



Single Player



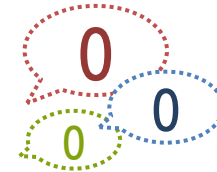
Multiplayer



Pay-to-play



Free-to-play



Q4 2012 Results

Q4 Highlights

- Revenue and operating income above expectations
 - Revenue was ¥ 30.9 billion, up 39% year-over-year
 - Operating income was ¥ 9.7 billion, up 5% year-over-year, 32% operating margin

- PC online revenue growth led by China
 - Key titles *Dungeon&Fighter*, *Counter-Strike Online* and *Sudden Attack* all delivered solid results
 - *Dungeon&Fighter* performed well following significant content update in Korea

- Successfully established mobile business in 2013 with acquisitions of gloops and inBlue
 - Q4 was the first quarter with consolidation of gloops
 - In Q4, mobile represented about 23% of overall business by revenue
 - gloops and inBlue performed above expectations since acquisitions
 - Poised for solid returns in 2013 with 15+ titles in the pipeline and plans for expansion overseas
 - Expect Japan to remain our largest market for mobile in 2013

- Net income decreased largely due to write-downs and increased tax expense based on a new interpretation of an existing regulation by the Korean tax authorities.

Q4 Financial Results

(Unit: ¥ millions except per share data)

Actual Results versus Outlook

	Nexon Group (excluding gloops)		gloops (standalone)		Nexon Group	
	Q4 2012 Outlook	Actual	Q4 2012 Outlook	Actual	Q4 2012 Outlook	Actual
Revenues	21,263 ~ 24,000	24,492	6,200 ~ 6,700	6,445	27,463 ~ 30,700	30,937
Operating income	5,580 ~ 8,102	8,613	1,500 ~ 1,800	1,910	6,335 ~ 9,157	9,778 ¹
Ordinary income	5,770 ~ 8,292	7,169	1,500 ~ 1,800	2,014	6,525 ~ 9,347	8,438 ¹
Net income (loss)	3,188 ~ 5,099	(400)	900 ~ 1,080	1,013	3,381 ~ 5,471	(94) ¹
Adjusted net income ²	3,597 ~ 5,507	74	900 ~ 1,080	1,013	4,441 ~ 6,531	1,033
Earnings / (loss) per share						
Basic EPS	7.34 ~ 11.74	(0.92)	2.07 ~ 2.49	2.33	7.79 ~ 12.61	(0.22) ¹
Adjusted EPS	8.28 ~ 12.68	0.17	2.07 ~ 2.49	2.33	10.22 ~ 15.03	2.38

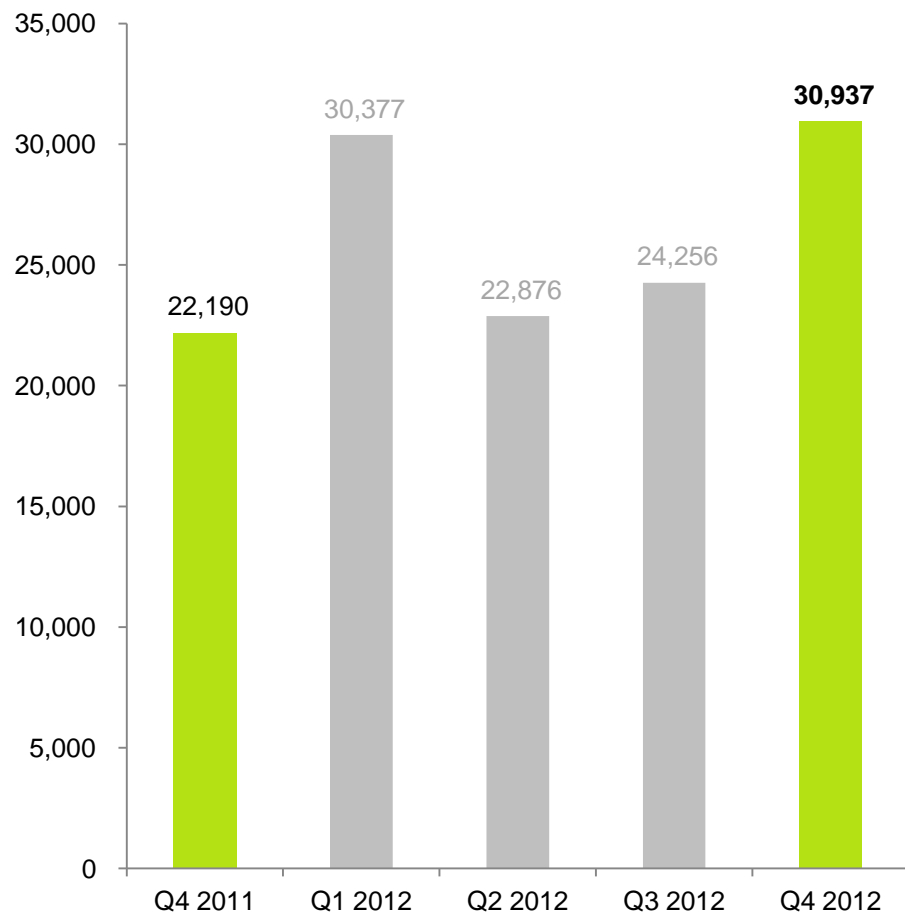
¹ Nexon Group operating income and net income does not equal the sum of Nexon Group excluding gloops and gloops standalone. The difference is attributable to goodwill amortization recorded during consolidation accounting.

² Adjusted net income is a non-GAAP measure that excludes 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.

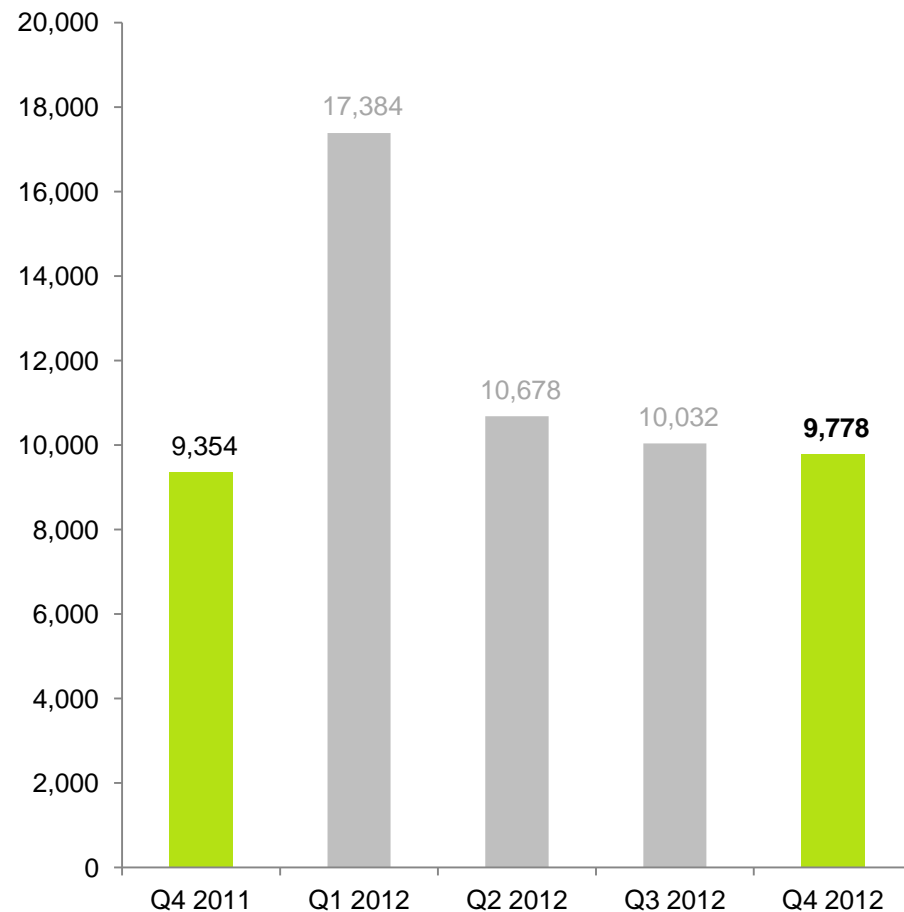
Quarterly Revenues and Operating Income

(Unit: ¥ millions)

Revenues



Operating income



Note: Q4 2012 results include contribution from gloops, Inc.

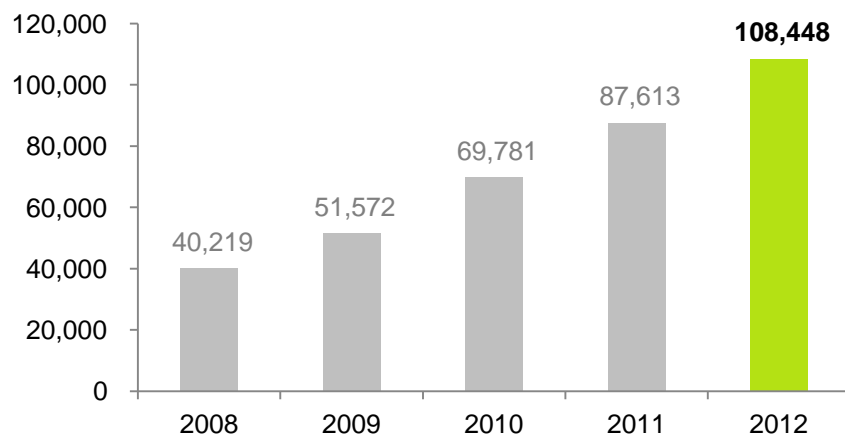
Full Year Financial Results

(Unit: ¥ millions except per share data)

	2008	2009	2010	2011	2012 ²	YoY %
Revenues	¥40,219	¥51,572	¥69,781	¥87,613	¥108,448	24%
Operating income	9,994	20,133	30,183	38,249	47,874	25%
Net income	8,290	17,659	21,638	25,755	25,401	-1%
Adjusted net income ¹	8,730	17,352	22,482	27,211	27,711	2%
Earnings per share ³ :						
Basic EPS	23.49	50.04	61.32	71.65	58.71	
Adjusted EPS	24.67	49.17	63.71	75.70	64.05	

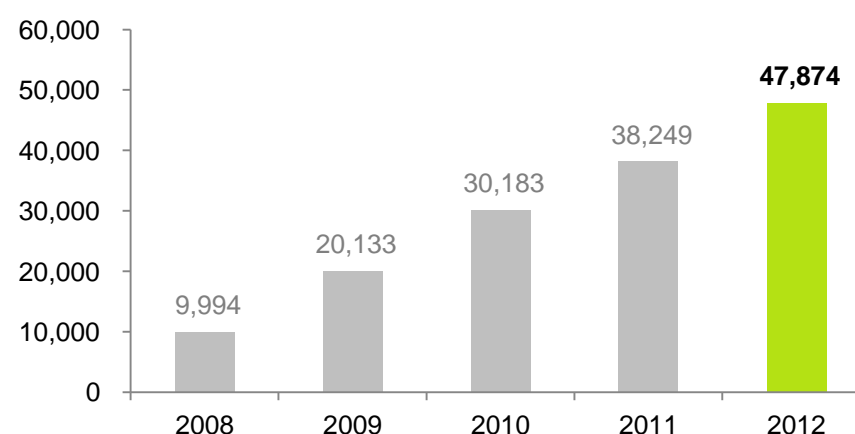
(Unit: ¥ millions)

Revenues



(Unit: ¥ millions)

Operating income



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². Q4 2012 results include gloops.

³. Adjusted to reflect the 1:100 stock splits that occurred on July 21, 2011

Regional Revenue and Customer Metrics

(Unit: ¥ millions)

	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	YoY
Regional ¹ revenue						
China	¥8,281	¥15,175	¥10,737	¥11,404	¥11,074	34%
Korea	7,224	8,856	6,251	6,578	7,057	-2%
Japan	3,687	3,096	2,826	3,231	10,037	172%
North America	1,407	1,397	1,515	1,340	1,117	-21%
Europe and others ²	1,590	1,850	1,545	1,701	1,651	4%
Total	22,190	30,377	22,876	24,256	30,937	39%
Customer metrics ³						
MAU (millions)	80.0	82.8	77.4	78.8	68.3	
Pay Rate	9.9%	10.9%	10.3%	9.6%	10.5%	
ARPPU ^{4,5}	¥1,350	¥1,761	¥1,521	¥1,729	¥1,683	

¹ Based on the region in which revenues originate; not a presentation of our revenues according to Nexon entities.

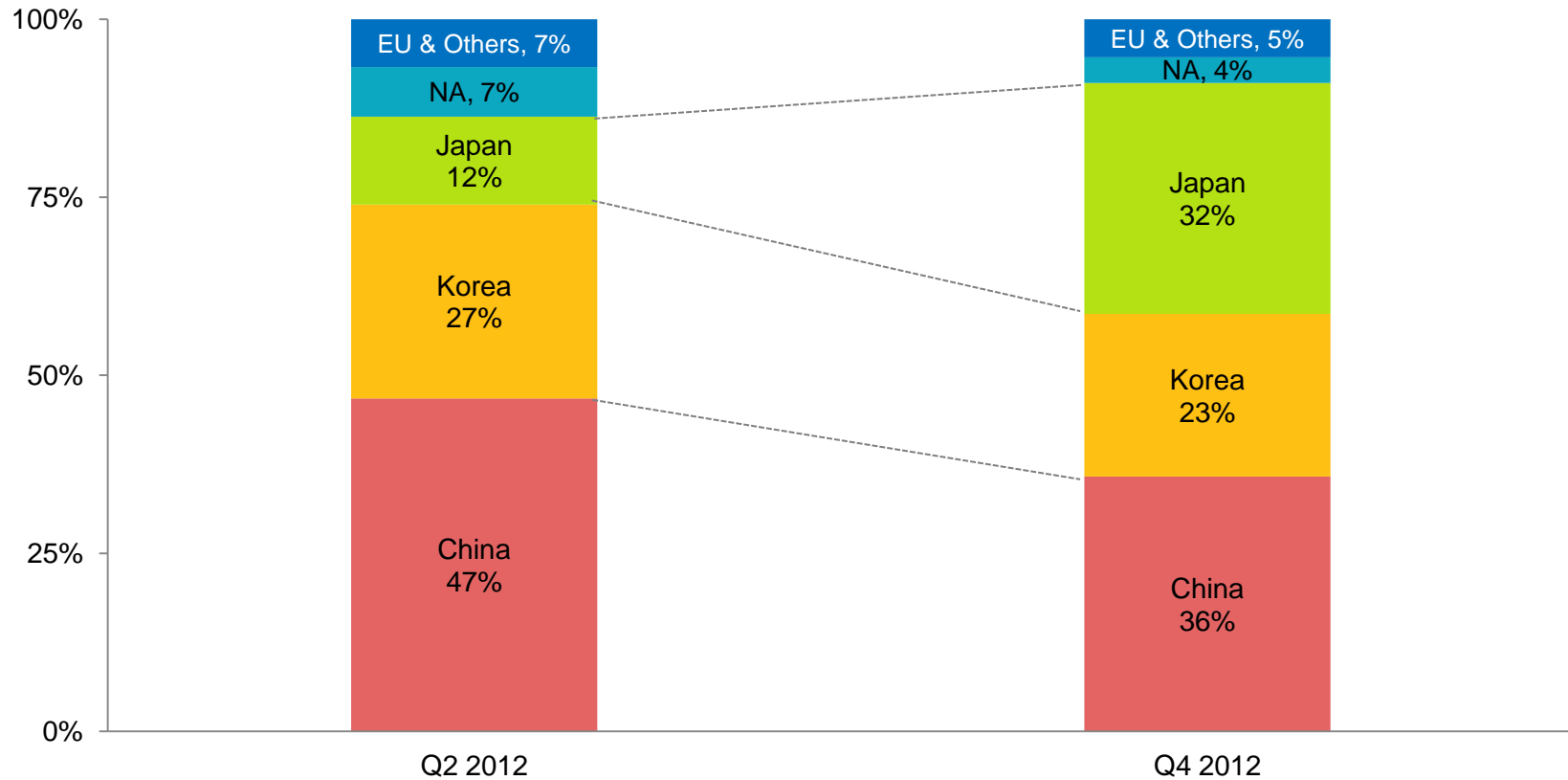
² Others: United Kingdom, other Asian countries, and South American countries.

³ Customer metrics count for our PC business (excluding mobile)

⁴ ARPPU (Average Revenue per Paying User) is the average of monthly ARPPUs for the quarter.

⁵ ARPPUs are in current currency. On a constant currency basis (using 2011 currency exchange rates), ARPPU for Q4 2012 would have been ¥ 1,503.

Regional Revenue Composition ¹



¹ This charts compares Q2 to Q4 revenue, given these quarters show similar seasonality patterns.

Regional Highlights

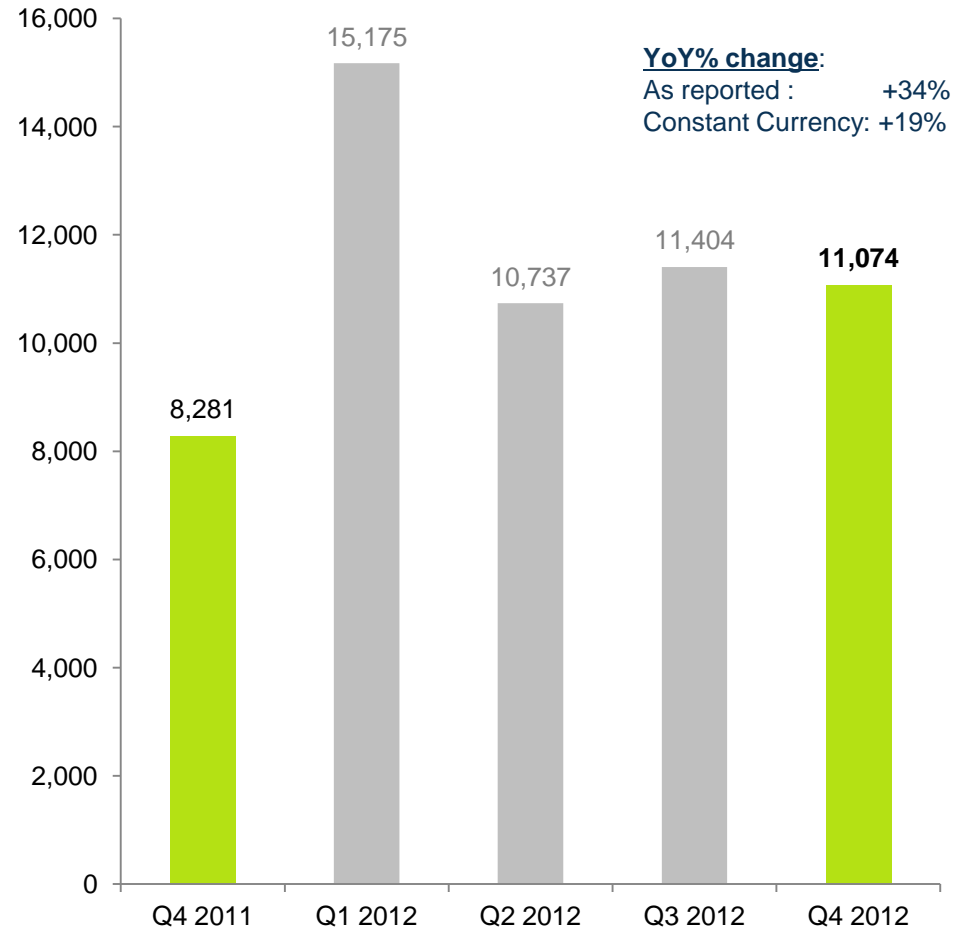
China – Highlights

- Revenues in China were ¥ 11.0 billion, an increase of 34% year-over-year
- Despite a traditionally slow quarter with smaller scale updates, major titles including *Dungeon&Fighter* and *Counter-Strike Online* continued to perform well, ranking in the top 10 games of PC café market data
- MAUs declined year-over-year, offset by higher pay rates and ARPPUs



(Unit: ¥ millions)

China



Korea – Highlights

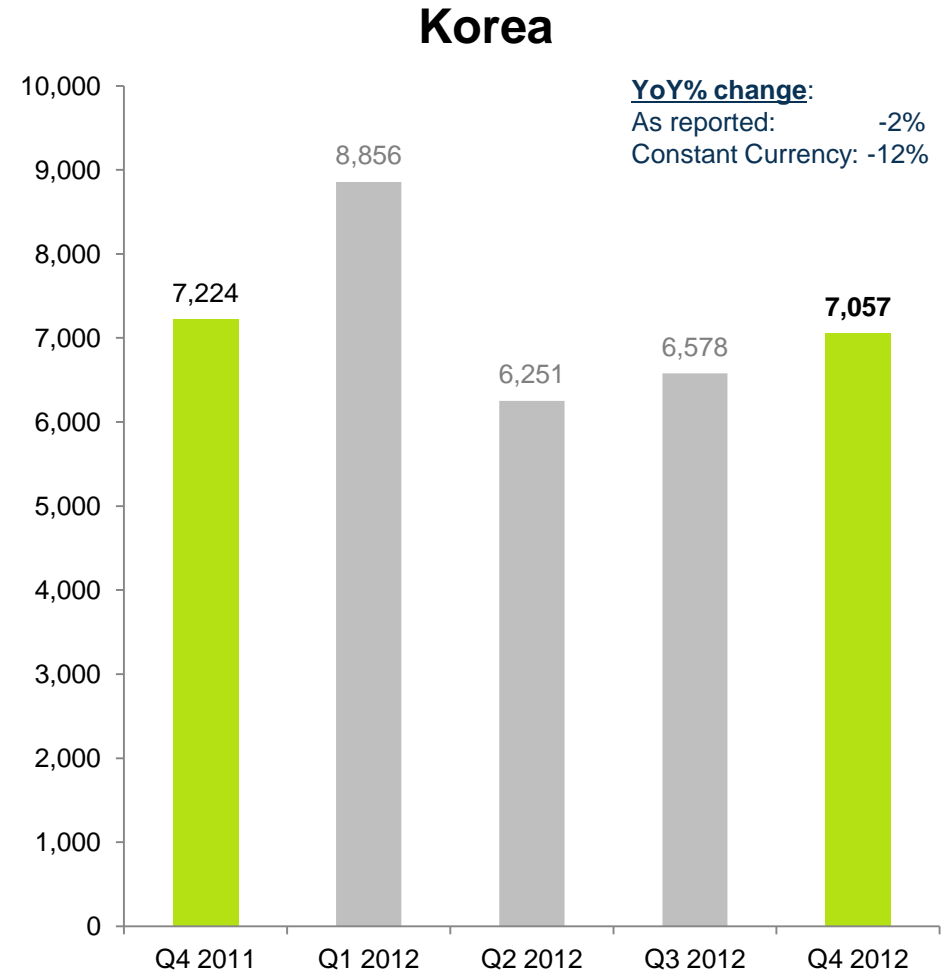
- Revenues were ¥ 7.0 billion, down 2% year-over-year
- *Dungeon&Fighter* had a significant content update during December that continues to deliver returns in Q1
- *Sudden Attack* recently ranked number two in PC Café market data
- Successful focus on user engagement over monetization on our key titles

MapleStory



SUDDEN ATTACK

(Unit: ¥ millions)

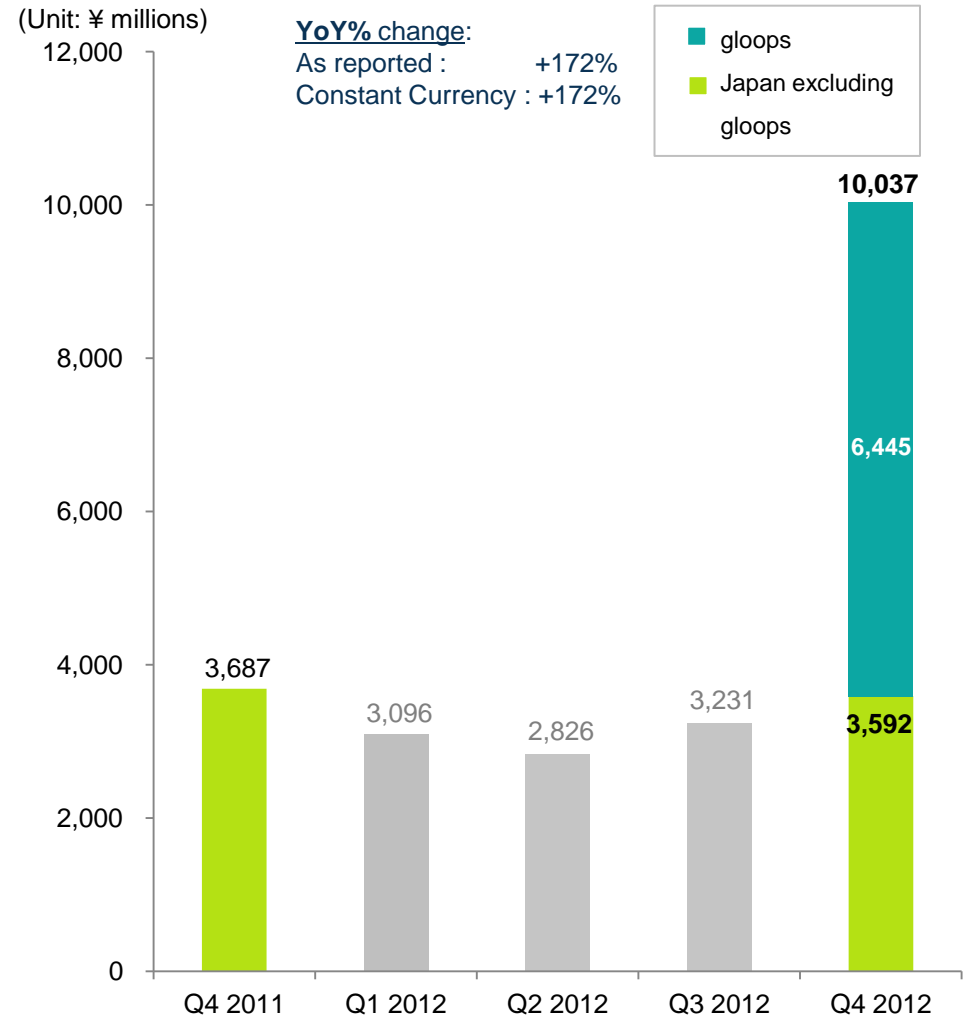


Japan – Highlights

- Revenues for Japan excluding gloops were ¥ 3.5 billion, a decrease of 3% year-over-year as PC gameplay shifts to mobile
- Future growth in Japan will come primarily from mobile



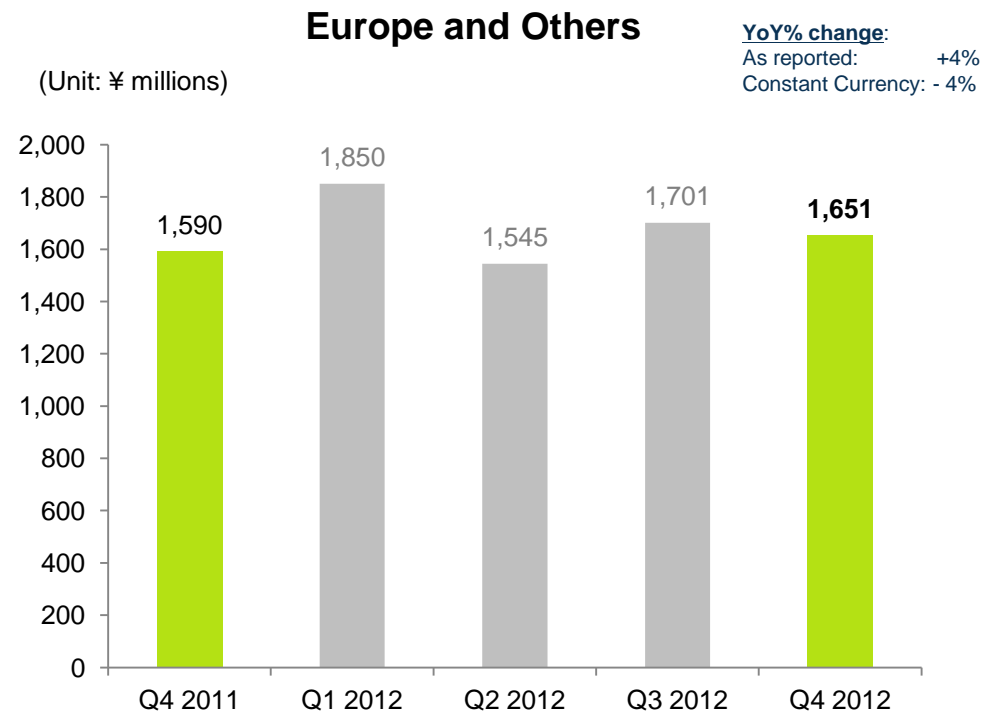
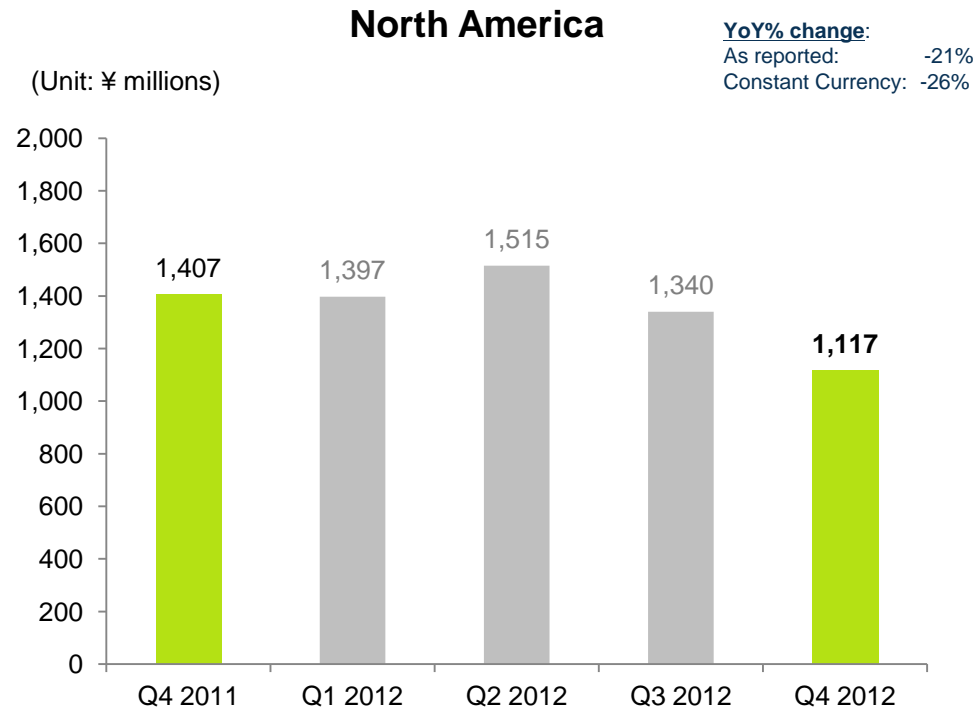
- gloops and inBlue both performed well post-acquisition
 - gloops' Q4 revenues were ¥6.4 billion, primarily driven by *Three Kingdoms Guild Battle*
 - Large scale promotional campaign drove user acquisition and monetization



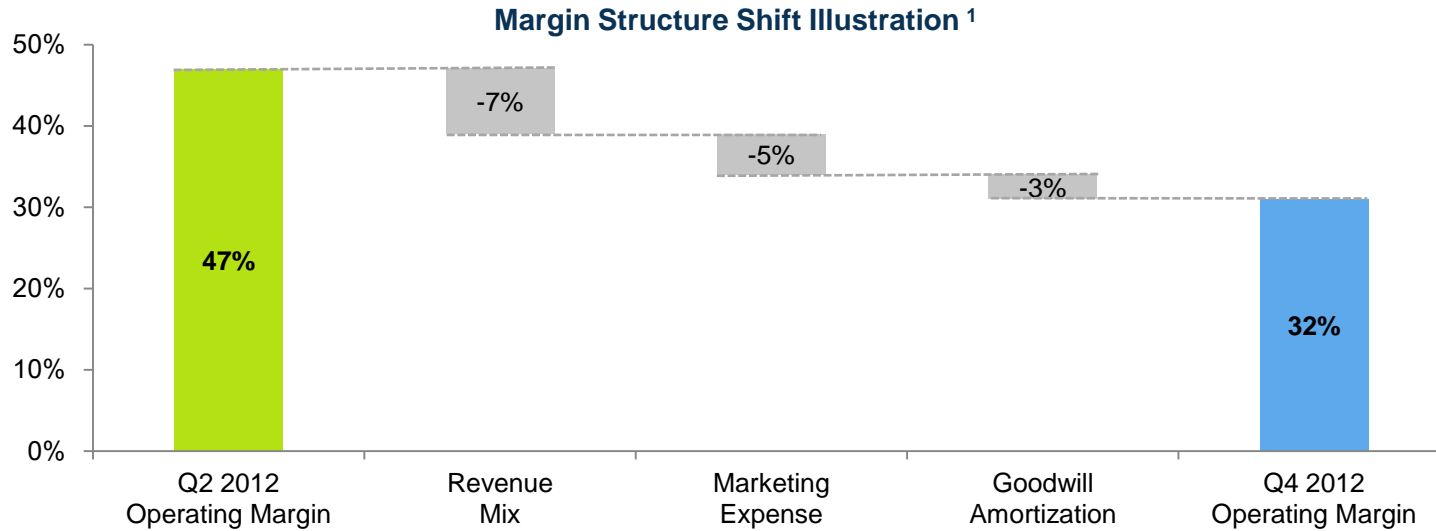
Note: Q4 2012 results include contribution from gloops, Inc.

North America / Europe and Others – Highlights

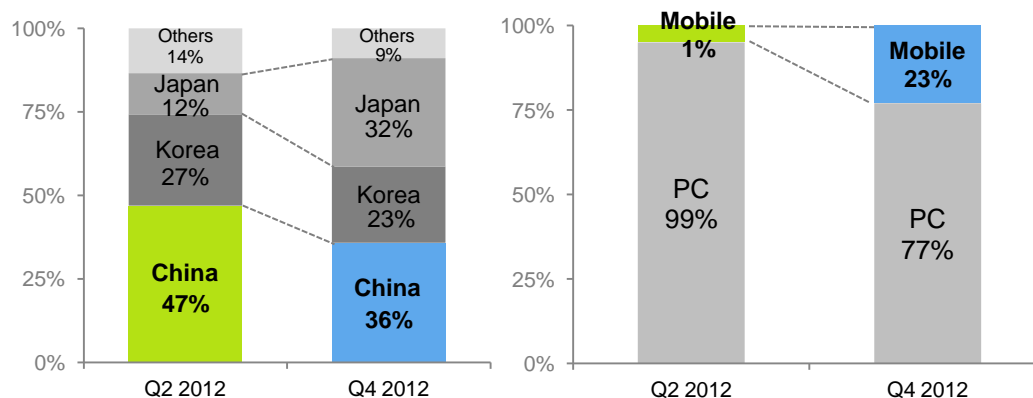
- Revenues in North America were ¥ 1.1 billion, a decrease of 21% year-over-year
- Revenues in Europe and other regions were ¥ 1.6 billion, an increase of 4% year-over-year
- Continued focus on improving strategies, operations and execution



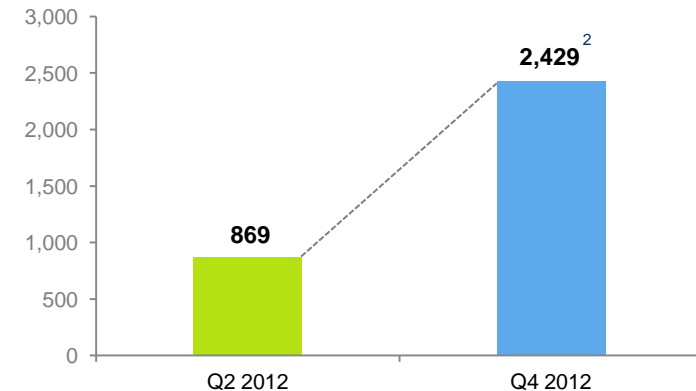
Strategic Changes Driving Shift in Margin Structure



Revenue Mix by Region and Platform



(Unit: ¥ millions) **Marketing Expense**



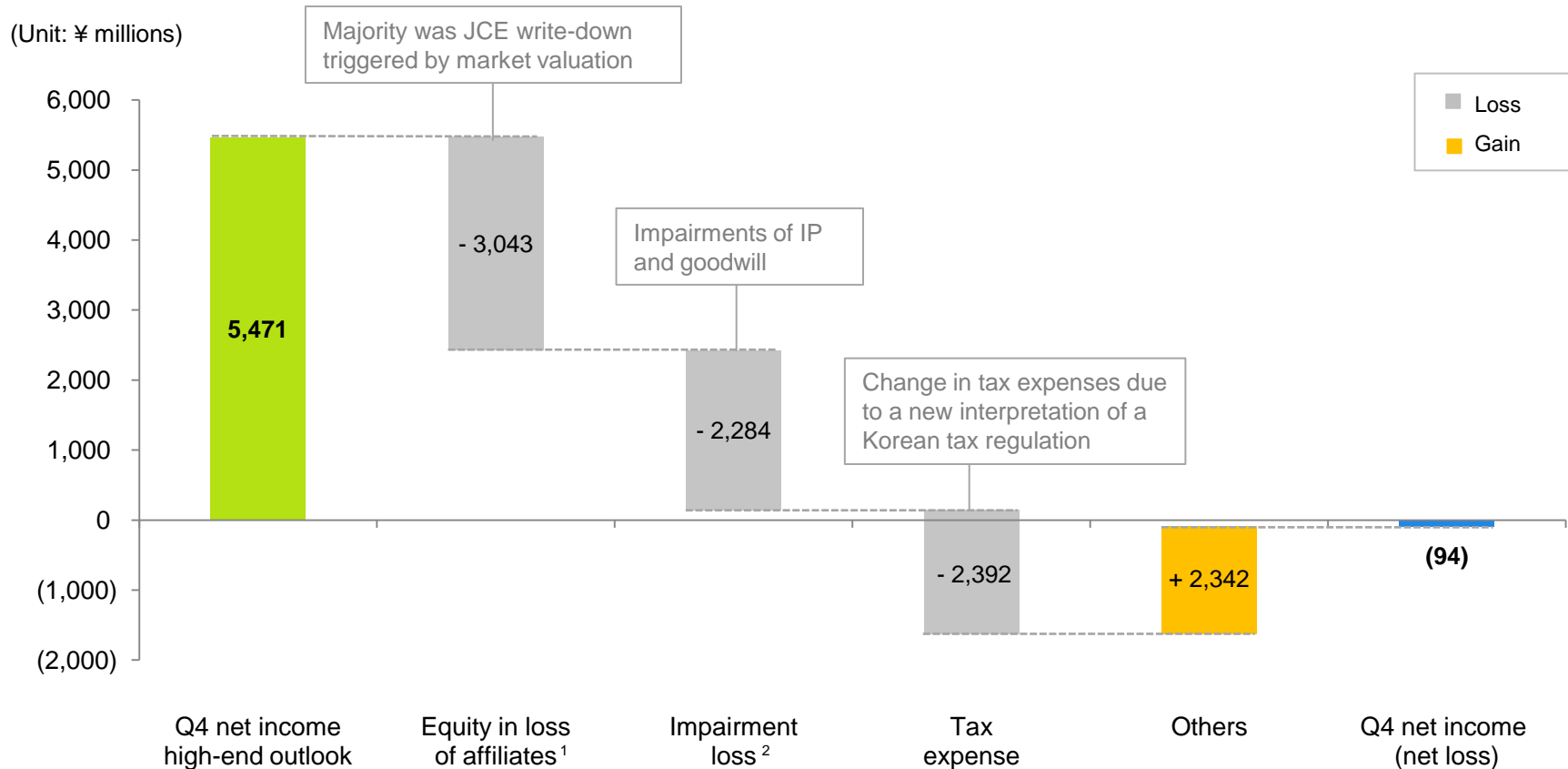
¹ The charts illustrate the change in our operating margins as our revenue mix has changed using Q2 to Q4 comparison, given these quarters show similar seasonality patterns.

Not exact representation of actual financials, this chart is for illustrative purposes only.

² Includes gloops' marketing expense.

One-Time Changes Impacted Q4 Net Income

- Net income in Q4 was below the high end of our outlook primarily due to three reasons:



¹ Equity in losses of affiliates is the remaining balance of investment securities on the balance sheet and reflected in the consolidated financial statements as "equity in gains and losses of affiliates" under non-operating expenses.

² After examining the copyrights of internally-developed games and future revenues of externally-developed games subject to long-term prepaid expenses for royalties, the copyrights (IP) and goodwill associated with these games have been reduced to the recoverable amount and the difference recognized as impairment loss due to the difficulty in predicting the possibility of collecting revenue assumed at the time of acquisition

Q1 2013 Business Outlook

Q1 2013 Business Outlook

- Due to the dynamic nature of the PC /mobile gaming industry, going forward financial outlook will only be provided for the upcoming quarter
- Will continue providing details on long-term market and business trends

(Unit: ¥ millions)	Q1 2011	Q1 2012	Q1 2013	
Revenues	¥20,809	¥30,377	¥35,965 ~	¥38,519
PC online	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 ¹	7,968	12,738	8,923 ~	10,401
Earnings per share ² :				
Basic EPS	21.50	28.82	18.00 ~	21.39
Adjusted EPS	22.58	29.66	20.49 ~	23.88
FX Rate Assumptions ³				
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

¹ Adjusted net income is a non-GAAP measure that excludes 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.

² Adjusted to reflect the 1:100 stock splits that occurred on July 21, 2011.

³ 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 first three months of 2013. The Company operates a global business in South Korea, China, and the United States among other countries. In most situations, the exchange rates of both the South Korean won and Chinese yuan are linked to the U.S. dollar.

Q1 2013 PC Online Outlook

- Overall, difficult Q1 year-over-year comparison, but expect modest growth
 - Updates and events were launched around the Lunar New Year for most of our titles
 - Korea and China expected to drive Q1 PC Online revenue
- China's revenue expected to be flat year-over-year versus last year's tough comparison
 - Major updates and events centered around the Lunar New Year supplemented by additional marketing
 - Currently forecasting MAUs to be modestly down in China in 2013
 - Tier 1 updates will be split between Q1 and Q3 for *Dungeon&Fighter*.
- Korea: Strong lineup of PC Online updates and launches
 - Launching a significant new game mode for *Sudden Attack* in Q1
 - *FIFA Online 3* was launched on January 17 and is tracking well, with positive user feedback
 - *Warface* and *Pro Baseball 2K* will be launched in the first half of the year.
 - *Dota 2* and *Counter-Strike Online 2* will launch later this year



FIFA Online 3



Dota 2



Warface

Q1 2013 Mobile Outlook and Upcoming Launches

- Japan expected to be our largest market for mobile in 2013
 - Mobile revenue margins are relatively smaller than the PC online platform
 - Opportunities for both browser-based and native application mobile social games
- Strong lineup of titles in 2013 from gloops and inBlue
 - gloops and inBlue to launch 15+ mobile social games in 2013
 - *Crystal Crusade* and *Mabinogi Social* was launched on DeNA's Mobage platform in January; *FIFA World Class Soccer S* will be launched on DeNA's Mobage in February 15th
- Business alliance with DeNA will accelerate mobile expansion
 - Nexon games will launch on the Mobage platform with DeNA's marketing and user acquisition support
 - Collaborating on game development for certain games
 - Leveraging respective expertise to provide unparalleled gaming experiences to a worldwide audience



*FIFA World Class Soccer S*¹



Mabinogi Social



Crystal Crusade

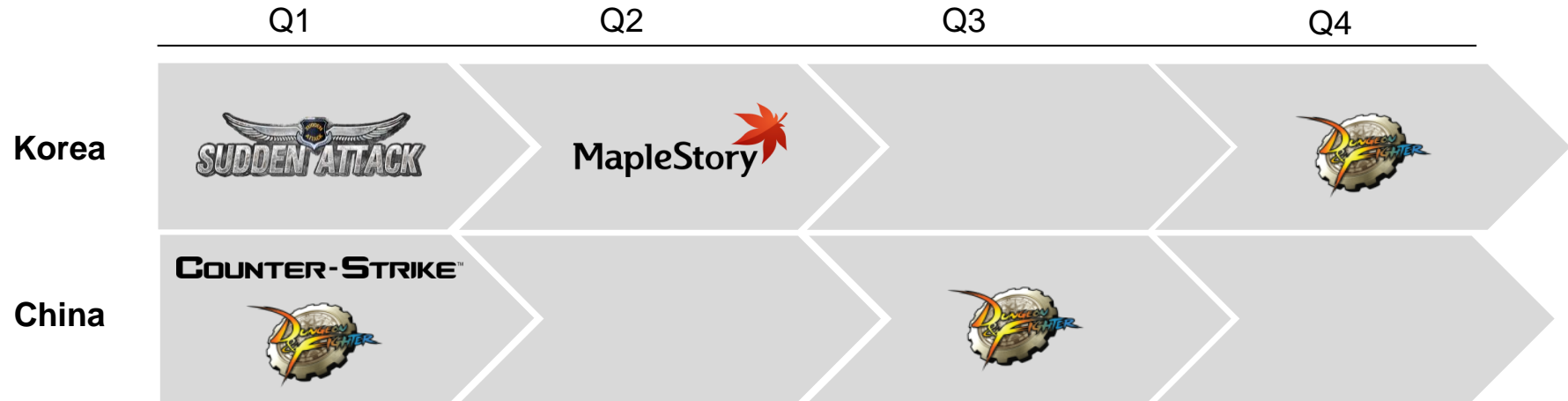


Three Kingdoms Guild Battle

¹. © EA. gloops was responsible for development.

2013 Tier 1 Content Updates and New Launches

Tier 1 Content Updates – Major Titles

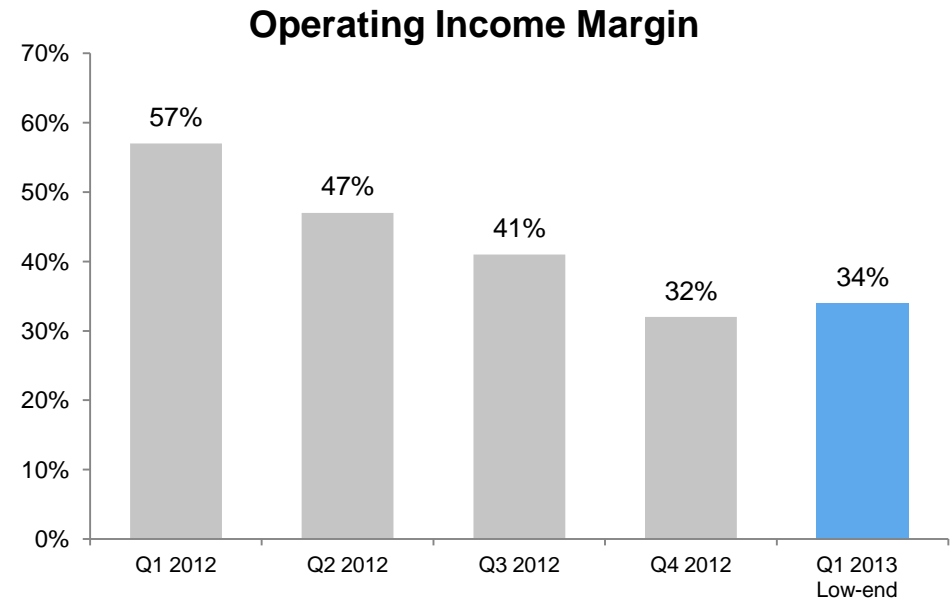
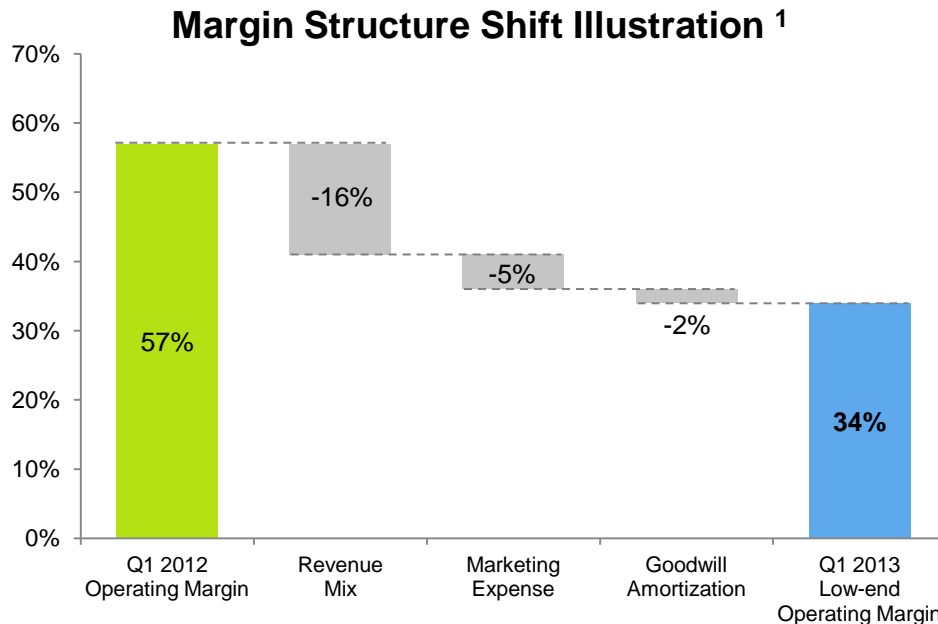


New Launches



Q1 2013 Margin Structure Shift

- Revenue mix shift – lower percent of higher margin China revenue and business shift from nearly all PC to 20-25% mobile
- Higher marketing expense for new game launches (no game launches in Q1 2012)
- Higher goodwill amortization due to gloops acquisition



¹ Not exact representation of actual financials, this chart is for illustrative purposes only

Appendix

Summary of Results and Key Operational Metrics

(In ¥ millions, except per share data and metrics)

	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	YoY %	2011	2012	YoY %
Revenues	¥22,190	¥30,377	¥22,876	¥24,256	¥30,937	39%	¥87,613	¥108,448	24%
Operating income	9,354	17,384	10,678	10,032	9,778	5%	38,249	47,874	25%
Net income (loss)	5,815	12,377	6,768	6,348	(94)	na	25,755	25,401	-1%
Adjusted net income ¹	6,153	12,738	7,148	6,791	1,033	-83%	27,211	27,711	2%
Earnings / (loss) per share :									
Basic EPS	15.59	28.82	15.63	14.63	(0.22)		71.65	58.71	
Adjusted EPS	16.49	29.66	16.51	15.65	2.38		75.70	64.05	
Cash and deposits	132,479	146,977	129,089	139,659	127,604				
Customer metrics ²									
MAU (millions)	80.0	82.8	77.4	78.8	68.3				
Pay Rate	9.9%	10.9%	10.3%	9.6%	10.5%				
ARPPU ^{3,4}	¥1,350	¥1,761	¥1,521	¥1,729	¥1,683				

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². Customer metrics count for our PC business (excluding mobile)

³. ARPPU (Average Revenue per Paying User) is the average of monthly ARPPUs for the quarter.

⁴. ARPPUs are in current currency. On a constant currency basis (using 2011 currency exchange rates), ARPPU for Q4 2012 would have been] ¥ 1,503.

COGS and SG&A

(Unit: ¥ millions)

	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	2011	2012
COGS	¥3,995	¥4,409	¥3,813	¥4,527	¥5,800	¥14,948	¥18,551
Royalty ¹	1,041	1,568	933	1,433	1,488	4,253	5,424
HR Cost ²	1,621	1,615	1,646	1,690	2,337	5,877	7,290
Others ³	1,333	1,226	1,234	1,404	1,975	4,818	5,837
OpEx (SG&A) Total	¥8,840	¥8,582	¥8,384	¥9,696	¥15,358	¥34,415	¥42,022
Depreciation and amortization	1,873	1,912	1,939	1,907	2,203	7,909	7,964
HR Cost	1,869	1,858	1,962	2,019	2,687	6,770	8,527
PG Fee ⁴	1,062	1,122	881	1,047	1,989	4,198	5,040
Marketing Expenses	1,269	1,023	869	1,856	2,429	4,698	6,178
R&D	567	591	767	644	562	2,408	2,566
Goodwill Amortization	560	592	608	671	1,372	2,407	3,244
Other ⁵	1,640	1,484	1,358	1,552	4,116	6,025	8,503

¹ Royalty costs include royalties paid to third-party developers for the right to publish their games.

² HR cost includes salaries, bonuses and benefits for our live game developers, who support post launch servicing, updating and support for our games.

³ Others 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.

⁴ PG fees have increased in Q4 2012 due to the consolidation of loops, which resulted in increased carrier payment commission

⁵ Others includes mobile platform commission fees.

Balance Sheet

(Unit: ¥ millions)

	Q4 2011	Q4 2012
Current Assets	¥150,722	¥155,310
Cash and deposits	132,479	127,604
Other current assets	18,243	27,705
Noncurrent assets	85,043	158,618
Tangible assets	16,016	9,730
Intangible assets	44,074	73,436
IP (Games Copyright)	31,163	29,596
Goodwill	11,595	42,669
Other Intangible Asset	1,315	1,170
Investment and other assets	24,952	75,451
Investment securities	17,002	58,162
Others	7,950	17,288
Total assets	235,765	313,928
Current Liabilities	24,562	44,241
Current portion of long-term loans payable	2,994	10,943
Others	21,568	33,298
Noncurrent liabilities	33,316	54,761
Long-term loans payable	18,567	41,354
Others	14,749	13,406
Total Liabilities	57,878	99,003
Net assets	177,886	214,925
Shareholders' equity	191,219	218,703
Accumulated other comprehensive income	(17,239)	(8,141)
Others ¹	3,907	4,362
Total Liabilities and net assets	235,765	313,928

- **Tangible Assets:**
Primarily Nexon Korea's land sales in Gangnam
- **Goodwill:**
Goodwill increased from the acquisition of inBlue and gloops
- **Investment securities:**
increased by NCsoft stock acquisition
- **Long-term loans payable:**
increased borrowings from SMBC

¹. Includes Subscription rights to shares and Minority interests.

Key Cash Flow Statement ¹

(Unit: ¥ millions)

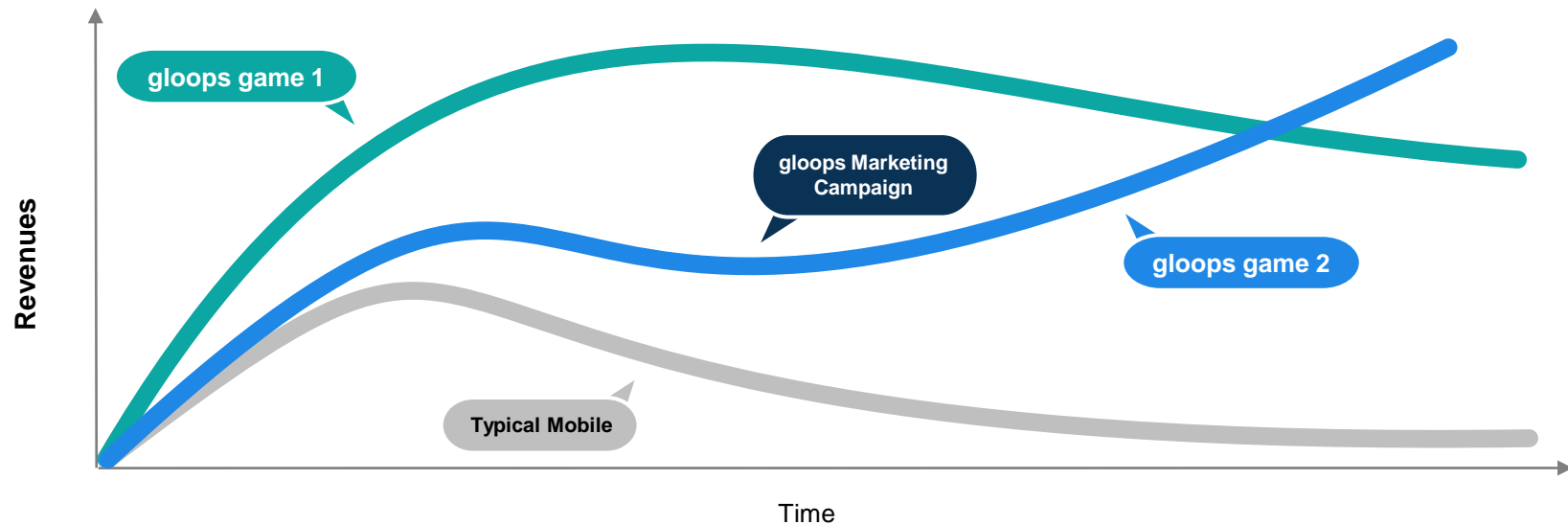
	2011	2012
Cash flows from operating activities	¥39,762	¥42,714
Cash flows from investing activities	(29,486)	(113,711)
Cash flows from financing activities	83,499	30,902
Effect of exchange rate change on cash and cash equivalents	(650)	6,893
Net increase in cash and cash equivalents	93,125	(33,199)
Cash and cash equivalents at beginning of fiscal year	24,473	117,598
Cash and cash equivalents at end of fiscal year	117,598	84,398

- Cash flow from investing activities:
Investment securities for NCsoft and acquisition of gloops and inBlue
- Cash flow from financing activities:
Increased by proceeds from long-term loans payable

¹ Cash and cash equivalents included cash at hand, demand deposit, and short-term investments with maturity less than three months that can be easily converted into cash and are subject to a limited price volatility risk.

gloops' Performance

- gloops produces immersive mobile games designed to have long life cycles and solid user bases
- Track record of utilizing mass media promotions for additional revenue growth
- *Three Kingdoms Guild Battle* is an example of gloops games' longevity and profitability



Disclaimer

This presentation is prepared to offer reference information about NEXON group to the investors. 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 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.



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