

FY2025 Q3 Online Earnings Presentation (November 11th, 2025)

Q&A Summary

[Q] For *ARC Raiders*, how many units do you expect to sell by the end of this year? Also, what is the revenue mix between the package and in-game sales? Will the revenue mix shift towards more in-game item sales going forward?

[A] Shiro Uemura (Chief Financial Officer)

We expect to sell around 5 to 5.5 million units in Q4. We have already sold 4 million units to date, which we believe is a good result amidst a competitive release window. However, we anticipate some deceleration from the strong initial sales momentum as we enter periods of intense competition such as the Christmas season.

As for the current revenue composition, the majority comes from package sales, but expect it to change as we sell various in-game items and DLCs going forward. Overall, we believe *ARC Raiders* will follow a sales trajectory similar to typical package titles.

[A] Patrick Söderlund (Director)

Right now, the game's revenue predominantly comes from packaged goods sales. We have an in-game store where we sell cosmetics and other goods that players can enjoy. We will also increase the availability of content in the store as we go forward. Like we have said publicly, we aim to support this game for a long time with frequent content drops, both free and paid, going forward.

[Q] For *Dungeon&Fighter Mobile* in China, the first co-developed content with Tencent was released in late September. Could you provide details on what the content has accomplished? As more co-development updates would be released in the future, can we expect a revenue recovery for *Dungeon&Fighter Mobile* in China in 2026?

[A] Junghun Lee (Chief Executive Officer)

As mentioned in our previous earnings calls, we are making a long-term effort in recovering and improving the game. We are approaching this as we had done previously in the China PC version of *Dungeon&Fighter*, in resolving the problems that we had from last year to early this year. By combining Neople's development team and our collaboration with Tencent, we will be able to provide more locally tailored content and events, thus achieve an increase in traffic and revenue.

Our first co-developed content with Tencent was released on September 24 and had a positive impact on player retention. For both PC and Mobile *Dungeon&Fighter*, we are now finalizing our 2026 New Year update plans and the subsequent development road map. As for *Dungeon&Fighter Mobile*, we are planning to add not only Neople-developed content, but also more co-developed content with Tencent as quickly as we can. We are confident that we can see a stronger performance from *Dungeon&Fighter Mobile* in 2026.

[Q] Could you tell us about the expected revenue contribution from in-game monetization of *ARC Raiders* next year? Will revenue from in-game monetization be deferred for accounting purposes? Also, is there a possibility that performance-based bonuses related to *ARC Raiders* will be recognized in Q4?

[A] Shiro Uemura (Chief Financial Officer)

We expect certain level of revenue contribution from in-game monetization and DLC releases for 2026 onward. As for deferrals, accounting treatment varies depending on the type of item, but we believe the proportion of deferred revenue will be small.

Regarding performance-based bonuses related to *ARC Raiders*, we have not factored them into our Q4 forecast. But there is a possibility that bonuses may be paid in the future since we have adopted a competitive compensation package for our talent.

[Q] Regarding *Dungeon&Fighter Mobile* in China, there have been improvements in certain KPIs such as user retention following the release of co-developed content. What are your thoughts on the sustainability of this trend going forward? Also, to what level of recovery are you anticipating?

[A] Junghun Lee (Chief Executive Officer)

Regarding KPIs, our goal is to increase user numbers and revenue. Through our co-development initiative, we have placed the highest priority on how much we can improve development speed and efficiency, and we have been closely monitoring this aspect throughout the first half of this year. As we introduced the first co-development content in late September, we believe that a good development pace has been established.

Based on decades of experience in live service operations, we believe that achieving a temporary increase in user numbers and revenue through a single major update is not sufficient in terms of the long-term health of the game.

With that in mind, we are creating a development roadmap for *Dungeon&Fighter Mobile* for 2026, taking an approach of accumulating a number of small updates to achieve a sustainable live service in the long term. We already have a good track record of operating franchises like *Dungeon&Fighter* and *MapleStory* for over 20 years, so we hope you will all look forward to the 2026 *Dungeon&Fighter Mobile* in China.

[Q] *MapleStory: Idle RPG* achieved a very strong start, particularly in Korea. Could you tell us about its performance by region and whether there is cannibalization with existing titles? Also, how do you evaluate its sustainability?

[A] Junghun Lee (Chief Executive Officer)

We launched *MapleStory: Idle RPG* globally on November 6, excluding some regions and countries. This game is in a completely different genre from existing titles in the *MapleStory* franchise, so there is no user cannibalization now, and we do not expect any in the future. Currently, the game is very well-received in Korea, Taiwan, and North America, with a good level of revenue and initial retention rates.

The reason for us to choose this genre was a strategic decision based on expectations that we could attract a new fan base within the *MapleStory* franchise.

While the gameplay of *MapleStory: Idle RPG* may not necessarily be advantageous in terms of long-term sustainability, we are rather envisioning a virtuous cycle where users can repeatedly engage with the *MapleStory* franchise through other games.

[Q] You mentioned that there will be a steady cadence of content updates for *ARC Raiders*. Are you going to implement gameplay updates that add more game modes, rather than just adding more weapons or missions? Also, how much developer resources are you going to allocate towards live operations compared to the original development team?

[A] Patrick Söderlund (Director)

To make sure that the player engagement stays strong, there are a couple of things that we look at. The first one is how the game retains players. We were quite surprised at how well *ARC Raiders* was retaining players, as our retention numbers were very strong after its launch. I also think that was evident by increasing concurrent user numbers. The fact that we had a peak of 700,000 concurrent user numbers as of November 9, 10 days after launch, tells us that players have not only purchased the game, but they are also playing it a lot, and staying inside the game. Those are all good signs.

To ensure that players stay engaged, we plan to update the game with new weapons, ARC enemies, and maps. In addition, larger changes to the game are conceptualized but not yet communicated. That depends on our discussion with the community and how people are engaging with the game. We will not hesitate to add gameplay elements to help people stay and play the game.

When it comes to our development team size, we will continue with the same team that built the game. We will not downsize the team, and we may add more people to ensure more frequent updates. We have already implemented a few patches, and there will be more meaningful updates in the future. We are starting that journey now.

[Q] Regarding *ARC Raiders*, do you have plans to lower the price to increase package sales in the future? Or will in-game purchases become the main revenue source?

[A] Patrick Söderlund (Director)

ARC Raiders follows a similar business model to other package games. As with my previous career at Electronic Arts and other places, I have spent 15 years in the packaged games business. We will have sales promotions when the time comes. Any company that deals with packaged games, digital or in-store, will have sales promotions. For the time being, *ARC Raiders* is selling well, and we do not have any sales promotions planned in the immediate future, but we will assess the sales situation and make those decisions along the way.

ARC Raiders is a packaged game, which means that the Embark Studios' development team and Nexon need to make sure that the people who have purchased the game are well treated and get free content drops so that they would continue playing the game. We have an in-game store where players can purchase items if they choose to. These sales are of cosmetic nature, where players can express themselves. This business model is very successful in many other games today in the West and in Asia. As time goes by, we will evolve and make that component of the game larger. That is the only way for us to sustain this game over a very long period of time, which is our absolute ambition.

[Q] You expect China *Dungeon&Fighter* revenue to decrease quarter over quarter in Q4, while the mobile version remains relatively flat. This would imply that the revenues from the PC version would decrease quarter over quarter by approximately ¥10 billion. Do you attribute this to typical seasonality, or do you expect an impact from the strike occurring at one of your subsidiaries in Korea?

[A] Shiro Uemura (Chief Financial Officer)

Regarding the strike at one of our subsidiaries in Korea, currently all employees have returned to our workplace, therefore we expect no impact on operations.

The China PC version of *Dungeon&Fighter* showed significant signs of recovery in Q2 and Q3, and we believe it has been progressing steadily. However, we consider the next Q1 as the most important period for revenue, so in Q4 we plan to focus on maintaining user engagement rather than sales promotions. Therefore, while there are no in-game issues, we anticipate a revenue decrease quarter over quarter.

[Q] *Escape from Tarkov*, which is a competing extraction shooter title to *ARC Raiders*, is scheduled to release on November 15. Do you anticipate its launch will impact *ARC Raiders*' user numbers?

[A] **Patrick Söderlund (Director)**

Escape from Tarkov has been in an alpha and beta for several years and has been already played by many people for years. I think that is an important point.

It is actually a game that has served to some extent an inspiration to *ARC Raiders*.

The hypothesis with *ARC Raiders* was that we believed that the extraction genre, which the gamers would describe as a hard-core one, could be made more accessible and easier to play, so that it can become a more mainstream genre. That was the goal.

We looked at quite a lot of *Tarkov* and other successful extraction shooters. I do believe that *Escape from Tarkov* will do well as a new release, but it is not necessarily a brand-new game.

[Q] Embark Studios has released two games so far. *THE FINALS* started strong but faced challenges to sustain its momentum, and now *ARC Raiders* launched with significant fanfare and success. What are the key learnings from these contrasting outcomes? How have these experiences shaped your thinking around game development, live operations, or community engagement going forward?

[A] **Patrick Söderlund (Director)**

When *THE FINALS* came out, we managed to build an IP that attracted a lot of players. Through *THE FINALS*, we have shown the world that we can build a game that has a lot of innovation in it and brings something new to the FPS genre. We had over 20 million downloads for *THE FINALS* just in the first month. The game also monetized quite well for a free-to-play game.

What we did not account for was the fact that there was not enough content to keep players engaged over time. On day 1, day 7, and day 14 post launch, we measured retention on certain cohorts and examined how many days people played. After a month, the retention numbers were not where they needed to be. At the time of *THE FINALS'* release, Embark Studios was aware of the metrics, but did not know how to get them at the right level.

What the team did then was something difficult, they listened to the community and worked together with Nexon. As a result, they managed to increase the retention metrics, in all short, medium, and long term.

That is why you have seen *THE FINALS* make a comeback. We are seeing an increase in both players and revenue through every new season launch. Even though their numbers are not as big as *ARC Raiders*, they are meaningful to us. *THE FINALS* is a game that is absolutely worth continuing to support.

The learnings that we had from *THE FINALS* paved the way for the success of *ARC Raiders*. *ARC Raiders'* retention numbers are among the highest that Nexon has ever seen for any of its games. That is a testament to the hard work on making sure that we have features that are aligned to support retention. Retention, daily active users, and CCU curves are very important metrics to look at as to determine how well a game is doing in the long term. So far, so good, I would say. We are very happy with where we are now.

We will keep monitoring the in-game situation. In case we see a decline, we will do our utmost to cure that decline by being methodical and swift, like we have done with *THE FINALS*.