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PRESENTATION

Operator

Thank you for standing by. My name is John and I will be your conference operator today. At this time, I would like to welcome everyone to the WEBTOON Entertainment second quarter 2026 earnings call. (Operator Instructions)

I would now like to turn over the call to Soohwan Kim Vice President of Investor Relations. Mr. Kim, please go ahead.

Soohwan Kim - *WEBTOON Entertainment Inc - Vice President of Investor Relations*

Good afternoon and thank you for joining us. As a reminder, our remarks today will include forward-looking statements, including those regarding our future plans, objectives, expected performance, and our guidance for the next quarter. Actual results may vary materially from today's statements. The information concerning risks, uncertainties, and other factors that could cause these results to differ is included our SEC filings, including those stated in the risk factors section of our filings with the SEC.

These forward-looking statements represent our outlook only as of the date of this call. We undertake no obligation to revise or update any forward-looking statements. Additionally, the matters we'll discuss today will include both GAAP and non-GAAP financial measures. Reconciliations of any non-GAAP financial measures to the most directly comparable GAAP measures are set forth in our earnings press release. Non-GAAP financial measures should be considered in addition to not as a substitute for GAAP measures.

Joining me today on the call are Junkoo Kim, Founder and CEO; Yongsoo Kim, President; and David Lee, CFO. With that, I will now turn the call over to our founder and CEO, Junkoo Kim.

Junkoo Kim - *WEBTOON Entertainment Inc - Chief Executive Officer*

Thank you, everyone, for joining us today. I will begin by providing a brief overview of the quarter and Yongsoo will share more detail on a few strategic investments we announced today. David will then walk through our financial results in more detail.

As always, I encourage you to read our shareholder letter, which is available on our Investor Relations website. We delivered another solid quarter with revenue of $338.5 million and adjusted EBITDA of $5.5 million, reflecting continued execution across the business, and I'm proud of the progress we are making. This quarter, we are introducing a new strategic direction that we believe will power our flywheel into the future. This includes further investments in AI-powered initiatives that strengthen and expand our core On-Platform business, which I will share in more detail.

We are also scaling our Off-Platform IP adaptation business to create greater franchise value and bring more fans back to our global platform. Yongsoo will share more on this in a moment.

Turning to AI, this quarter, we took meaningful steps to further integrate AI across our platform with features designed to strengthen our flywheel by expanding audience reach, deepening engagement and creating new opportunities for creators. Fandoms are built on connection and shared passion, and our AI initiatives are designed to further strengthen this sense of community. A great example is our AI-powered Auto-Translation program. By making it easier for stories to reach readers across languages, we can help creators expand their global audiences and give users access to more content in their native language.

We launched the beta program in May for eligible English language CANVAS creators, and the early response from both users and creators has been encouraging. We look forward to expanding the program later this year to a broader group of CANVAS creators, and we believe it has the potential to become an important driver of growth. We are also going beyond simple character chats, with byUs, an AI interactive story-chat service that we introduced to this quarter in Korea, where fans hold conversations with characters and build stories of their own. byUs brings to life the characters fans already love, built on official worlds with the approval of the creators who made them. Initiatives like this move webcomics from a one-way reading experience to a deeply engaging and interactive one and the early results have been positive. We are planning to expand this service to Japan later this year.

We also continue to our video innovation in Korea. We recently launched Cuts Make, a new AI-powered short-form animation tool that lets fans create and participate in their favorite stories using official IP. In its first week, new Cuts content rose 136% and the number of creators making content grew 188% over the week prior. Video initiatives overall remain an important focus area for us, and we are continuing to explore Short animation as a way to extend how users experience our IP.

Our ambition to be the world's storytelling technology platform is also being supported by exciting collaborations like the one we have with Disney. A quick update on our Disney collaboration. We are excited to introduce an original series later this year and remain well positioned to launch the new digital comics platform before the end of the year.

Before I turn it over to Yongsoo, I want to reiterate my belief in our strategy. We are launching new initiatives to accelerate our growth and receiving great feedback from the fans and creators who makes WEBTOON the destination of storytelling. We continue to expect to return to double-digit growth by the end of the year and look forward to the road ahead.

With that, Yongsoo will provide an update on our Off-Platform initiatives. Yongsoo, please go ahead.

Yongsoo Kim - *WEBTOON Entertainment Inc - President*

Thank you, JK, and thank you to everyone joining us. I'm excited to share more details on the next phase of growth for our Off-Platform IP adaptation business. IP adaptations are a critical element of our flywheel, creating greater franchise value and bringing more fans back to our global platform. With a massive catalog of popular content and database of user engagement, we have a unique opportunity to identify high potential franchises and participate in their growth.

The strong performance of multiple WEBTOON adaptations this quarter, including three series reaching Netflix’s Global Top 10, reinforces our confidence in this strategy. To support this evolution, we made two strategic investments during the third quarter. The first is an investment in RI Games Holdings, which will enable us to turn proven IP into immersive gaming experiences. Games are one of the most engaged forms of fandom, pulling fans deep into our story universe. Unlike many others in this space, we are starting with a strong pipeline from day one.

Together, WEBTOON and RI Games Holdings plan to develop and launch multiple games over the next four years based on proven IP. The formula underpinning our strategy does not stop at games. With RI Games holdings, we are building an adaptation pipeline that can extend a single IP across multiple formats, creating a repeatable success formula of adaptations that flow from webcomics on our platform to animation and games. In particular, we hope to match game launches with animation release to maximize their impact.

Today, we also announced a dedicated IP adaptation fund. Together with NAVER, we entered into a limited partnership agreement in July to establish a $100 million fund to invest in IP adaptations. This fund will help us capture more value from massive global hits, evolved beyond licensing to secure strong IP rights and gain more control over our growing adaptation slate.

Our investment reflects our conviction in the long-term value of these projects and aligns our capital with our strongest IP. I'm excited about these investments we have made to accelerate our business and would like to thank our team, our creators, our users and our partners.

With that, I will now turn the call over to David. David, please go ahead.

David Lee - *WEBTOON Entertainment Inc - Chief Financial Officer*

Thank you, Yongsoo, and thank you, everyone, for joining us. I'll be discussing the details of our second quarter 2026 results compared to the comparable quarter in the prior year unless otherwise noted.

For the second quarter, we reported revenue of $338.5 million that declined 2.8% but grew 5.2% on a constant currency basis. This growth was driven by increases across all three revenue streams paid content, advertising, and IP adaptations. We expanded gross margin by almost 100 basis points to 26% in the second quarter. We remain focused on expanding profitability further over time and believe our cross-border content distribution, as well as growth in higher-margin businesses like advertising, will continue to support this.

We posted a net loss of $14.6 million in the quarter compared to a net loss of $3.9 the year prior, driven by higher income tax expense and marketing investment. We reported adjusted EBITDA of $5.5 million, exceeding the high end of guidance. This compares to an adjusted EBITDA of $9.7 million in the same quarter of 2025 as we increased our marketing investments. As a result, our adjusted EPS for the quarter was $0.04 compared to an adjusted EPS of $0.07 in the prior year.

Turning to operational health. Global MAU increased 0.5% in the quarter. We continue to focus on driving users to our app as well as converting them to paying users. While App MAU and webcomic App MAU declined 8.0% and 1.5% respectively year-over-year, we are pleased to have posted MPU growth of 1.8%, driven by growth in Korea, partially offset by decreases in both Japan and Rest of the world. We believe we can continue to drive MPU growth by further advancing our AI capabilities and initiatives.

Importantly, our English platform webcomic App MAU increased by 3.7% year-over-year. Titles that supported this growth included Situationship, an English language original, as well as Starting Over as a Tree and The Devil Never Cries.

Now, I'd like to provide an update on our revenue streams at a consolidated level, starting with Paid content. In the quarter, we posted 4.3% revenue growth on a constant currency basis. As I just mentioned, we're pleased to post another solid quarter of MPU growth, up 1.8% in Q2. We believe we can continue to drive MPU growth as we lean further into our AI capabilities, including the initiatives that JK mentioned earlier. ARPPU also increased 2.5% in the quarter on a constant currency basis. Advertising revenue grew 11.5% in the second quarter on a constant currency basis. This was driven primarily by growth in Korea and Rest of the world, offset by a decline in Japan. Korea in particular saw an increase in ad revenue from both NAVER and other partners.

Finally, our IP Adaptation business revenue grew 4.2% year-over-year on a constant currency basis in Q2. As we have noted previously, revenue recognition for IP adaptations can vary quarterly based on the achievement of certain milestones.

Now I'd like to look at our results in the context of core geographies. In Korea, during the second quarter, our revenue grew an impressive 20% year-over-year on a constant currency basis, driven by double-digit growth in Paid content and Advertising, offset by a single digit decline in IP Adaptations.

During the second quarter, MAU of 24.3 million increased 5.9% year-over-year, with MPU of 3.8 million, representing 10.4% growth year-over-year. Our paying ratio of 15.5% increased 64 basis points year-over-year and Korea ARPPU was up 14.8% year-over-year on a constant currency basis.

Moving to Japan. For the quarter, Japan revenue declined 6.7% year-over-year on a constant currency basis. While we saw triple-digit growth in IP Adaptations in Japan, it was more than offset by single-digit declines in both Paid content and Advertising, all on a constant currency basis. Japan's MAU of 21.8 million declined 3.3% year-over-year but increased on a sequential basis. MPU of 2.1 million remained steady from the first quarter but declined 9.5% year-over-year. And paying ratio of 9.4% was down 65 basis points year-over-year. Second quarter Japan ARPPU of $24.40 grew 2.9% year-over-year on a constant currency basis.

In Rest of world, we saw revenue growth of 11.1% year-over-year on a constant currency basis in the quarter, driven by single-digit growth in Paid contents and double-digit growth in Advertising and IP adaptations. Second quarter Rest of world MAU of 110.7 million increased 0.2% year-over-year. While paying ratio of 1.5% was relatively flat year-over-year, MPU declined 0.6% to 1.7 million. However, we're pleased that Rest of world ARPPU of $6.90 increased 4.4% year-over-year on a reported and constant currency basis.

Turning to profitability. Gross profit for the quarter grew 1% year-over-year to $88.1 million. This resulted in a gross margin of 26%, which expanded almost a full percentage point compared to the prior year. Adjusted EBITDA for the quarter was $5.5 million compared to $9.7 million in the prior year quarter, primarily due to increased marketing investment. This resulted in an adjusted EBITDA margin of 1.6%, which compares to 2.8% in the prior year.

On the cost side, total G&A expenses for the quarter were $65.4 million, roughly in line with the prior year quarter. Interest income in the second quarter was $4.5 million compared to $4.9 million in the prior year, and other income was $2.5 million compared to other loss of $1.4 million in the prior year period. We had an income tax expense of $6.9 million in the quarter compared to a benefit of $0.8 million in the prior year. Depreciation and amortization was $7.3 million in the second quarter, compared to $8.4 million in the prior year.

We posted a net loss of $14.6 million driven by higher income tax expense and marketing investment. This compares to a net loss of $3.9 million in the prior year quarter. As a result, Q2 GAAP loss per share was $0.11 compared to a loss per share of $0.03 in the prior-year period. Adjusted EPS was $0.04 in the quarter compared to an adjusted EPS of $0.07 in the prior-year period.

Our balance sheet remains strong with a cash balance of $583 million and another $11 million of short-term deposits included in Other current assets. We have a capital-efficient business model, and we believe we have the financial strength and flexibility to invest for the long-term.

Before I wrap up, I'd like to spend a few moments discussing our third quarter outlook. For the third quarter of 2026, we expect to deliver revenue growth in the range of 0.7% to 3.3% on a constant currency basis. This represents revenue in the range of $358 million to $368 million based on current FX rates. We anticipate third quarter adjusted EBITDA in the range of $0 to $5 million, representing an adjusted EBITDA margin in the range of 0% to 1.4%.

We are excited about the new strategic direction for our company. We believe leaning further into AI-powered initiatives On-Platform and investing to scale our Off-Platform IP adaptations business will continue to strengthen our offering and improve engagement for the long-term. We continue to build on WEBTOON's position as the destination for storytelling, and we continue to expect we will return to double-digit revenue growth by the end of the year.

With that, I'd like to turn it back to our operator to begin the Q&A session.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Kunal Madhukar, Deutsche Bank.

Kunal Madhukar - *Deutsche Bank - Analyst*

Hi, thank you for taking my questions. One on engagement and another one on the financial. So on the engagement side, can you talk about how many minutes per day do your users actually use the platform? And can you talk about how many minutes the paying users use on the platform? And then I have a follow-up.

David Lee - *WEBTOON Entertainment Inc - Chief Financial Officer*

Thank you, Kunal. Great questions. So first, with regard to engagement, what is remarkable about this business is even as you look at the Gen. Z users, for example, in North America, or the users in our original market here in Korea, you're seeing a very consistent consumer behavior on web comics and web novels. We say typically that it averages approximately 30 minutes per day.

But the reality is, for those who have habituated, we know that number can be larger for the heavier users. What's interesting, though, is even for users that are new to this idea of a webcomic, when you think about North America users, they're not traditional paper-based comic fans. They're fans of digital-first entertainment, and for them to flick a finger on their mobile device allows them instant gratification, and yet they still spend that 30-minute average we've seen.

With regard to our paid users, we haven't released a separate engagement number for our paid users, but we know that the amount of time they spend and the access because of our micropayment structure to multiple episodes is the driver of our paid content engine. So this is why we tend to report ARPPU because, for example, when you see in Korea where we've been for nearly 20 years and we have 50% market penetration. It's remarkable that you're seeing constant currency revenue growth of 20%, growth in MPU and MAU being a growth driver, and ARPPU, which is up 5%. That's why we tend to focus more on ARPPU as the measure of deep engagement because we see habit formation in market that we've been in for some time.

Kunal Madhukar - *Deutsche Bank - Analyst*

That's a great segue to the second question that I had, and which was on the marketing side. So the marketing expense delivered during the quarter, and you had delivered three quarters of like leverage on this line, small leverage, but leverage. Where are you spending this money on? Is that in Korea? Is that in Japan? And what kind of LTV to CAC are you targeting on this marketing spend? Thank you.

David Lee - *WEBTOON Entertainment Inc - Chief Financial Officer*

Another great question, Kunal. Thank you. So just as we think about marketing, as we spent $38 million in the quarter, approximately up 11%. And so the question is, where do we spend? And where do we leverage?

We have a very diversified portfolio regionally. So when you think about the business I just mentioned in Korea, right, our country of origin where we have the largest market penetration that's driving 20% growth, there is, I would call it a relatively efficient steady state of marketing because we already have strong penetration and we have a flow of great content consistently arriving in the market. But when you look at hyper-growth markets, as we see Japan will become again, we are sub-20% penetration in Japan and we're sub-10% penetration in the rest of the world. You see that we deliberately chose to invest with a longer LTV timeframe, particularly in rest of the world. And we're seeing it pay off.

While we don't disclose these numbers, we have in the past noted that this north of 3% growth in English webcomic MAU is also paired with significant growth in English webcomic increase in actually paid users as well. So we manage a diversified portfolio where we have efficient spend in mature markets like Korea, but we intentionally are investing on the forward curve because we think adoption will grow in places like North America.

Operator

Mark Mahaney, Evercore.

Mark Mahaney - *Evercore Inc. - Equity Analyst*

Okay, I want to ask two questions, please. Could you spend a little bit more time on Japan and what specifically you need to do to return Japan to growth? And then I'm sorry if you had mentioned this earlier or not, should we still count for lean on an exit of double-digit revenue growth, percent revenue growth in the fourth quarter?

Thank you.

David Lee - *WEBTOON Entertainment Inc - Chief Financial Officer*

Thanks, Mark. First, to cover your second question, we absolutely are strongly committed to the double-digit growth and believe we've delivered in the most important ways on platform by the end of Q4.

And to cover that, there are two components of that you see evident in the quarter. Korea, our most mature market, growing 20% on a constant currency basis, and then double-digit growth in advertising globally, I think it's up 11% on a constant currency basis. And importantly, within advertising, we typically don't disclose this, but I have to tell you, Rest of world advertising on a constant currency basis is up north of 20%.

Now, the question relates to your first piece, which is Japan. There are three key priorities that we've been working on since the completion of our infrastructure project by the end of Q1. One is returning Japan's growth through stronger local content, greater engagements and distribution partnerships, and I think the evidence in the posted quarter in these areas would include things like our partnership with Studio White, which we think is significant on content, getting agreement with Kadokawa and featuring Spin-off of Ryo Mizuno's Fantasy series Record of Lodoss War is an example of the type of local content initiatives you're going to see much more of.

Our partnerships, for example, with Lawson, which we talked about in our materials, is an example of what's more to come. And you'll remember, we elevated Yuki Chae, our Chief Product Officer, to implement the proven track record of growth established in Korea and Japan. And that includes things like. CRM and deeper engagement with our customers there. So we feel very good about our Q4 commitment, and we think Japan is a proven growth market that we are now taking the time to deliver and stabilize through the course of this year.

Mark Mahaney - *Evercore Inc. - Equity Analyst*

Thank you, David.

Operator

Sheridan, Goldman Sachs.

Eric Sheridan - *Goldman Sachs Group Inc - Analyst*

Thanks so much for taking the question. I want to go a little bit deeper in the pivot around IP commercialization. Can you talk a little bit about what you saw in the market from your IP adaptation strategy going backwards that made you want to take maybe a more proactive approach and make the type of investments you're making today?

And on the go forward over the next two to three years, how should we think about the capital or OpEx intensity of standing up IP commercialization and how much of it either upfront will be through investment and whether you'll earn more of the return profile on larger hits on the outside of the investment cycle as some of these properties mature.

David Lee - *WEBTOON Entertainment Inc - Chief Financial Officer*

Thank you, Eric. It's a great question. First, I want to distinguish between the generation of new IP on our platform.

And I think as you heard from JK, there's significant innovation, for example, in Korea where I mentioned this 20% growth on allowing users through what we call Cuts and Cuts Make to generate new storylines to continually grow on platform. byUs is yet another AI-powered initiative where I want to distinguish between what we have on platform, which has a strong growth story still. But candidly, you're right, you're seeing a much more deliberate aggressive bet for the IP that's not just on our platform. With regards to the announcement of RI Games as an example, and the IP adaptation fund.

First, the most important point here is that we start with a proven pipeline from day one. Unlike former days that you and I have spent at Zynga and other places, we don't need to worry about what will generate the next hit because we are the source of the next hit. In the case of RI Games, you're seeing us deliberately partner with an icon in this world. Remember that this RI Games investment allows us to have, after two closings, significant majority control, but we want that organization to run independently, founded by Kevin Han who had created through Redice Studios things like Solo Leveling and Omniscient Reader.

Our proven IP is now being applied to a proven game maker because we think our creators deserve to have a format that's outside our platform. But as a shareholder, we know there's a whole world of deep engagement on gaming that we can enter with this significant strategic investment. The IP Adaptation Fund is a clever way to address your second question because while we leverage partnership with another, in this case NAVER for capital, we don't have to consolidate for the vagaries of quarter-to-quarter episodic changes in revenue as we aggressively bet on commercializing our proven IP.

And then the last is -- I'm not going to cover it, but if you look at our earnings material, I mean, across every region, you're seeing pretty significant increases in IP in both partnership. We're very proud to have announced with Marvel Tony's Girl, an original. That time Deadpool fell into WEBTOON and found the longest title of all time, which is hard to say. And X-Men Korea. So across the board, we feel that we are going to be a very efficient provider to IP, not just on platform, but in partnership in formats off our platform.

Yongsoo Kim - *WEBTOON Entertainment Inc - President*

Our IP adaptations have consistently demonstrated the strength of WEBTOON's proven IP and built-in fandom, particularly in areas like film, television and animation. However, historically, our adaptation business has been based on licensing model, which means that the success of those adaptations has not always translated directly into meaningful economics for WEBTOON. That is something we are looking to strengthen. Through strategic investments and partnerships, we are gradually expanding our ability to participate more directly in the commercialization and economic upside of our IP.

The game pipeline currently under development at RI Games Holdings is a great example of that strategy. These games are based on some of the biggest hit titles on WEBTOON and importantly, those being adapted into anime. So we see a very compelling opportunity to build a repeatable flywheel from successful webcomic to animation to game, leveraging proven IP and establishes.

David Lee - *WEBTOON Entertainment Inc - Chief Financial Officer*

Eric, one last comment, what Yongsoo mentioned at the end I think is quite significant. We're not just able to provide games on hit WEBTOON IP. We're also in a multimedia way able to launch animation concurrently and in support of the games as well as our own platform IP. I think we are uniquely in a position to do this, which you'll see us begin to do with this partnership and investment.

Eric Sheridan - *Goldman Sachs Group Inc - Analyst*

Great. Really appreciate the color for both of you. Thank you.

Operator

Matthew Cost, Morgan Stanley.

Matthew Cost - *Morgan Stanley - Analyst*

Great, thanks for taking the question. Maybe I can just follow-up on what was just discussed.

So if we look at the mobile game industry, in addition to low hit rates and licensed IP not necessarily being a guarantee of success, a lot of the companies that are IP holders really have exited the business of making games themselves over the years. So I'm wondering if you could reflect on sort of the synergies, the opportunities available by becoming the majority shareholder of RI and the advantage that you see in combining the actual process of making the games with this sort of obviously proven and very successful IP engine on the WEBTOON side. Thanks.

David Lee - *WEBTOON Entertainment Inc - Chief Financial Officer*

Thank you, Matt, for your question. I've lived firsthand the question you've asked in my former days as CFO of Zynga. I think this is significantly advantaged. Let me explain why.

First, we are leveraging a very strong partner. We are not seeking to build ground-up capability in gaming. That would take us a long effort, and a lot of the partners that -- a lot of the companies that you mentioned may have taken the approach of trying to build that capability. We recognize what we're good at. We have 120,000 stories arriving every day from 27 million creators, and we know from data what can be a hit, not just on our platform, but off it.

I think the second piece is by creating RI Games Holding, we're leveraging a partner that has extremely deep expertise geographically first in Korea. I want to be clear; this is a global opportunity. We are not limiting ourselves to Korea. But the proven track record in creating adoption on hits here in Korea that we know have global appeal, we believe de-risks this investment.

And then later, Matt, in our follow-up, we can go through the detail of the queue. Only certain terms were redacted, but there's a very clever way that we've managed to the mutual benefit of both this partnership with Kevin as well as for ourselves. A structure that de-risks those hits. Even though we feel that they're proven IP, we recognize that there is an uncertainty as to the size of the hits, and we can cover that financial risk management for both parties. But I think it's quite clever.

And it includes forced puts on both sides that incents both of us to grow together, but also manages downside risk, which we can talk about in our follow-up.

Matthew Cost - *Morgan Stanley - Analyst*

Great. Thank you very much.

Operator

Dae Lee, J.P. Morgan.

Dae Lee - *JPMorgan Chase & Co - Analyst*

Great. Thanks for taking the questions. I have two follow-ups as well. First on the IP adaptation on strategy development. If I'm understanding this correctly, it sounds like the direct ownership model is for more of the newer IP adaptations like video games and AI-driven products. Is that right, or are you guys looking to do more own content on the video adaptation as well?

Then I have a follow-up.

David Lee - *WEBTOON Entertainment Inc - Chief Financial Officer*

Thank you, Dae. Let me just make sure I understand the question. The question is whether we seek to have only a primarily owned model or IP that we provide that's proven in the form of off-platform video games, etc.

I think that was your question. And whether or not we're also pursuing alternative models, is that right?

Dae Lee - *JPMorgan Chase & Co - Analyst*

Yes, that and if the ownership model is going to apply to video adaptations like live action video or comics.

David Lee - *WEBTOON Entertainment Inc - Chief Financial Officer*

Okay. We have the benefit of both models. So you're clearly seeing in the case of our strategic investment in RI Games, obviously related to games, that this is, as you see, a 60% ownership stake across two closes, where we have ownership of the venture, but we also leverage their independent capability to run that business well, because we acknowledge their specialized capability we lack.

On the other hand, when you look at what we've done with Disney, when you look at what we've done with Warner Brothers Animation, which we've discussed in the past, that's a different approach, for example, for IP, where we're providing our creators an opportunity to have success outside our platform, but we don't primarily own the distribution or the production engine associated with that IP. I think it's very capital efficient, but limits our upside.

And then if you look at our work in Studio N, we have this Emmy-nominated internal studio with great IP like Chicken Nugget and Bloodhound Season 2 and Clevatess Season 2. So we are also very carefully looking at opportunities where in a de-risk way we are taking more of the ownership on IP in the case of here feature-length film opportunities either on theaters or on streamers. But we're very selective there as we don't want to risk our balance sheet without understanding what could be ahead.

And we have a pretty good track record in that limited area with Studio N. Thank you for your question.

Dae Lee - *JPMorgan Chase & Co - Analyst*

A follow-up if I can. On your double-digit growth expectation for 4Q, could you remind us if that was for the full quarter or a run rate within the quarter? Could you talk about the cadence of how you expect to get there given the 3Q guide in the single-digit percent range?

Thank you.

David Lee - *WEBTOON Entertainment Inc - Chief Financial Officer*

Good question, Dave. The double-digit growth was really about exiting Q4 to set up. We hope, for persistent growth on a go-forward basis going forward into '27 and beyond. It was not a guidance for the full quarter.

With regard to how we get there. I think you start with what you can see in the current posted quarter results, this strong growth from Korea. I don't know how many quarters have gone by where I've been able to say that Korea drove our total MAU growth. And by the way, total MAU of 156 million MAU flat a year ago is also a nice thing to say, but it was driven by our most mature market. And that 20% constant currency growth was very healthily reflected across not just their MAU. But also, the MPU and the ARPPU.

So for me, Korea is clear. Advertising, as I mentioned, is also clear. 11% growth on a constant currency basis driven by both Korea and I mentioned for the first time over 20% Rest of world constant currency advertising growth in the quarter. I think you can model and extend.

Japan is the piece that we've already discussed. That I believe is what's going to provide us that on-platform growth and the timing of crossover IP. Remember, IP can be great as it was in Q3 of last year, but when you see my Q3 guidance, it doesn't particularly help me on the optics. That said, while there are quarterly variances, I feel really good about the fundamental growth platform we have exiting this calendar year.

Dae Lee - *JPMorgan Chase & Co - Analyst*

Thank you.

Operator

And at this time, we have no further questions. That concludes our Q&A session and today's conference call. We would like to thank you for your participation. You may now disconnect.
