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# EDITED TRANSCRIPT

WBTN.OQ - Q3 2026 Webtoon Entertainment Inc Earnings Call

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## PRESENTATION

**Operator**

Thank you for standing by. My name is John, and I will be your conference operator for today for WEBTOON Entertainment's third quarter 2026 earnings call. (Operator Instructions) I would now like to turn the call over to Michael Pak, Senior Vice President of Strategic Finance. Mr. Pak, please go ahead.

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**Michael Pak** - *WEBTOON Entertainment Inc - Senior Vice President of Strategic Finance*

Thank you. Good afternoon, everyone, and welcome to WEBTOON Entertainment's third quarter 2026 earnings call. With me today are Junkoo Kim, our Founder and Chief Executive Officer; Yongsoo Kim, our President; and David Lee, our Chief Financial Officer.

Following their prepared remarks, we will open the line for questions. Our earnings press release and shareholder letter were issued after market close and are available on our Investor Relations website, where this call is also being webcast live and will be available for replay.

Before we begin, please note that some of the statements we make today are forward-looking. These include statements about our guidance for the fourth quarter, our strategy and growth opportunities, user engagement and monetization trends, and our competitive position. These statements are based on our current expectations and assumptions and are subject to risks and uncertainties that could cause actual results to differ materially. Please refer to the Risk Factors in our most recent Forms 10-K and 10-Q filed with the SEC. These statements speak only as of today, and we undertake no obligation to update them.

In addition, we will discuss both GAAP and non-GAAP financial measures, including adjusted EBITDA and revenue on a constant currency basis. Reconciliations to the most directly comparable GAAP measures are included in our press release. Non-GAAP measures should be considered in addition to and not as a substitute for GAAP results.

With that, I will turn the call over to our Founder and CEO, Junkoo Kim.

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

Thank you, everyone, for joining us today. I will begin with a brief overview of the quarter and then discuss our growth strategy and why I believe the best is still ahead. Yongsoo will then cover the progress we have made On- and Off-Platform, and David will walk through our



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financial results and outlook in more detail. As always, I encourage you to read our shareholder letter, which is available on our Investor Relations website.

This quarter, we delivered revenue of $362.8 million, within our guidance range of $358 million to $368 million, and adjusted EBITDA of $2.2 million, also within our guidance range. We continued executing on the strategy we outlined last quarter: innovating our On-Platform flywheel through AI-powered innovation while also taking a larger, more direct stake in the IP it creates, all with the goal of reaching more users across the globe.

Korea and Japan are especially showing the strength and opportunity of our flywheel at two different stages. In Korea, our market of origin, we continue to see success as our content spans a wide range of genres and creators continue to add new stories, supported by our recommendation system and deepened fan engagement.

In Japan, we continue to focus on developing and enriching local original content, one of the key priorities we outlined last quarter. Original content naturally carries a longer development cycle. But with new leadership and operational fine-tuning in place, we are executing with the goal of capturing a greater share of the large market opportunity ahead. Yongsoo and David will walk you through the details later.

Meanwhile, our On-Platform and Off-Platform initiatives are progressing as planned. And the foundation we are building is solid. Let me share why I'm confident in the direction we have set forth.

From the beginning of our journey, the vision has always been to be the world's storytelling technology platform, empowering creation by anyone for everyone. Technology has set us apart from day one.

Today, AI is unlocking an entirely new chapter of innovation, breaking down language barriers, helping stories reach audiences around the world, and creating new ways for fans to connect with the characters and worlds they love. At the same time, fans are experiencing their favorite stories across more formats than ever.

This is how our flywheel works. Stories begin On-Platform, where readers build fandoms around their favorite stories. Then Off-Platform, those stories transition into animation, live action, and games, reaching more audiences. And those audiences return to WEBTOON to discover the next great story, which helps the next story gain traction faster and build an even bigger audience.

The Remarried Empress is an example of our flywheel in motion. What began as a webnovel became a beloved webcomic, recently launched worldwide as a live-action series on Disney+ and Hulu, and is now being developed into an animation with HAYATE and Crunchyroll. One story, four formats, and fans who keep coming back to where it all started.

As we begin to wrap 2026 and look ahead into 2027, I have never been more confident in our direction. We continue to expect to return to double-digit revenue growth at the midpoint of guidance by the end of the year, primarily driven by the strength of our core business.

Over time, we expect the initiatives we are building today to become a meaningful part of our growth story, where they transcend the line between On- and Off-Platform, strengthening both sides of our business and making our flywheel even more robust. But what excites me most is the road beyond the next few quarters. The way the world creates, discovers, and experiences stories is being rebuilt, and we intend to be the platform where that story is told.

With that, I will turn it over to Yongsoo. Yongsoo, please go ahead.

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**Yongsoo Kim** - *WEBTOON Entertainment Inc - President*

Thank you, JK, and thank you all for joining us. JK described how our flywheel runs On- and Off-Platform. Today, I will discuss how our flywheel is continuing to gain traction across multiple formats and geographies to reach more users than ever.





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Starting On-Platform, where our technology is helping stories travel further, we are making progress across all three of our AI initiatives: Auto-Translation, Short Animation, and Digital Characters. First, Auto-Translation. Since launching the beta in May, we have steadily expanded access to more English language CANVAS creators, and our rollout remains on track. These creators' series can now reach readers in six additional languages, and we are seeing encouraging early results.

In the eight weeks ended in August, average weekly CANVAS episodes read by our non-English readers were up almost 40%. And CANVAS episodes read per reader grew close to 30% compared with the eight weeks before the beta launch. The point is simple. One story can now be accessed by a much bigger audience across borders.

Second, Short Animation. Animation is a powerful format that brings the characters and worlds fans love to life. Built by our in-house creative team and supported by AI-assisted tools, Short Animation represents another way to extend the reach and impact of our stories. We are developing it thoughtfully in close partnership with our creators and look forward to sharing our first titles next year.

Third, Digital Characters. byUs, our AI interactive story-chat service that we launched in Korea in June, has surpassed 28 million cumulative conversations in just 17 weeks, with fan-created stories driving nearly two-thirds of that volume, demonstrating strong early interest in a new way for fans to engage with their favorite characters. And we have continued to add new IP and characters.

Even completed series are finding new life. Garbage Time drew 820,000 conversations within 12 days of launch, with 95% coming from readers of the original webcomic series. Building on our Korea playbook, we launched byUs in Japanese on LINE Manga in October.

Beyond these three initiatives, we are also strengthening our core capabilities On-Platform, finding new ways to bring the best stories to audiences around the world. In September, we launched The Warrior's Ballad as our first Global Drop, an initiative to release standout original series simultaneously in multiple languages. The series was released in nine languages. Within just 24 hours, The Warrior's Ballad reached number one in daily revenue in seven of the nine language markets.

Building on this momentum, we have selected The Assassin Hero's Astra Path as our first Global Drop from Japan, launching later this year. The series is produced by No.9, a Japanese studio in which we have made a strategic investment. This reflects how we are connecting content investment, local creative capabilities, and global distribution to unlock more value from our platform.

And that brings me to Japan, which is one of our largest and most compelling growth opportunities. LINE Manga, which we operate, is the most downloaded manga app in Japan, yet our household penetration remains below 20%.

To put that opportunity in perspective, in Korea, even with roughly 50% penetration, both Paid Content and Advertising continue to deliver double-digit growth. Clearly, the opportunity in Japan is significant. To capture this opportunity, we are executing against the three priorities we outlined last quarter.

First, we are investing in content with plans to deploy JPY10 billion, approximately $63 million over the next three years to strengthen our local content pipeline and bring more compelling stories to readers. Second, we are strengthening user acquisition and engagement, applying strategies that have proven to be successful in Korea. Third, we are expanding our reach through new partnerships, including with McDonald's Japan and Samsung Electronics Japan.

To lead this effort, Hiroshi Mori joined on September 1 as Chief Business Officer for Japan and Co-Representative Director of LINE Digital Frontier, our main legal entity in Japan. Together, these are the engines of the platform, more stories, from more creators, reaching more readers, with fans more deeply engaged. And every one of them produces what our Off-Platform business runs on: stories that readers have already built proven fandoms around.

Off-Platform, our advantage is a deep library of stories that fans already love. This quarter, we continued to bring those stories to new audiences across animation, live action and games, while taking a more direct role to create the most franchise value.



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In animation, we are building our slate with partners like Prime Video, bilibili and Warner Bros. Animation. Most recently, at New York Comic Con, we announced an anime co-production partnership with HAYATE and Crunchyroll to develop around 15 WEBTOON titles together from the earliest stage, including The Remarried Empress, Teenage Mercenary, and The Boxer.

In Live Action, our in-house studios are turning proven hits into global series. Alongside The Remarried Empress, which JK mentioned earlier, The Mafia Nanny, one of our most popular WEBTOON Originals, entered development at Hulu in September, with Charlize Theron attached to executive produce alongside WEBTOON Productions.

In games, last quarter, we shared our plan to align game launches with animation releases, so that each format amplifies the other. Overgeared, one of the titles on RI Games Holdings' pipeline, marked the beginning of that plan.

In October, its anime adaptation began streaming on Prime Video, Crunchyroll, and other platforms, while pre-registration opened for the full 3D MMORPG through NEXON ahead of its expected launch in November in Korea, Taiwan, Hong Kong, and Macau. A story proven on our platform extended into animation and expanding into games. This is the formula we are now applying across more of our IP.

Finally, our collaboration with Disney continues to expand. At New York Comic Con, we gave fans a closer look at our first three Marvel Original series and unveiled the new Marvel Comics app launching on November 16. Developed by WEBTOON in collaboration with Disney, the platform brings more than 35,000 Marvel, Star Wars, and 20th Century Studios comics into a single destination.

Stepping back and looking at what ties all of this together, On-Platform finds the stories fans love, while Off-Platform carries those stories to new audiences, and sends those fans back to where the story started on the platform. Stories like Overgeared and The Remarried Empress are the clearest examples where this came to life. That is the long-term synergy we are building.

Every story that succeeds on our platform becomes more valuable in every format, and every format makes our platform more valuable. I'd like to thank our creators, our partners, and our teams for making this possible. With that, I will now turn the call over to David. David, please go ahead.

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**David J. 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 third quarter 2026 results compared to the comparable quarter in the prior year, unless otherwise noted.

For the third quarter, we reported revenue of $362.8 million within our guidance range of $358 million to $368 million. Revenue declined 4.0% as reported, reflecting currency headwinds and grew 0.2% on a constant currency basis.

Let me start with what is giving us confidence as we look ahead. Our core business, Paid Content and Advertising together, grew 4.5% in constant currency and declined 0.3% as reported. Advertising globally grew 30.1% in constant currency or 26.2% as reported.

IP Adaptations revenue, however, was impacted by the timing of certain revenue shifting from the third quarter into the fourth. We continue to experience softness in Paid Content in other regions, including Japan, which I will address in a moment.

Profitability was a highlight this quarter. Gross profit grew $9.8 million year-over-year to $92.6 million. And gross margin expanded by 3.6 percentage points to 25.5%, primarily driven by a reduction in third-party transaction fees and growth in higher-margin businesses like Advertising. We remain focused on expanding profitability further over time and believe our cross-border content distribution as well as growth in higher-margin businesses will continue to support this.

Operating loss narrowed to $9.2 million, an improvement of $5.7 million year-over-year, driven by higher gross profit, partially offset by increased marketing investment. G&A was flat year-over-year as we continue to drive further operational efficiency across all regions.



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Net loss was $7.5 million compared to $11.1 million in the year-ago quarter. We reported adjusted EBITDA of $2.2 million, near the midpoint of our guidance range of $0 to $5 million, and I'll walk through the drivers shortly.

Turning to operational health, global MAU grew 2.7% year-over-year to 159.6 million. App MAU declined 8.2%, and webcomic app MAU declined 0.9% year-over-year. Our focus remains on driving users to our app and converting them to paying users.

Global MPU declined 3.1% to 7.5 million. Korea MPU grew 5.2%, but this was more than offset by declines in Japan and Rest of World. Korea shows a strong impact on growth when we keep developing compelling local content, and we are applying that approach in Japan and beyond.

Global paying ratio of 4.7% decreased 28 basis points year-over-year, and global ARPPU of $12.30 was down 0.8% year-over-year as reported but up 4.2% on a constant currency basis to $13. Now, I'd like to provide an update on our revenue streams at a consolidated level. Starting with Paid Content.

Paid Content revenue was $275.5 million, down 3.9% on a reported basis and up 1.0% to $289.6 million in constant currency, driven by strong performance in Korea, partially offset by declines in Japan and Rest of World. Advertising was a clear highlight. Revenue grew 26.2% year-over-year to $49.7 million, or 30.1% in constant currency to $51.2 million, with strength in Korea and Rest of World offset by a decline in Japan. The growth in Korea and Rest of World were primarily driven by strength in both direct and programmatic sales with contributions from both English-speaking and Asia-Pacific regions.

Finally, IP Adaptations revenue declined 27.5% year-over-year to $37.6 million and 27% in constant currency to $37.8 million though it grew 37.1% sequentially from the second quarter. The decline reflects a tough comparison against last year's box office success of one of our Originals adapted into a movie and the timing of revenue recognition for certain projects, a portion of which moved into the fourth quarter.

Now I'd like to look at our results in the context of core geographies. In Korea, we had another strong quarter. Revenue grew 10.8% year-over-year to $169.3 million and 13.5% on a constant currency basis to $173.4 million, driven by growth in Paid Content and Advertising. These increases were offset by a decrease in IP Adaptations.

During the third quarter, Korea's MAU of 25.6 million increased 3.9% year-over-year, with MPU of 3.9 million, representing 5.2% growth year-over-year. Paying ratio of 15.1% increased 19 basis points year-over-year, and Korea ARPPU of $9.40 was up 17.6% year-over-year, or $9.70, up 21.1% on a constant currency basis.

Moving to Japan, revenue declined 18% year-over-year to $147.3 million or an 11.4% decrease on a constant currency basis to $159.1 million, primarily attributed to the decrease in Paid Content and Advertising revenue as well as a decline in IP Adaptations. Japan's MAU of 22.3 million declined 12.1% year-over-year but increased 2% on a sequential basis.

MPU of 2 million declined 12.9% year-over-year. Paying ratio of 9.1% was down 8 basis points year-over-year, and Japan ARPPU of $22.30 declined 5.8% year-over-year on a reported basis and was up 1.8% on a constant currency basis to $24.

In Japan, our primary focus remains on developing and enriching local original content with a stronger emphasis on serialized titles. Original content naturally carries a longer development cycle, and we're taking steps to accelerate it.

As Yongsoo mentioned earlier, we're making thoughtful changes to rejuvenate our growth engines, including the leadership of Hiroshi Mori, who has led our Japan business since September 1, and our aggressive plan to invest JPY10 billion in Japanese content over the next three years. We're also proactively adopting the playbook that has driven growth in Korea in Japan, including stronger content recommendations, a better web-to-app experience, and new brand partnerships.

Let me reiterate what JK has said earlier. Our opportunity in Japan is significant. And we're laser-focused on executing all of the initiatives that will not only turn the corner but act as a long-term growth engine in the country.



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In the Rest of World, revenue grew 1.3% year-over-year to $46.2 million on both a reported and constant currency basis, driven by an increase in Advertising offset by a decline in Paid Content and IP Adaptations. Rest of World MAU of 111.7 million increased 5.9% year-over-year, driven by growth in Wattpad. MPU declined 8% to 1.6 million.

In Rest of World, our first priority is growing our user base with monetization to follow as our audience scales. Paying ratio of 1.4% was down 21 basis points year-over-year, and Rest of World ARPPU of $6.80 declined 0.2% year-over-year on both a reported and a constant currency basis.

Turning to profitability. Gross profit for the quarter grew 11.8% year-over-year to $92.6 million. This resulted in a gross margin of 25.5%, which expanded 3.6 percentage points compared to the prior year, driven by a reduction in third-party transaction fees and growth in higher-margin businesses like Advertising.

Adjusted EBITDA for the quarter was $2.2 million compared to $5.1 million in the year-ago quarter. The decline was driven primarily by an increase in foreign exchange losses as the Korean won strengthened against the US dollar at the end of the quarter. This resulted in an adjusted EBITDA margin of 0.6%, which compares to 1.4% in the prior year.

On the cost side, total G&A expenses for the quarter were $62.7 million, reflecting continued discipline on operating leverage. Marketing expenses were $39.1 million as we continue to invest in user acquisition.

Q3 GAAP loss per share was $0.06 compared to a loss per share of $0.09 in the prior-year period. Adjusted EPS was $0.02 in the quarter compared to an adjusted EPS of $0.04 in the prior-year period.

Our balance sheet remains strong with a cash balance of $548.4 million and another $13.3 million of short-term deposits included in prepaid expenses and 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 fourth quarter outlook. For the fourth quarter of 2026, we expect to deliver revenue growth in the range of 9.0% to 12.0% on a constant currency basis. This represents revenue in the range of $371 million to $381 million based on current FX rates. We expect fourth quarter adjusted EBITDA in the range of $0 to $5 million, representing an adjusted EBITDA margin in the range of 0% to 1.3%.

As we close, I want to reinforce why we are confident in our trajectory. First, our core business is demonstrating strength. In Korea, our playbook is working. Both Paid Content and Advertising grew double-digits, and MPU grew 5.2%. That Advertising momentum is now scaling globally, up 26% as reported.

Second, we are making meaningful progress on profitability. Gross margin expanded 3.6 percentage points year-over-year, and we narrowed our operating loss. Third, we have a clear roadmap for accelerating growth. We know where we must improve, particularly in Japan and in Paid Content in Rest of World, and we remain focused on execution.

At the same time, we are investing in the next phase of WEBTOON's growth. We believe continuing to lean into AI-powered initiatives On-Platform and investing to scale our Off-Platform IP Adaptations business will strengthen our offering and improve engagement over the long-term. We remain confident in our expectation to return to double-digit revenue growth by the end of the year while continuing to build WEBTOON into the world's leading storytelling technology platform.

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



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## QUESTIONS AND ANSWERS

**Operator**

(Operator Instructions) Mark Mahaney, Evercore ISI.

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**Mark Mahaney** - *Evercore ISI - Equity Analyst*

Okay, thank you. I'd like to ask two questions, please. When you laid out the factors that would get you to this double-digit percent revenue growth exiting the year, which of those now do you have the most visibility in and most confidence in, and which of those factors are still sort of the most speculative? And then on the margin side, on the gross margin side, this expansion, can you just talk about the sustainability of that for the foreseeable future, next year or two? Should we be able to expect gross margins to kind of continue to rise at that clip? What would be the major factors that would cause gross margins to continue to rise from here? Thank you very much.

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**Yongsoo Kim** - *WEBTOON Entertainment Inc - President*

Thanks, Mark. This is Yongsoo Kim. Let me start with the first question, and then David can add more details and cover the second margin question. Our platform business, which include Paid Content and Advertising, continued to grow at around 5% year over year on the constant currency basis in Q3, consistent with the growth we saw in Q2.

In Q4, we expect Japanese Paid Content to begin recovering with a narrower YoY decline along with continued strength in Advertising and Korean Paid Content. Together with the revenue we expect from IP Adaptations in this quarter, we expect these drivers to bring us back to double-digit growth. To be clear, this expected double-digit growth excludes the gaming revenue from RI Games Holdings, which we will begin consolidating in Q4 following the acquisition.

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

Yeah, Yongsoo said it well. Let me just highlight a few things. First, Mark, as you saw, the guide for Q4 goes beyond what I said last quarter. What I said last quarter, you asked the question. Double-digit growth, you said, for the quarter or exiting the year, and I said exiting the year. The guide of 10.5% is for the entire quarter, as Yongsoo noted.

The second is, as he noted, primarily driven by organic performance. So with regard to your question of line of sight, I feel very good about the line of sight on gross profit margin. Gross profit margin is up 3.6 [percentage points] (corrected by company after the call). And as you note, the question you ask is, how sustainable it is? I believe the growth of our Advertising business at plus 30% is an example of its future sustainability because the mixed benefit as we grow our Advertising business as well as Paid Content outside Korea benefit us.

Having said that, we will invest back, as you saw we did in marketing in important markets like Japan and the Rest of World, because we believe that the most important shareholder value-creating lever is sustainable, profitable growth. And that's our area of focus.

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**Mark Mahaney** - *Evercore ISI - Equity Analyst*

Okay. Thank you very much.

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**Operator**

Eric Sheridan, Goldman Sachs.

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**Eric Sheridan** - *Goldman Sachs - Analyst*

Thanks for taking the question. I wonder if we go a little bit deeper into the Marvel announcement and how should we be thinking about elements of the launch on November 16 and how the unit economics of that might flow back into the company, both from a subscriber standpoint, as well as a contribution to the P&L standpoint. And maybe I've got a quick follow-up.

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**Yongsoo Kim** - *WEBTOON Entertainment Inc - President*

Thanks, Eric. The Marvel Comics app launches next Monday, November 16. Pre-orders have been open since we demoed the product at the New York Comic Con in October.

We have enhanced the user experience, particularly around content discovery. The Ultimate tier also shortened the wait for new issues from three months to one month after print release. These improvements have generated excitement among comic fans.

Through the end of the year, our focus will be on migrating existing Marvel Unlimited subscribers to the new app. And next year, we will shift our focus toward expanding the subscriber base.

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**Eric Sheridan** - *Goldman Sachs - Analyst*

Great. And if I could just build on Mark's question with respect to revenue out to Q4. I know it's early to talk about 2027, but what should we be keeping in mind directionally that you see as various elements of headwinds or tailwinds as you factor in the exit velocity and the Q4 guide towards what that sets you up for one year out. Thank you so much.

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

That's a great question. Let me be clear. The fundamental business that we started WEBTOON with, that JK started WEBTOON with, Paid Content and Advertising, continues to be, as you see in the quarter, strong. And we believe we're setting up that business to continue to be strong in the future. That's the heart of the business.

Having said that, for 2027 and beyond, Yongsoo and JK have been clear about a number of initiatives. The AI initiatives that we already have early indicators on, like byUs with 28 million cumulative chats, so early in its development.

The Auto-Translation expansion, I think you heard Yongsoo say non-English readers up 40%. While these are early indicators, these are upside to the business that we are continuing to deliver growth on, which is in Paid Content and Advertising and our IP.

Now, to be clear, within Paid Content, we've been honest about the fact that Japan will return and has not yet returned to its potential growth. But Korea is operating in a very strong way, and now you're seeing Advertising up 30%. So we feel very good about the business we're setting up, not just for the quarter, but for 2027.

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**Operator**

Dae Lee, JPMorgan.

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**Dae Lee** - *JPMorgan - Analyst*

Great. Thanks for taking the questions. I have two follow-ups on the answers that you just gave, David. So in those two regions, you talked about Japan so not turning the corner. I was just curious, like what do you need to see or what do you need to do to get that market to turn the corner and return to growth.

And then in Korea, the growth in 3Q was very strong, even against a tougher comp. So I was curious if you can give us more details on what maybe leading indicators that you saw in Korea that guided you to or that drove that strong performance in 3Q? And is this something that you feel like you can replicate in regions like Japan and the Rest of the World? Thank you.

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**Yongsoo Kim** - *WEBTOON Entertainment Inc - President*

Thanks, Dae. Let me cover Japan and Korea things. For Japan, while growth in Japan's digital comics market has slowed somewhat recently, Japan remains one of our most important markets in terms of both scale and growth potential. Our market share is still below 20% in the world's largest comics market. We believe we can deliver meaningful growth by executing the competitive strategy we outlined last quarter, centered on scaling up and accelerating the development of local original content.

To strengthen and accelerate that execution, Hiroshi Mori has taken on the role of Chief Business Officer for Japan and is directly leading our content-driven growth strategy. We also recently announced a JPY10 billion content investment plan in Japan.

Through our Japan to global strategy, we are expanding our collaboration with local creators to bring their stories to audiences both in Japan and around the world through WEBTOON's global platforms. As the only digital comics platform with a truly global distribution network, we offer a unique advantage for creators in Japan and across our market.

In the near term, to attract more new and returning users, we are strengthening local marketing partners like Lawson and McDonald's, improving how we bring users from the web into our apps. We also expect product improvements, including better recommendations to help retain users and encourage more reading. In addition, our lineup of new original titles and returning series in Q4 is expected to further drive user acquisitions and engagement.

Regarding Korea, we are very proud of the turnaround and growth that our Korea platform business has delivered in 2026 after the challenging period in 2024 and 2025. What makes this particularly meaningful is that our double-digit revenue growth has been supported by improvements across every stage of our user funnel. Over the past one to two years, we have made a deliberate effort to restore greater diversity to our content library, including increasing the share of titles from individual creators.

At the same time, we have continuously improved content discovery to help those stories reach the right readers. Integrated online and offline marketing campaigns around key IP have also generated more buzz and brought in more new and returning users. We see this growth as the result of stronger business fundamentals, rather than a temporary boost from a single event or one to two hit titles. It gives us a solid foundation to continue delivering meaningful growth in 2027. We also plan to apply the lessons from Korea's turnaround to other markets, including Japan.

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**Operator**

Kunal Madhukar, Deutsche Bank.

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**Kunal Madhukar** - *Deutsche Bank - Analyst*

Hi, thank you for squeezing me in a couple if I could. One, in terms of the growth in the fourth quarter, how much of that is IP Adaptations revenue that is shifted from 3Q to 4Q? And then how much is the M&A related or the investment related from RI Games? And then can you talk about the contributions that you expect from like Japan and Korea that will constitute the fourth quarter revenue. Then I have a follow-up.

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

Great. Thanks for your question. With regard to the composition of the 10.5% midpoint revenue growth guidance for Q4, I want to reiterate what Yongsoo said, which is that it's primarily driven by our organic business.

So a part of your question was how much was RI Games? And I would argue it is de minimis. A very small portion was included, but frankly not the driver of double-digit growth. Part of this is because some of us have lived with running public company gaming folks, and we would never count in the first quarter of a game's launch a significant portion.

It really is driven by the actual business, meaning the strength that we just covered in Korea, the strength in Advertising. And as we mentioned, there is an in-quarter benefit from some timing shift associated with our IP business. But overall, I think it's a very solid indicator of business health and one that I believe we're looking to replicate in future years. There will always be quarterly variance in '27 and beyond, but I feel good about this guide as being a good indication of the business we will have in the future.

Did you have a follow up?

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**Yongsoo Kim** - *WEBTOON Entertainment Inc - President*

Let me add some color about our IP Adaptation business. Today, the largest share of our IP Adaptation revenues comes from co-production business of Studio N, our Korean production subsidiary specializing in live action adaptations of WEBTOON IP and the studio behind The Remarried Empress, one of the hottest series globally this November.

Revenue recognition is affected by production and release schedules, so some quarter-to-quarter volatility is inherent in the business. As we outlined last quarter, we are expanding our IP Adaptations portfolio into areas such as gaming and animation through both organic growth and acquisitions. Over time, this expansion will meaningfully reshape the profile of our IP business with a broader mix of formats and revenue sources, helping to reduce volatility, improve revenue productivity, and create opportunities for margin expansion.

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**Kunal Madhukar** - *Deutsche Bank - Analyst*

Got it. Thanks. And the follow-up, in terms of the leadership change in Japan, it was fairly recently that you had appointed another person as the Chief Business Officer, and now again we have a new one. What exactly are you seeing in Japan that's making you change the leadership so quickly?

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

Thanks. Great question. Just to clarify, Hiroshi Mori, which we talked about as being our Chief Business Officer, along with Yongsoo, our President, are taking this hands-on role in Japan. But Hiroshi is no newcomer to the business. He had been with the business previously.

So really, this is a return to strong, local Japanese leadership that understands how to cultivate local original content, the first plank in our three-part plan. I think it's a great achievement to be able to recruit him back and to have a strong local leader in partnership with Yongsoo to bring back that local original content, which we saw so successful in 2025, and we know that it'll come back. So we feel very good about that change.





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**Yongsoo Kim** - *WEBTOON Entertainment Inc - President*

Including Hiroshi Mori, we have brought in senior leaders with deep content and business expertise in our local market. At the same time, we have strengthened our global operating structure and the way our teams work together so that local expertise and global capabilities reinforce each other. I believe these leadership changes are strengthening our ability to execute on key initiatives.

**Operator**

Thank you. And that concludes our Q&A session and today's conference call. We would like to thank everyone for their participation. You may now disconnect.

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