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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 fourth quarter and full year 2025 earnings call. (Operator Instructions)

I would now like to turn the call over 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, and expected performance and our guidance for the next quarter. Actual results may vary materially from today's statements. Information concerning risks, uncertainties, and other factors that could cause these results to differ is included in 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 date of this call. We undertake no obligation to revise or update any forward-looking statements.

Additionally, the matters we discuss today include both GAAP and non-GAAP financial measures. Reconciliation 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 and not a substitute for GAAP measures.

Joining me today on the call are Junkoo Kim, Founder and CEO; David Lee, CFO and COO; and Yongsoo Kim, Chief Strategy Officer.

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

Junkoo Kim - *Webtoon Entertainment Inc - Chief Executive Officer, Director*

Thank you, everyone, for joining us today. I will make a few brief comments on our performance, and then David will provide more details on our results and outlook. For my full thoughts on the year, please refer to the shareholder letter posted on our Investor Relations website.

We reported solid year 2025 results with revenue growth of 3.9% on a constant currency basis and adjusted EBITDA of over \$19 million. We are pleased to see MPU growth turn positive in the first quarter, driven by growth in Korea and in Rest of World. We made significant

progress advancing our personalization tools throughout the year. As we have become more proficient with AI, we are now making increasingly personalized content recommendations that are unique to our users.

In Korea, where we have seen the most progress, we also increased the content diversity at the same time. We are seeing MPU growth as users read more titles and episodes as they get more relevant recommendations. We believe that we can take these learning from Korea and apply them to other regions. We are excited that following the end of Q4 on January 8, 2026, the Walt Disney Company and WEBTOON Entertainment announced that we have completed the previous announced strategic agreement, including both the development of an all new digital comics platform as well as Disney's approximately 2% equity investment in WEBTOON Entertainment. We are targeting a 2026 launch for this new platform.

We have already launched a total of 12 reformat titles on WEBTOON's Mobile vertical-scroll format following the initial collaboration announcement with Disney in August 2025. These have included stories from Amazing Spider-Man, Star Wars, and Avengers, and we look forward to introducing an original series later this year. This is a powerful next step for our growing global business and a strong foundation for even greater collaboration with Disney in the year ahead.

Finally, we continue to advance our flywheel with IP Adaptations, which further keep users engaged with our platform, and I would like to highlight just a few examples here. Animation continues to be a major initiative for us, and we are excited to announce that Amazon MGM Studio greenlit Lore Olympus to be developed into a new animated series from WEBTOON Productions and The Jim Henson company.

In Japan, anime is a particular focus, and I'm happy to announce that we reached our target of 20 new anime projects in 2025. We are excited to have launched another anime series on Crunchyroll with DARK MOON: THE BLOOD ALTAR this January. We are also seeing success with live action as Netflix announced that Viral Hit will be adapted into a Japanese live action series following the success of our anime adaptation in 2024.

Overall, we believe these financial and operational results demonstrate that our flywheel and strategy are working. Our ecosystem of content, creators, and users continues to drive the success of our business. That said, we acknowledge that we have an opportunity to accelerate our flywheel and realize our growth potential faster. We remain laser-focused on deepening engagement across our platform to foster a stronger, more vibrant fandom and look forward to sharing more about our plans in the quarters ahead.

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

David Lee - *Webtoon Entertainment Inc - Chief Financial Officer, Chief Operating Officer, Director*

Thank you, JK, and thank you, everyone, for joining us. For the fourth quarter, we reported revenue of \$330.7 million, in line with our expectations. Our reported revenue was down 4.1% on a constant currency basis and 6.3% on a reported basis as Paid Content growth was more than offset by declines in Advertising and IP Adaptations.

For the full year 2025, we reported revenue of \$1.4 billion. Our reported revenue grew 3.9% on a constant currency basis, driven by constant currency growth in all revenue streams and grew 2.5% on a reported basis. We expanded gross margin by 100 basis points to 24.3% in the fourth quarter as we lapped a number of discrete items that were recategorized from marketing to cost of revenue during the year. We believe we can expand gross margin over time as we execute on our cross-border content distribution strategies and grow higher-margin businesses like Advertising.

Net loss was \$336.5 million in the quarter compared to a loss of \$102.6 million in the year prior, driven primarily by goodwill impairments. Net loss for the full year was \$373.4 million compared to a loss of \$152.9 million in the year prior.

We exercised cost discipline through the quarter, leveraging our G&A and marketing expenses to deliver adjusted EBITDA growth. Adjusted EBITDA was \$0.6 million in the quarter, exceeding the high end of guidance. This compares to a negative adjusted EBITDA of \$3.5 million in the same quarter of 2024. For the full year, adjusted EBITDA was \$19.4 million compared to an adjusted EBITDA of \$68 million in the

year prior. As a result, our adjusted EPS for the quarter was \$0.00 compared to a negative adjusted EPS of \$0.03 in the prior year and \$0.15 for the full year compared to \$0.57 in the prior year.

Turning to operational health. We continue to focus on driving users to our app as well as converting them to paying users. While fourth quarter app MAU and webcomic app MAU declined 6.5% and 2.6%, respectively, year over year, we were pleased to have driven MPU growth of 0.7%, evidence that our personalized content recommendations are working. Importantly, our English platform webcomic app MAU was up 2.2% year over year.

For the full year, MAU of 7.5 million declined 2.9% year over year. While app MAU declined 4.3%, webcomic app MAU grew 1.9% and English platform webcomic app MAU was up 12.8% for the full year. Global MAU declined 1.7% in the quarter. We estimate that global MAU benefited from roughly a 10 percentage point increase in Wattpad activity resulting from automated web traffic in certain noncore markets.

While we saw a small increase starting in late Q3 2025, the web traffic peaked in Q4 2025, and we are seeing reduced impact in Q1 2026. Notably, this had no impact on app MAU and is not expected to have a material impact on our business. For the full year, total MAU of 157 million, declined 7.1%.

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 0.4% revenue growth on a constant currency basis. For the full year, we posted 1.5% revenue growth on a constant currency basis. While ARPPU declined 0.3% in the quarter on a constant currency basis, we were pleased to see 4.6% growth for the full year. We believe we can continue to drive MPU growth as we refine our AI-driven personalized recommendation model.

Advertising posted a decline of 10.3% in the fourth quarter on a constant currency basis year over year. In Korea, we saw similar declines from the same e-commerce advertising partners last quarter, but we experienced growth from other partners.

Ad revenue from NAVER was relatively consistent with the fourth quarter of the prior year. For the full year, we posted 0.4% Advertising growth on a constant currency basis.

Finally, our IP Adaptation business saw revenue decline 29.7% year over year on a constant currency basis in Q4. As we've shared previously, revenue recognition for IP Adaptations can be volatile from quarter-to-quarter, depending on the timing of key milestones for various projects. For the full year, IP Adaptation revenue was up 35.5% on a constant currency basis. We had a strong year of IP Adaptations in Korea, particularly driven by the theatrical success of My Daughter Is a Zombie and The Trauma Code on Netflix.

Now I'd like to look at our results in the context of core geographies. In Korea, during the fourth quarter, our revenue declined 9.1% year over year on a constant currency basis as growth in Paid Content was more than offset by a decline in Advertising and IP Adaptations. For the full year, we posted revenue growth of 5.9% on a constant currency basis. During the fourth quarter, while MAU of 24.3 million decreased 10.8%, we were pleased to see MPU of 3.7 million grow 3.3% and a paying ratio of 15.1%, reflecting an increase of 207 basis points compared to the fourth quarter of 2024.

Korea ARPPU on a constant currency basis was up 0.9% compared to the fourth quarter of 2024. For the full year, Korea MAU was 24 million, decreasing 11.1% year over year, while Korea MPU was 3.6 million, declining 5.3% year over year. Full year paying ratio was 14.8%, up 91 basis points year over year. Full year Korea ARPPU grew 4.7% to \$8.2 million on a constant currency basis.

Moving to Japan. For the quarter, Japan revenue declined 1.0% on a constant currency basis. Japan saw a single-digit decline in Paid Content, offset by a single-digit growth in Advertising and IP Adaptations, all on a constant currency basis. For the full year, we posted 3.9% revenue growth on a constant currency basis. LINE Manga continued to be the number one overall app for revenue, including mobile games for the quarter as well as the full year according to data.ai.

Compared to Q4 2024, Japan's MAU of 22.2 million increased 0.5%. MPU of 2.1 million declined 6.9% and paying ratio of 9.5% was down 76 basis points year over year. Fourth quarter Japan ARPPU of \$23.30 grew 5.7% year over year on a constant currency basis. For the full

year, Japan MAU increased 4.9% year over year to 23 million, while Japan MPU of 2.2 million declined 0.1% year over year. Full year paying ratio of 9.7% was down 49 basis points year over year, and ARPPU grew 3.4% on a constant currency basis.

We expect to complete our infrastructure investments by the end of Q1 and redeploy engineering resources to support improvement across our personalized recommendation tools. We believe more personalized AI recommendations may drive MPU growth in Japan as we've done in Korea.

In Rest of World, we saw revenue growth of 0.8% year over year on a constant currency basis in the quarter, driven by single-digit growth in Paid Content and triple-digit growth in IP Adaptations, partially offset by a double-digit decline in Advertising. For the full year, we posted a 2.1% revenue decline on a constant currency basis. Fourth quarter MAU was flat year over year after including the 10% growth impact in Wattpad activity resulting from automated web traffic. MPU grew 5.7% and paying ratio of 1.5% increased 8 basis points compared to the fourth quarter of last year.

Fourth quarter Rest of World ARPPU of \$6.50 declined 5.1% year over year on a reported and a constant currency basis. For the full year, Rest of World MAU of 110 million, decreased 8.4% year over year, while MPU of 1.7 million, declined 1.5% year over year. Full year paying ratio of 1.6% was up 11 basis points year over year. Full year Rest of World ARPPU increased 0.5% to \$6.60 on a reported and constant currency basis.

Turning to profitability. Gross profit for the quarter was \$80.5 million compared to \$82.3 million in the prior year. This resulted in a gross margin of 24.3%, which expanded 100 basis points compared to the prior year. Full year gross profit was \$322.2 million compared to \$339.1 million in the prior year, translating to a gross margin of 23.3%, which decreased 180 basis points compared to the prior year.

Adjusted EBITDA for the quarter was \$0.6 million compared to a loss of \$3.5 million in the prior year, and full year adjusted EBITDA was \$19.4 million compared to an adjusted EBITDA of \$68 million in the prior year.

On the cost side, total G&A expenses for the quarter were \$65.4 million compared to \$77.8 million in the prior year quarter as we exercised cost discipline. Total general and administrative expenses for the full year were \$259.5 million compared to \$332 million in the year prior.

Interest income in the quarter was \$4.5 million compared to \$6.0 million in the prior year, and other loss was \$9.2 million compared to \$6.2 million in the prior year period. For the full year, interest income was \$19.2 million compared to \$15.8 million in the prior year, and other loss was \$9.8 million compared to other income of \$6.5 million in the prior year.

We had an income tax benefit of \$18.4 million in the quarter compared to an income tax expense of \$4.9 million in the prior year. Income tax benefit for the full year was \$16 million compared to tax expense of \$3.6 million in the prior year.

Depreciation and amortization was \$10.6 million in the fourth quarter compared to \$12.1 million in the prior year. Depreciation and amortization for the full year was \$35.4 million compared to \$40.1 million in the prior year.

Net loss of \$336.5 million was driven by impairment losses on goodwill, the majority of which was attributable to Wattpad. This compares to a net loss of \$102.6 million in the prior year quarter. Net loss for the full year was \$373.4 million compared to net loss of \$152.9 million last year. As a result, fourth quarter GAAP loss per share was \$2.36 compared to a loss per share of \$0.72 in the prior year period, and full year loss per share was \$2.66 compared to a loss per share of \$1.21 in the prior year.

Adjusted EPS was \$0.00 in the quarter compared to a negative adjusted EPS of \$0.03 in the prior year period, and full year adjusted EPS was \$0.15 compared to \$0.57 in the year prior. Our balance sheet remains strong with a cash balance of \$582 million and another \$11 million of short-term deposits included in other current assets at year-end. We generated \$11.2 million in cash flow from operations during the year. 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 first quarter outlook. For the first quarter of 2026, we expect to deliver revenue growth in the range of negative 1.5% to positive 1.5% on a constant currency basis. This represents revenue in the range of \$317 million to \$327 million based on current FX rates. We anticipate first quarter adjusted EBITDA in the range of \$0 to \$5 million, representing an adjusted EBITDA margin in the range of 0% to 1.5%.

We continue to believe in the fundamental health of our long-term strategy, underpinned by our powerful flywheel of creators, content, and users. As we've shared today, we're making numerous investments across all three of these areas that we believe will support a return to double-digit year-over-year growth by the end of the year.

In closing, I'm pleased with the progress we made in 2025. We're encouraged by the positive signs we see in key metrics like MPU, and we look forward to executing our strategy in 2026.

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

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Mark Mahaney, Evercore.

Mark Mahaney - Evercore Inc - Equity Analyst

Could I ask two questions, please? First, any more details on this launch coming up, the 2026 launch with Disney, the all-new digital comics platform? Just talk about what needs to be done in order to put that together, marketing plans, product plans, how far along is this platform to being launched?

And then secondly, David, on this return to double-digit year-over-year growth by the end of the year. If that happens, could you just maybe give a little bit more color on that, either by region or by revenue segment? Like what are the factors most likely? Is it recovery in the Rest of World market? Is it Japan or Korea? Or is it Paid Content? What are the factors most likely to get to that return to double-digit year-over-year growth by the end of the year?

David Lee - Webtoon Entertainment Inc - Chief Financial Officer, Chief Operating Officer, Director

Thanks, Mark. This is David Lee, and those are two good questions. Let me take them in turn. First, with regard to Disney, it has been some time since we last spoke to you. So I wanted to be complete. Since we last spoke, first, remember that Disney closed their investment in us on January 8 of this year, purchasing 2.7 million shares for approximately a purchase price of \$32.8 million.

It's also important that we've been hard at work with them. You'll note that we have launched already with their collaboration 12 reformatted titles, including seven since the end of Q3. And while I don't think I need to list them all as you'll find them in the materials that we provided, I'm particularly impressed by the strength of those stories, stories that include Predator and Star Wars and even The Unbeatable Squirrel Girl, et cetera.

But to your broader question, we've always talked about two elements: one, the ability to tell original stories that we have demonstrated success with in the past, new-to-the-world stories. And in our disclosure, we noted we are committed to doing so at least one this 2026 period. I think that's important because I think new-to-the-world originals has powered a lot of the creator success as well as the consumer delight on our platform.

The second is we've committed to launching the new consumer platform. Remember, we intend to build and operate completely this new platform in collaboration with Disney. We committed to launching that by the end of the year. You'll note that while I mentioned double-digit growth in revenue by the end of the year, I did not note any disclosed additional investment or burden on the company to achieve these outcomes with Disney.

Let me turn to your second question because I think it's important. We recognize that in the guidance we provided, which is flat growth for Q1, that there may be a misconception. We're very confident in our platform. Our flywheel is healthy. We really will deliver double-digit growth by the end of the year, and it comes in three parts.

First, you will see a return to the strong growth we have demonstrated in Paid Content, the core of our business. You'll note that we mentioned that in Japan, which has become a very large business for us, where we're still number one in revenue when you include all consumer apps, including mobile games for three quarters running, that we had to take time to invest in infrastructure. While we complete that, we noted by the end of this quarter, Q1. And as a result, you could expect that will drive Paid Content growth towards the end of the year as one example.

The other is Advertising. Korea is our most mature business in Advertising, and we've been clear now in the last two quarterly releases on the impact of a single discrete advertiser, an e-commerce provider. We also talk about the health broadly in our ability to grow our legacy businesses and Advertising in Korea and the upside future opportunity in Rest of World. This will also contribute to double-digit growth.

And then finally, crossover IP, JK was very clear about some very compelling examples. There will be more to come. While this is only 8% of our total revenue in the reported quarter of Q4, the ability strategically for next-generation consumers, for example, in the US, where Yongsoo Kim has led growth in English webcomic MAU and now you're seeing in MPU for them to see on the big screen or on the small screen, stories that they can discover not just on our platform. And I'll let the results come through the course of the year, but I think this is an important component of our growth by Q4 of 2026 as well.

Yongsoo Kim - *Webtoon Entertainment Inc - Chief Strategy Officer*

Hi, Mark. This is Yongsoo Kim, the CSO of WEBTOON. Regarding the Disney app launch within this year, the most critical and time-intensive component is the development of the new product. Disney's best content library is already in place. The key is building a new app that delivers the best possible user experience around discovery and recommendation so that this library can be presented to the user in the most compelling way.

Operator

Eric Sheridan, Goldman Sachs.

Unidentified Participant

This is Julia on for Eric. Two, if I could. You talked a little bit about the progress made to your recommendation algorithm in Korea as being a driver toward improved user engagement. Could you talk and expand a little bit around the key learnings within that market and how we should be thinking about the application of various recommendation algorithms to other users or within other markets more broadly?

And then on the creator side, you talked a little bit about content diversification coming from the rest of the world. Any updates on how we should be thinking about competitive dynamics for attracting and retaining creators, specifically within the English language markets?

David Lee - *Webtoon Entertainment Inc - Chief Financial Officer, Chief Operating Officer, Director*

Thanks, Julia. Good questions. Let me address the first. We are a tech company at heart. And with regard to our business in Korea, we're very pleased to see that in our original business, you're still seeing strong performance. There, metrics like MPU are very important, where we have approximately 50% household penetration in a market where we're an everyday household name, being able to see, as you saw, the total company delivered 0.7% increase in paying users, but Korea specifically in the breakout you saw delivered plus 3%.

Because we have very strong awareness in Korea, product innovation and content presentation is an ongoing constant endeavor for us as a tech company. And this AI-driven and machine learning-driven personalization engine is particularly relevant for our most mature market because there's habit formation already in place. So we're pleased with that.

And frankly, I think you're going to see more of it outside of just our original foundation market. In fact, we even disclosed that as we've completed our infrastructure project in Japan, we specifically tried to be clear in our script that you will see machine learning-based recommendation engines and CRM that we think will help drive and return the Japan business to the historic growth that you've seen in the past. You'll hear more about our intent to drive global innovation from one market across all markets, but AI is a proven tactic for us, and you'll see more of it as we roll out more results this year.

Your second question was with regard to creator content diversification. And I think your question was particularly focused on the market here in the US or what we call the English-speaking markets.

So first, I just want to draw attention to the fact that we've intentionally kept our investments in marketing and in product innovation in what we call Rest of World, our English webcomic app MAU growth, which grew 2.2% and prior grew double digits, is now being accompanied with MPU growth. We didn't break it out for you at that level of disclosure, but I wanted to call it out qualitatively as I think it's a meaningful milestone for the company. In order to create a healthy opportunity for creators, it starts with creating a growing and healthy base of paying users, which I think you're seeing today.

And then I'd point you to the ongoing comments by JK in his script, but also the shareholder letter, a number of the exciting crossover IP projects that we've talked about. We talked about Chasing Red, starring Riverdale star Madalaine Petsch. We talked about Lore Olympus being greenlit by Amazon. These represent not just great opportunities for us and shareholders, but this represent proof points for that creator who is an amateur, of the 24 million, who wants to be published globally and have a voice.

I think there'll be more to come on this, but I think both the platform as well as the off-platform opportunities we'll pursue are reasons why our creator ecosystem remains strong. We are not seeing any pressure with regard to the strength of that part of our flywheel. We think it continues to be foundational and a point of leverage for us.

Yongsoo Kim - *Webtoon Entertainment Inc - Chief Strategy Officer*

Regarding the second question, in the US, we continue to focus on strengthening our English original content development, not only by bringing proven hits from Korea and Japan, but also developing strong original title locally. Following the success of Lore Olympus, we have seen promising momentum from titles such as Superfish late last year, Shifting Tails earlier this year. Across all markets, including English market, we will continue to carefully manage the balance between globally successful IP and locally developed content.

Operator

Benjamin Black, Deutsche Bank.

Benjamin Black - Deutsche Bank AG - Analyst

First, a follow-up on the Disney platform. Can you maybe just dig in a little bit to the economics a little bit? How should we be thinking about the margin profile of the new joint platform compared to the core WEBTOON app?

And then secondly, maybe a bigger picture question. If we sort of zoom out and look at the broader advertising opportunity for your platform, maybe speak to us a little bit about the investments that are still required to really sort of address that potential opportunity going forward.

David Lee - Webtoon Entertainment Inc - Chief Financial Officer, Chief Operating Officer, Director

Great. This is David, and I'll start, but Yongsoo will jump in shortly. With regard to what we've disclosed in the past, and here, I'm not going to speak on behalf of Disney. I'm going to focus more on our experience at WEBTOON. Remember, Benjamin, we have partnered with great companies in the past. And we've talked about the economics, the unit economics of when we have our own original, as Yongsoo just mentioned, or when we have a wonderful what we call reformatted title from somebody else's universal platform.

When you take out the cost to produce great hits, the ongoing cost structure and margin from a great piece of content, whether they are created by us as an original or by our creators or from outside our platform, we've never disclosed a meaningful margin drainage or impact. And I think from that, you can infer that we're very excited about collaborating not just with Disney, but with anyone who can see us as the destination for this growth we're seeing amongst Gen Z and Gen Alpha here in the US.

I don't want to go more into detail on Disney. Yongsoo can provide some color on the strength of that relationship.

Let me briefly cover ads. When you look at our ads business, we are very careful to maintain the long-term proposition for Rest of World as we're quite early. And that includes actions we've taken to recently focus, for example, the Wattpad effort separate from our broader WEBTOON opportunity in the US. This is a invest-in-the-fundamental stage for Wattpad.

And so I would love to be able to give you more milestones of progress, but we're just not yet there. We're much more focused on growing the Paid Content business in the US with Global WEBTOON and putting in place the framework for advertising growth second.

Let me turn to Yongsoo for any comments you may have.

Yongsoo Kim - Webtoon Entertainment Inc - Chief Strategy Officer

Yeah. Regarding the new platform, as the operator of the new platform, WEBTOON will recognize all revenue and cost. With respect to the content and brand licensing fee, the structure has been determined in a manner that is totally consistent with our existing business model.

Operator

Doug Anmuth, JPMorgan.

Unidentified Participant

This is Dae on for Doug. I have two as well. First one on your expectations to exit the year growing double digit. I appreciate the comment you gave on paid content versus advertising and by regions. But could you break that down a little bit more? And tell us if the excitement is more around what you're seeing on the MPU side, or is it more on the monetization side? Because in 2025, Paid Content growth appears to have been driven by ARPPU growth. So just curious like how you guys are thinking about the drivers of the double-digit percent growth across those two?

And then secondly, I appreciate the IP Adaptation revenue is milestone driven and lumpy quarter-over-quarter. But curious if you can share like how your 2026 pipeline looks compared to 2025? And like how much of that or how much contribution from IP Adaptation is baked into your double-digit percent growth exiting the year?

David Lee - *Webtoon Entertainment Inc - Chief Financial Officer, Chief Operating Officer, Director*

Good question, Dave. Thanks for them. First, with regard to the double-digit growth we expect by the end of 2026, I think I was careful to make sure that you understood that that would be driven by both Paid Content and an improvement in our advertising business trends as well. When one looks at Paid Content, as you know, the different flywheels we have in Korea, Japan, and Rest of World are in different states.

So let me have you recall what we've described in the past as I think they're important. In Korea, where we have a strong penetration and awareness, MPU and ARPPU is critically important as product innovation that we just discussed, including innovations in AI as well as the rollout of content keep that market strong, and we're pleased with the strength of that market.

In Japan, when one excludes the recent effort to create the infrastructure to persist in the growth we saw in the first half of 2025, that is a market where LINE Manga is the number one app. And as you know, we've historically seen not just increase in ARPPU, but also a fundamental increase in actual top-of-funnel metrics. So there, we're very early with arguably less than 20% household penetration in a market that is very accustomed to purchasing our digital format. So I would expect that in the mid- to long term, you should see Japan return to healthy growth, not just in ARPPU, but also in more mid- and top-of-funnel metrics.

And then in Rest of World, we are very early. It's our largest addressable market. We're pleased to have noted the MPU year-on-year growth disclosed in the quarter and the previously disclosed for the last two quarters growth in top-of-funnel webcomic app MAU in English, but we have not yet committed to significant at-scale revenue growth as we are preparing that market given its potential size for mid- to long-term opportunity in revenue.

With regard to Advertising, as I mentioned, Korea represents one of our larger opportunities in Advertising and a discrete reliance on one e-commerce provider accounted for some of the noise in the numbers in Q4 as disclosed.

We believe we have a healthy business and a strong team in more mature markets, and we believe it's very early days for the growth in Rest of World. Japan, as we've described in Advertising, has consistently been an area of strength for us, particularly in rewarded video, and I would expect us to return to that strength by the end of this year as well.

With regard to the IP pipeline, first, despite the quarterly shifts that you hear us discussing, I want to review the fact that IP Adaptation revenue for all of fiscal 2025 grew a whopping 35.5%. So this is a very healthy business, not measured in the swing between one quarter or the next, but zooming out more broadly as a lever point for us to create faster adoption. Qualitatively, I would say we are very pleased with our pipeline in 2026, but we are cautious about promising a specific quarterly impact from that pipeline as we all know that one quarter can shift when you are producing great IP hits.

And turning it over to Yongsoo now for a comment.

Yongsoo Kim - *Webtoon Entertainment Inc - Chief Strategy Officer*

Regarding the end of year growth, the growth of our WEBTOON platform business typically follows a pattern where MAU increases first, followed by MPU growth, which then drives revenue expansion. Last year, we shared updates on app MAU growth for our English WEBTOON platform, and we are now seeing that momentum translate into MPU growth in the region, with the MPU growth having resumed.

In Japan, revenue growth was strong over the past two years, but MAU growth was somewhat stagnant. We believe we are now seeing the impact of that dynamic. In response, we are preparing initiatives aimed not only at driving revenue growth in Japan, but also at expanding the overall user base. We expect these efforts to begin delivering meaningful results in the second half of this year in Japan.

Operator

Matthew Cost, Morgan Stanley.

Matthew Cost - Morgan Stanley - Analyst

I guess on the 12 reformat titles of Disney content that are on the WEBTOON app, how is engagement with those titles going? Is it attracting new people? Is it driving new forms of engagement? I guess when you think about the goal of bringing the Disney content on to WEBTOON, what are your early learnings in terms of moving towards that goal from those titles that you put on the app?

David Lee - Webtoon Entertainment Inc - Chief Financial Officer, Chief Operating Officer, Director

Thank you, Matt. I appreciate the question. First, it is quite early going, candidly, in our collaboration with Disney. I think the pace that we're demonstrating is a reflection of just how large scale the opportunity set is for us in this area, this area, call it reformatted stories on our platform. So we're pleased to present the 12, including the 7 that we have recently announced since the end of Q3, but it's far too early for you to really have a meaningful sense on specific metrics.

For us, I think this opportunity won't be measured in a quarter's performance. The collaboration with Disney was always intended for the long-term success of both enterprises, and we're very excited about that. So as Yongsoo mentioned, having an original this year, and not just that, but being able to really build this consumer platform he mentioned right and launch it before the end of the year, these are the areas we're focused on versus on probably too early to give results on these important reformatted titles.

Operator

Andrew Marok, Raymond James.

Andrew Marok - Raymond James - Analyst

Maybe one on Advertising, if I could. As we're seeing kind of the broader advertising ecosystem take a shift toward more performance-oriented outcomes over brand-focused outcomes, I guess, how is that informing your investment road map, your product focus as you're building out your ad ecosystem?

David Lee - Webtoon Entertainment Inc - Chief Financial Officer, Chief Operating Officer, Director

Well, it's interesting. When you look at the business with regard to Korea, we have a long history of great products built by our team that are absolutely anticipating future trends around performance. And I'm not going to go through all of them, Andrew. We can do it in a follow-up meeting.

But if you look at that business, we've set the pace in many ways for products that are very much tied to the publisher or the advertiser success on platform. I think rewarded video, but not just that. We talked to you about our off-platform deals with large e-commerce creators, one of which we just mentioned.

When you look at our business in Japan and Rest of World, we're really just at the beginning stages of rolling out the infrastructure. You should anticipate in the Rest of World business here in the US for us to have long-term success, but it will take us time to establish the direct ad sales force and to build for the North American market specifically, product offerings and advertising that are not just exported from our success in Japan and Korea. That's why we are very cautious about providing any short-term expectations for the business as we recognize we have to build for the market, and that will take us time.

Operator

Thank you. Ladies and gentlemen, that concludes our question-and-answer session and today's conference call. We would like to thank you for your participation. You may now disconnect your lines. Have a pleasant day.

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