

LSEG STREETEVENTS

EDITED TRANSCRIPT

WBTV.OQ - Q1 2026 Webtoon Entertainment Inc Earnings Call

EVENT DATE/TIME: MAY 11, 2026 / 8:30PM GMT

CORPORATE PARTICIPANTS

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

Junkoo Kim *WEBTOON Entertainment Inc - Chief Executive Officer*

David Lee *WEBTOON Entertainment Inc - Chief Financial Officer*

Yongsoo Kim *WEBTOON Entertainment Inc - President*

CONFERENCE CALL PARTICIPANTS

Mark Mahaney *Evercore Inc - Equity Analyst*

Kunal Madhukar *Deutsche Bank - Analyst*

Eric Sheridan *Goldman Sachs - Analyst*

Dae Lee *JP Morgan - Analyst*

Matthew Cost *Morgan Stanley - Analyst*

PRESENTATION

Operator

Thank you for standing by. My name is Jericho, and I will be your conference operator today. At this time, I would like to welcome everyone to the WEBTOON Entertainment first quarter 2026 earnings call. (Operator Instructions) I will now hand the conference over to Soohwan Kim, Vice President of Investor Relations. Mr. Kim, please go ahead.

Sohwan 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 of 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, including 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; David Lee, CFO; and Yongsoo Kim, President. With that, I'll 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 our performance, and I encourage you to read the shareholder letter available on our investor relations website for a more detailed discussion on the quarter. Then David will go over the financials. I would like to begin by talking about a few areas we are investing in to support creators who are an important part of our global flywheel. Amateur creators make up a large proportion of our creators and contribute the vast majority of content on our platform. We have listened carefully to our amateur creators over the last year, and we are excited to introduce major changes to our CANVAS platform. We are introducing a unified international platform to support global distribution across seven languages, including English, Spanish and French, which we believe will make it easier than ever for creators to share their stories all over the world. We are also introducing an opt-in

AI-powered translation program where creators have a choice to translate and distribute their series in other languages. As part of this update, we'll also expand our ad revenue share to all supported CANVAS languages. Helping creators monetize their content on our platform remains an important part of our strategy, and we have a strong track record of driving this. From 2021 to 2025, we paid out an impressive \$2.7 billion to our creators. Looking ahead, we want to grow that sum even more and we will continue to invest to make our creator ecosystem more robust.

Moving on to a quick update on our Disney collaboration. Since the end of the fourth quarter, we have launched another five titles, including Star Wars: Darth Maul, Black, White, and Red, Star Wars: The High Republic, Daredevil, Wings of Starlight, and Mickey and Formula One: Racing To The Top. We look forward to introducing another original series later this year, and remain well positioned to launch the new digital comic platform before the end of this year.

Moving on to IP adaptations, I just want to highlight a couple of recent successes. We celebrated Valentine's Day this year with the release of two of our Wattpad webnovels as film adaptations. Love Me Love Me was released on Prime Video, where it reached global number one during its launch week, while Kissing is the Easy Part was released on Tubi. We are also excited to release a webcomic adaptation of Kissing is the Easy Part on WEBTOON in the next few months, moving the titles through our global ecosystem to unlock value for this fan-favorite webnovel. Our Korean content continues to demonstrate its universal appeal beyond just our country of origin. In March, we co-hosted the world premiere of The Legend of the Kitchen Soldier at Series Mania, Europe's biggest TV festival. The series is scheduled to premiere in Korea in May 2026 with concurrent global streaming on Disney+ and HBO Max in select regions.

Before I conclude, I want to share a leadership update. As we announced in March, we have elevated Yongsoo Kim to President to lead our global operations. He has been a key member of our management team over the last few years with a demonstrated track record of driving innovation through disciplined leadership, and I believe Yongsoo will play a key role in accelerating the execution of our global business. We believe we are off to a solid start this year and look forward to driving further innovation throughout the rest of this year. 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, JK, and thank you, everyone, for joining us. I'll be discussing the details of first quarter 2026 results compared to the comparable quarter in the prior year, unless otherwise noted. For the first quarter, we reported revenue of \$320.9 million that declined 1.5% but grew 0.2% on a constant currency basis within our prior guidance range. This growth was driven by growth in paid content and advertising, offset by a decline in IP adaptations. We expanded gross margin by 390 basis points to 25.9% in the first quarter. We believe we can expand gross margin over time as we execute on our cross-border content distribution strategies and grow higher-margin businesses such as advertising. We narrowed our net loss to \$8.8 million in the quarter, compared to a loss of \$22.0 million in the year prior, driven primarily by improved gross profit. We reported adjusted EBITDA of \$9.5 million, well above the high end of guidance, as we exercised cost discipline, leveraging our G&A and marketing expenses to deliver adjusted EBITDA growth of 132% in the quarter. This compares to an adjusted EBITDA of \$4.1 million in the same quarter of 2025. As a result, our adjusted EPS for the quarter was \$0.07, compared to an adjusted EPS of \$0.03 in the prior year.

Turning to operational health. Global MAU declined 5.9% in the quarter. In March 2026, we saw a spike in automated web traffic in certain non-core markets. We strive to detect and minimize unauthorized access to our platform, fake user accounts and fraudulent accounts created by bots that inflate user activity and starting from the quarter ended March 31, 2026, we have decided to exclude such users from our MAU calculation to ensure the accuracy and consistency of our MAU reporting. 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 6.7% and 3.0% respectively year-over-year, we're pleased to have driven MPU growth of 2.2% as our initiatives focused on recommending more relevant content to our users have been performing well. Importantly, our English platform webcomic app MAU increased by 3.1% year-over-year.

I'd like to highlight a couple of successful new title launches in the first quarter that contributed to this growth. Ties That Bind Us, a hit Wattpad webnovel, was adapted into a webcomic in March 2026 and has already garnered over 5 million views. Another strong performer, Shifting Tails, launched in February and has consistently ranked in the Top 20 amongst English platform titles.

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 2.3% revenue growth on a constant-currency basis. We are pleased to report another quarter of solid MPU growth of 2.2% in Q1. We believe we can continue to drive MPU growth as we refine our AI-driven, personalized recommendation model. ARPPU also increased 0.1% in the quarter on a constant currency basis. Advertising grew 0.8% in the first quarter on a constant currency basis year-over-year. In Korea, we experienced a decline in ad revenue from NAVER, offset by an increase from other partners. Finally, our IP adaptations business saw revenue decline 22.2% year-over-year on a constant currency basis in Q1. As we've 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 first quarter, our revenue grew 3.2% year-over-year on a constant currency basis, driven by double-digit growth in paid content, offset by double-digit decline in IP adaptations and single-digit decline in advertising. During the first quarter, while MAU of \$23.1 million decreased 4.3%, we were pleased to see MPU of \$3.7 million grow 8.5% and a paying ratio of 16.1%, increasing 189 basis points compared to the first quarter of 2025. Korea ARPPU on a constant currency basis was up 5.1% compared to the first quarter of 2025. Moving to Japan, for the quarter, Japan revenue declined 3.4% on a constant currency basis. Japan saw a single-digit decline in paid content offset by a single-digit growth in advertising and triple-digit growth in IP adaptations, all on a constant currency basis. Japan's MAU of \$21.1 million declined 3.6%, MPU of \$2.1 million declined 8.3%, and paying ratio of 9.8% was down 50 basis points year-over-year. First quarter Japan ARPPU of \$23.20 grew 3.7% year-over-year on a constant-currency basis. We completed our infrastructure projects by the end of Q1, and we've redeployed resources to improve user experience on our platform. Yuki Chae, who was recently elevated to Chief Product Officer, successfully drove growth in MPU in Korea in his former role as Head of Korean Content Services, and we expect Yuki to spend a substantial amount of time focusing on our Japan business. In Rest of World, we saw revenue growth of 5.6% year-over-year on a constant currency basis in the quarter, driven by single-digit growth in paid content and advertising, offset by a single-digit decline in IP adaptations.

First quarter, Rest of World MAU declined 6.7% year-over-year, while paying ratio of 1.7% increased 17 basis points compared to the first quarter of last year. We were pleased to see MPU growth of 3.3%. Rest of World ARPPU of \$6.80 also increased 4.4% year-over-year on a reported and constant currency basis. Turning to profitability, gross profit for the quarter grew 16% year-over-year to \$83 million. This resulted in a gross margin of 25.9%, which expanded 390 basis points compared to the prior year. Adjusted EBITDA for the quarter increased 132% to \$9.5 million. This resulted in an adjusted EBITDA margin of 3.0%, which expanded 170 basis points compared to the prior year.

On the cost side. Total G&A expenses for the quarter were \$60.6 million compared to \$66.7 million in the prior-year quarter as we exercised cost discipline. Interest income in the first quarter was \$4.4 million compared to \$5.1 million in the prior year, and other loss was \$2.0 million compared to other income of \$2.7 million in the prior-year period. We had an income tax expense of \$2.7 million in the quarter compared to \$2.5 million in the prior year. Depreciation and amortization was \$8.0 million in the first quarter compared to \$8.4 million in the prior year. Net loss was \$8.8 million, driven primarily by higher gross profit. This compares to a net loss of \$22 million in the prior year quarter. As a result, Q1 GAAP loss per share was \$0.07 compared to a loss per share of \$0.17 in the prior-year period. Adjusted EPS was \$0.07 in the quarter compared to an adjusted EPS of \$0.03 in the prior-year period. Our balance sheet remains strong with a cash balance of \$595 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 second-quarter outlook. For the second quarter of 2026, we expect to deliver revenue growth in the range of 1.7% to 4.6% on a constant-currency basis. This represents revenue in the range of \$332 million to \$342 million based on current FX rates. We anticipate second-quarter adjusted EBITDA in the range of \$0 million to \$5 million, representing an adjusted EBITDA margin in the range of 0.0% to 1.5%. The fundamentals of our business are strong, and we expect to see an improvement in Japan and advertising trends as we move through the course of the year. Additionally, we are continuing to make investments throughout the year in our creators, content, and users in order to drive our near and long-term success. We continue to expect these drivers will support a return to double-digit revenue growth by the end of the year. With that, I'd like to turn it back to the operator to begin the Q&A session.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Mark Mahaney, Evercore Inc.

Mark Mahaney - Evercore Inc - Equity Analyst

Thank you. I'd like to ask two questions, please. Gross margins, you've got some nice trends working. Talk about where gross margins can go, in kind of the medium term, not next quarter, but in the next year or two, and what are the key drivers is. Is it primarily this mix shift towards advertising? What else would be in there? And then secondly, could you talk a little bit about your financial philosophies? As you hopefully re-accelerate revenue growth per your guidance through by the end of the year, are there enough investment opportunities out there that you want to keep that kind of very low single-digit positive EBITDA?

Is that how you're thinking about running the business, that zero to five, single-digit millions in positive EBITDA generating each year and any revenue upside, just let it flow down to investments as opposed to just dropping to the bottom line? That's sort of the philosophical question. Thank you very much.

David Lee - WEBTOON Entertainment Inc - Chief Financial Officer

Thanks, Mark. It's David Lee, and then others will join after I go through your two questions. They're interrelated. Let me answer the sources before we talk about, so to speak, the uses on your philosophy question. Regarding gross profit margin, as we noted in the quarter, the 390 basis points increase to 25.9% really had two major drivers. The one that I think persists is the benefit of mix shift as we grow more of our paid content outside of our original market of Korea, which as we discussed in the past has an improved gross profit margin, along with our future growth in our advertising business. That certainly wasn't a major factor in this quarter. But it is broadly still a factor.

Crossover IP, I believe, still represents the lowest form of customer acquisition investment, but it does have a lower gross profit margin. So when we see these hit, crossover IPs hit a quarter or two, it will swing things. Broadly speaking, within Q1, you'll note in 2024 and in 2025, we did have some cleanup in attribution between marketing to COR, particularly in Japan and Korea. Going forward, I think we're relatively clean, and I think the mix benefit I just described is likely to persist. But within the quarter, in addition to mix, there was an isolated improvement in our Japan business' gross profit margin associated with the Japan Smartphone Act. We do not intend to drop this benefit, approximately \$3 million to the bottom line. We continue to want to invest it. In our guidance frame for additional growth, but that is a noteworthy improvement in the cost profile, not just for us, but many businesses and consumer tech in Japan.

Let me start with the answer to your philosophy question and then turn to Yongsoo or JK if they would like to comment. We're very bullish on the persistent long-term growth of this business. That's why we talk about double-digit growth by Q4. But we are intentional about investing, which you see in our Q2 guidance. Behind the growth that we're excited about, investments in CANVAS that you saw as have made a major improvement on, investments in our core marketing in high-growth areas. The transition you're seeing in Rest of World, we're seeing real MPU growth, 3% growth in what we call Rest of World and even higher if I were to break out the English-speaking portion of that. And so there are really strong reasons to invest for shareholder value.

Long-term, I don't think we're limited to, as you mentioned, single-digit adjusted EBITDA dollars or margin range. I think this flywheel will continue to improve its growth prospects along with its profit margin. But I want to recognize we're still getting through our Q1 noise, we finished our infrastructure project in Japan, and we're reinvesting back into growth in Japan, that will take a few quarters, which is why we recognize that it's the right thing to do in the short-term. Long-term, however, we're very bullish on both the top-line growth and the long-term potential for profit.

Yongsoo Kim - *WEBTOON Entertainment Inc - President*

The management team is focused on initiatives aimed at accelerating growth, including both organic and inorganic opportunities. This includes expanding video format on the platform, strengthening digital character interaction and community features, and building mega IP franchises that can both expand the IP business and further drive platform growth. We look forward to sharing progress updates on these initiatives in future calls.

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

All right, why don't we go to our next question?

Operator

Kunal Madhukar, Deutsche Bank.

Kunal Madhukar - *Deutsche Bank - Analyst*

Hi, thank you for taking the questions. Two, if I could. One is, can you give us an update on the status of the Disney Digital Comics platform? And then I have a follow-up.

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

Sure, and welcome to the coverage, Kunal. I look forward to meeting you in person and talking with you in greater depth. With regards to Disney, as JK mentioned, we are very excited about this collaboration, and we are on track. And specifically, we reiterated targeting a 2026 launch for the new consumer app platform, but we're not sitting on our heels. Since our last Q call. This may be new news for you as you begin coverage, but having five titles launched on our platform since our last call, two Star Wars titles, Wings of Starlight, Daredevil, and actually an original around the Mickey and Formula One racing storyline, continues to exhibit the progress that we intend to continue to make. We also mentioned an additional original series coming out later this year. So, I would characterize our collaboration with Disney to be on track, very exciting, but much more to come down the road.

Kunal Madhukar - *Deutsche Bank - Analyst*

Got it. Thanks. And then a quick follow-up on the revenue side. So, you mentioned getting back to double-digit growth by 4Q of 2026. Can you talk about one, what are the different elements that go into the growth acceleration and then how much does Japan play into it? Thank you.

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

Yes, we're excited to drive to double-digit growth by the end of this year. Let me go through the components. As you get to know our business, paid content is our bread and butter, and our country of origin was Korea. So noting within the quarter, a 13.9% constant currency growth in paid content in Korea reflects the fact that we're very confident in the health of our flywheel, our oldest flywheel, one that benefited from continued investment in products, AI personalization engine, a very exciting new development in character chat that was launched in June of 2024, which, by the way, is following on in Japan shortly later, actually, it launched in Japan in February of 2026.

And just to continue the thought, we're very excited about the work that we're partnering with Genies on, that Yongsoo can talk about with regard to having AI-powered character avatars in the U.S. launching later this year. So continued investment in the product and the features that our readers, our consumers want, but then also continued investment in the supply chain of great stories. We talked about CANVAS,

our amateur platform in English, for example, having launched a new homepage. And then just in May recently, a new app. This is showing up in things like Korea paid content increasing 13.9%. In Japan, paid content were just completed in Q1 a pretty important infrastructure investment. This was us shoring up the infrastructure to drive growth in the latter part of this year by Q4.

But we'll also note that our advertising business will lag a challenging quarter a year ago period by Q4. We talked about one large e-commerce player hurting the growth year ago in Korea, and how we are relatively early in the Rest of World, which we hope to begin to drive to growth by the end of this year. And then finally, there's crossover IP. More and more of these great examples of consumers discovering our stories, not just on our platform, but on the big screen and the small screens, there is an ebb and flow, and a quarter or two can make a difference. We're very excited about this slate. That's why Junkoo mentioned and wrote in his shareholder letter about the strength of the examples. I think all three of these components are the areas we're investing in to drive to that double-digit growth number by the end of the year.

Yongsoo Kim - *WEBTOON Entertainment Inc - President*

Across the WEBTOON platform, we are continuing to see decent growth in Korea, as well as in the U.S. and the broader ROW market. Once Japan returns to growth, we believe the platform can return to a more meaningful overall growth trajectory. Key drivers behind these efforts, turning around active users and paying user growth in Japan remains our top priority. These are two key drivers behind these efforts. First, as David mentioned, we see significant opportunities through product innovation. At the same time, we are accelerating the development of local original content in Japan. We plan to further strengthen our investment in local content and creators, and more concrete plans are currently being developed.

Operator

Eric Sheridan, Goldman Sachs.

Eric Sheridan - *Goldman Sachs - Analyst*

Thanks so much for taking the question. Maybe A two-parter building on some of the themes we've talked about so far. In terms of changing the way in which you compensate or monetize creators on the platform, can you talk a little bit how that might change your competitive positioning for creators? Across some of your key markets, not just maybe the growth markets for creators as well. That'd be number one. And then understood on the easier comp as you get into the back part of the year with respect to advertising, but can you update us on some of the building blocks you're putting in place with respect to the advertising business that would sustain growth beyond 2026? And how should we be thinking about those investments sort of turning into yield or output? Thank you.

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

Thanks, Eric. Good questions. Let's cover the first and then the second. With regard to our competitive position, as the dominant leader in this format, we feel we are extremely competitive with regard to the aligned revenue share model that we continue to support. I don't think you can find another platform where any creator, even an amateur creator, can sit side by side with the platform and see mutual benefit, and that is not going to change. We have not talked about or forecasted any need to invest more to be competitive. In fact, I think that we're increasingly providing great tools like what you find in CANVAS. So, there is an example where we're creating value. So having a beta where an AI-powered translation tool can take an original English amateur story into the other seven languages.

Sharing our advertising revenue with amateurs is a low-cost but a very aligned way to demonstrate to even those who have not had success as a creator that if they have a hit, we will power their growth beyond and very consistent with even what you see as a success in things like Lore Olympus and Amazon Prime or one of the many Wattpad examples. So, this is a core strength of the business. We will increasingly provide more and more value to creators and we will maintain that alignment with no change in my view from a CFO standpoint in needing to increase the revenue share. It's rather we're increasing the value that we give to creators in our existing model. I'll also note that this

model allows for us all to benefit because as a creator exports more stories beyond their country of origination, we see more opportunity in our company's gross profit margin as described in the previous answer to the question posed.

With regard to Q4 ads, in the quarter, we talked about Korea, our most mature market for advertising, having been impacted in this quarter by a lower level of advertising from our former parent NAVER, but an increased level of support in diversifying our customers in advertising in Korea. That will continue, and we will see the benefit of that in future periods. Japan, we did not break out the growth in Japan, but we're pleased with our advertising growth in Japan. But in Rest of World, we're much more clear-eyed. Part of the leadership change with Yongsoo leading the business as our global President and having him ask me to lead Wattpad directly as its President is to put in place the fundamentals for the bigger game. That means that we're not driving to a short-term bump in Rest of World or North America-based advertising. We're much more focused on the bigger prize in 2027 and beyond. And those pieces we will update you on as we can in terms of the building blocks.

Yongsoo Kim - *WEBTOON Entertainment Inc - President*

Creators are at the very core of WEBTOON. One of our most important priorities is making WEBTOON the go-to platform for more creators around the world. And the key to that is helping them share their stories and reach more users globally. The evolution of CANVAS, our amateur creator platform, will further support this vision. With the launch of Global CANVAS, creators from any region around the world will be able to upload their work and with their consent, have it automatically translated through our AI-powered translation engine. In other words, creators will be able to reach a much broader global audience, while users will gain access to a wider variety of content. We believe this creates meaningful benefits for both creators and users, further strengthening the flywheel of the platform.

Operator

Dae Lee, JP Morgan.

Dae Lee - *JP Morgan - Analyst*

Great. Thanks for taking my questions. I have two. So, the first one, when you guys talk about leadership changes that you guys have made recently, the piece about shifting from regional structures to integrated global leadership kind of stood out, and your unification of the CANVAS program also stood out as like a way to bring down geographical walls. So, when you guys talk about like globalization of your platform. Is this more of you guys doing great, like better work in Rest of World regions, or does that involve Korea and Japan as well and thinking about the three distinct regions as a global platform overall? And I will follow-up.

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

Thanks, Dae. It's a great question. Let me start by offering this point of view. Globalization is about a few things. Principally for us, it's about applying best-in-class business practices to the benefit of more than one region. It is not about just Rest of World. Let me give you an example. We're very proud of the work we've done in Korea, our original market in the last year. Showing that 13.9% constant currency growth, showing the increase in experimentation in AI personalization, you see the ARPPU growth. You see the ability to own titles, not just, quote, unquote, rent and lease them. The phenomenal work in product and on business model in Korea has great relevance across the world.

And as an example, we talk about a leadership change such as Yuki Chae, who led that work in Korea, now leading globally as Chief Product Officer and spending a lot of time in the investment in Japan with Yongsoo's help as just one example. But CANVAS is another great example where having a unified tech platform, being able to provide seven languages, not just one, that doesn't eventually just benefit the Rest of World, that benefits the entire global platform. From a finance standpoint, it's about allocation of capital and talent to the maximum impact. And I think it's a big lever for us, not just in Rest of World, but as a global public company across all regions.

Yongsoo Kim - WEBTOON Entertainment Inc - President

One of the biggest changes under our globally integrated organization structure is on the product side. Today, WEBTOON operates different platforms across Korea, Japan, and Rest of World market. And we see a significant opportunity to raise the overall platform standard, by more quickly and efficiently scaling successful features across regions. This includes areas such as content discovery engines, character interactive features, and video-related features. By accelerating the sharing and adoption of successful product innovations across markets, we believe we can improve the user experience globally and drive stronger platform growth over time. At the same time, leadership changes across both the tech side and AI organization will help accelerate AI transformation across the product and the company as a whole. We expect to move faster in integrating AI-driven innovation into both the user experience and internal operations going forward.

Dae Lee - JP Morgan - Analyst

Got it. And as a follow-up, on the creator side. When you've actually unified CANVAS, is there a reason why, I guess, like Korea and Japan might be missing there? And then when you talk about investing \$50 million in creator support, like, could you give us examples of like, what kind of support, I guess, was lacking on your platform that necessitated this type of investment in 2026? Thank you.

David Lee - WEBTOON Entertainment Inc - Chief Financial Officer

Let me start with your second question first. Candidly, I don't think we were lacking any investment in our creators. It has been a 20-year passion for our founder, JK, and we've continuously invested in our creators. In fact, I think we just updated a number. I want to make sure, IR, correct me if it's wrong. I think it's a \$2.8 billion creator revenue share number from \$2.7 billion creator investment that we've made from the periods of a five-year period of, I think, 2011. Sorry, 2021 to 2026. We'll update you if I'm off by a decimal or two. This is not going to change. And then on your first question, let's have Yongsoo, our President, answer it directly.

Yongsoo Kim - WEBTOON Entertainment Inc - President

Korean and Japanese are at different stages within the WEBTOON ecosystem, and each market also has somewhat different creator systems and operating structures. As a result, Korea and Japan were not included in the initial rollout. However, we are actively considering a phased approach for applying these initiatives to Korea and Japan over time.

Operator

Matthew Cost, Morgan Stanley.

Matthew Cost - Morgan Stanley - Analyst

Great. Thanks for taking the question. I just want to follow-up on the CANVAS platform. Obviously, it's been talked a lot about a good bit on the call so far. And in the shareholder letter, you made a comment about increasing the number of crossovers from CANVAS to Originals. And I guess, is that hopefully going to be a function of just by exposing CANVAS content to, seven languages instead of one, that you'll have a better level of visibility into what content would succeed in the originals program? I guess, help us understand what the new CANVAS program will do kind of at a more granular level to help increase the conversion to the original side. Thank you.

David Lee - WEBTOON Entertainment Inc - Chief Financial Officer

Thanks, Matt. I'll start, and then I think Yongsoo will jump in. First, we have always seen great originals emerge from our amateur platform, even on the CANVAS of yesterday. And we've given you these examples but having folks emerge who never had a voice before, like Rachel

Smythe and many others, even on the Wattpad side, is a core part of our business model. It is the lowest cost way. For us to empower creators to write a story that we may not have suspected would be the global hit that they eventually become. That is unchanged. CANVAS is critically important for us in that way, and it is while the purpose is unchanged, I think you'll find the specificity of the shareholder letter reflecting the fact that there's a massive upgrade in its capability.

It starts with this new dashboard, which we launched on April 21st. The whole app was refreshed on May 6th. We've highlighted these seven languages where you have AI-powered translation, but there have always been and there continue to be even more compelling tools. For the amateur creator on CANVAS to have a chance to graduate to being a hitmaker and eventually a professional creator. I would think of this as a wholesale improvement soup to nuts rather than a bet on any small part of it. But Yongsoo can jump in as well.

Yongsoo Kim - *WEBTOON Entertainment Inc - President*

What we expect from a globally integrated CANVAS platform is the ability to attract more creators, help them reach larger audiences, and ultimately generate bigger breakout titles. Naturally, this will strengthen our WEBTOON original content PGC platforms by creating more big hit series, while also expanding the pool of content that can evolve into IP adaptations. In other words, as CANVAS becomes stronger, it is a starting point for discovering new content and creators. Our overall original content development pipeline also becomes significantly stronger.

Operator

There are no further questions at this time, and this concludes today's call. Thank you for attending. You may now disconnect.

DISCLAIMER

LSEG reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES LSEG OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2026, LSEG. All Rights Reserved.