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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2026

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-42144

WEBTOON Entertainment Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**81-3830533**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
222 N. Pacific Coast Highway Suite 2300 El Segundo, CA	**90245**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (323) 424-3795

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.0001 per share	**WBTN**	**Nasdaq Global Select Market**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 30, 2026, the registrant had 135,783,781 shares of common stock, par value $0.0001 per share, outstanding.

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GLOSSARY

As used in this Quarterly Report on Form 10-Q (this "Report"), unless stated otherwise or the context otherwise requires:

- "*amateur creator(s)*" means creators who do not currently monetize their content as Paid Content on our platform as they are subject to our standard terms and conditions without Paid Content revenue sharing provisions. Amateur creators may monetize through other methods, including advertising if they meet certain viewership and subscriber thresholds.
- *"App MAU"* means users who visited one of our mobile applications at least once in the applicable calendar month, averaged over each month in the given period.
- "*Coins*" means our in-app currency, which our users can purchase, earn by completing certain advertisement-associated actions or receive during in-app promotional events.
- "*creators*" means individuals who upload content to our platform and whose content remains available on our platform. Total creators include both amateur and professional creators.
- "*eBookJapan*" means our eBook (including digital manga, which is manga in a digital format), web-comic and web-novel offering in Japan dedicated to professional creators.
- "*episode*" means a periodically uploaded chapter or installment of a web-comic or web-novel title.
- "*Fast Pass*" means a digital pass that provides users with early access to upcoming episodes for ongoing series of content on our platform, which must be purchased with Coins.
- "*IP Adaptations*" means adaptations of certain content on our offerings into other media formats such as film, streaming series, games and merchandise.
- "*LINE MANGA*" means our web-comic and digital manga offering in Japan dedicated to both amateur and professional creators.
- "*manga*" means a style of Japanese comic books and graphic novels typically presented in print format.
- "*MAU*" or "*monthly active users*" means users who visited our offerings at least once in the applicable calendar month, averaged over each month in the given period.
- "*MPU*" or "*monthly paying users*" means users who have paid to access Paid Content in the applicable calendar month, averaged over each month in the given period.
- "*Munpia*" means, as context requires, Munpia Inc., one of our wholly-owned subsidiaries in Korea, or Munpia, the namesake web-novel offering and web-novel creator community in Korea run by Munpia Inc.
- "*NAVER*" means NAVER Corporation, a global information communications technology (ICT) company and our parent, and its subsidiaries and affiliates, excluding WEBTOON, unless context otherwise requires.
- "*NAVER SERIES*" means our eBook, web-comic and web-novel offering in Korea dedicated to professional creators.
- "*NAVER WEBTOON*" means NAVER WEBTOON Ltd., one of our wholly-owned subsidiaries in Korea that operates our offerings including WEBTOON and WEBTOON Korea.
- "*offering*" means our mobile applications, websites or specific sections within such applications and websites where our creators post content, including WEBTOON, WEBTOON Korea, LINE MANGA, NAVER SERIES, eBookJapan, Munpia and Wattpad.
- "*Paid Content*" means content on our offerings that our users need to pay to access, including through the use of Coins.
- "*Paid Content Average Revenue per Paying User"* or "*ARPPU"* means the average Paid Content revenue in a given month divided by the number of monthly paying users for such month, averaged over each month in the given period.
- "*Paying ratio*" means, with respect to a given period, the ratio of MPU divided by MAU.
- "*Paying user*" means, with respect to a given period, a user who has paid to access Paid Content on our platform.
- "*professional creator(s)*" means creators who monetize through Paid Content on our platform under formal creator agreements with Paid Content revenue sharing provisions.
- "*title*" means a sequential web-comic or web-novel story that is comprised of episodes.
- *"Title Purchase"* means a digital pass that provides users with access to all episodes from a series that is no longer publishing new episodes.
- "*Wattpad*" means, as context requires, Wattpad Corp., one of our wholly-owned subsidiaries in Canada which was acquired by NAVER in May 2021 and subsequently acquired by us from NAVER in June 2023, or Wattpad, the namesake global web-novel offering with a global community of creators who are mostly amateur creators that is run by Wattpad Corp.
- "*web-comics*" means digitally created and serialized stories expressed through vertical, continuous and graphical content.
- *"Web-comic app MAU"* means users who visited one of our web-comic mobile applications, rather than our web-novel mobile applications, at least once in the applicable calendar month, averaged over each month in the given period.
- "*web-novels*" means digitally created, serialized and text-based stories.
- "*WEBTOON*" means, as context requires, WEBTOON Entertainment Inc., a Delaware corporation, and its consolidated subsidiaries, or WEBTOON, the namesake global web-comic offering run by NAVER WEBTOON.
- "*WEBTOON Korea*" means the NAVER WEBTOON platform, our web-comic offering in Korea.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Report contains forward-looking statements within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements do not relate strictly to historical or current facts and reflect management's assumptions, views, plans, objectives and projections about the future. Forward-looking statements may be identified by the use of words such as "anticipate," "intend," "plan," "goal," "seek," "believe," "project," "estimate," "expect," "strategy," "future," "likely," "may," "should," "will" and similar references to future periods. Examples of forward-looking statements include, among others, statements we make regarding:

- expected operating results, such as revenue growth and earnings;
- economic and industry trends;
- the demand for our platform in general;
- our ability to continue to attract and empower creators to create engaging content;
- our ability to grow and retain our user base and strengthen our brand;
- our ability to increase engagement with users and strengthen our community;
- our ability to attract and retain our senior management team or key personnel;
- our ability to continue to innovate and expand our advertising business;
- our ability to increase paying ratio and strengthen our monetization capability;
- our ability to increase revenues from our intellectual property operations;
- our beliefs about and objectives for future operation;
- future acquisitions or investments;
- our ability to continue to grow across our current markets and expand into new markets;
- our ability to realize returns on investments made toward entering new markets and lines of business;
- our ability to continue to innovate and enhance our offerings;
- the impact of our product development initiatives, including our use of artificial intelligence;
- the functionality and economics of our platform on mobile operating systems;
- our ability to maintain the security and availability of our platform;
- our ability to obtain, maintain, protect and enhance our intellectual property;
- the increased expenses associated with being a public company;
- our business model and expectations and management of future growth, including expansion in international markets and expenditures associated with such growth; and
- our ability to compete with existing and new competitors in existing and new markets.

Because forward-looking statements are based on current beliefs, expectations and assumptions regarding future events, they are subject to risks, uncertainties and changes that are difficult to predict and many of which are outside of our control. You should realize that if underlying assumptions prove inaccurate, or known or unknown risks or uncertainties materialize, our actual results and financial condition could vary materially from expectations and projections expressed or implied in our forward-looking statements.

More information on factors that could cause our actual results and financial condition to differ from those expressed in forward-looking statements is included from time to time in our reports filed with the Securities and Exchange Commission (the "SEC"), including in our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the SEC on March 5, 2026 (the "Annual Report"), particularly under Part I. Item 1A, "Risk Factors." Investors should understand that it is not possible to predict or identify all such factors and should not consider the risks described above and under Part I. Item 1A. "Risk Factors" of our Annual Report to be a complete statement of all potential risks and uncertainties.

All forward-looking statements speak only as of the date of this Report and are expressly qualified in their entirety by the cautionary statements included in or incorporated by reference into this Report. Except as is required by law, we

expressly disclaim any obligation to publicly release any revisions to forward-looking statements to reflect events after the date of this Report.

PART I-FINANCIAL INFORMATION

Item 1. Unaudited Financial Statements.

WEBTOON Entertainment Inc.
Condensed Consolidated Balance Sheets
(unaudited)
(in thousands of USD, except share and per share data)

	As of	
	September 30, 2026	**December 31, 2025**
Assets		
Current assets:		
Cash and cash equivalents	$ 548,438	$ 581,806
Receivables[1], net of allowance for credit losses of $2,654 and $3,378 at September 30, 2026, and December 31, 2025, respectively	212,613	176,779
Prepaid expenses and other current assets, net[2]	94,053	72,647
Total current assets	**855,104**	**831,232**
Property and equipment, net	17,351	8,339
Operating lease right-of-use assets	21,633	23,705
Debt and equity securities	73,899	69,669
Intangible assets, net	146,186	157,804
Goodwill, net	341,188	336,825
Equity method investments	128,749	80,440
Deferred tax assets	25,737	22,302
Other non-current assets, net[3]	59,518	65,194
Total assets	**$ 1,669,365**	**$ 1,595,510**
Liabilities and equity		
Current liabilities:		
Accounts payable[4]	$ 141,516	$ 136,962
Accrued expenses[5]	63,198	66,690
Current portion of operating lease liabilities[6]	9,459	9,617
Contract liabilities	101,445	89,994
Taxes payable	3,457	4,136
Provisions and defined pension benefits	16,740	8,766
Other current liabilities	3,111	2,457
Total current liabilities	**338,926**	**318,622**
Non-current liabilities:		
Long-term portion of operating lease liabilities[7]	15,739	14,055
Defined severance benefits	24,605	25,069
Deferred tax liabilities	10,153	5,755
Other non-current liabilities	3,779	3,737
Total liabilities	**$ 393,202**	**$ 367,238**
Commitments and Contingencies (Note 8)		
Redeemable non-controlling interest in subsidiary	$ 26,135	$ 24,540
Stockholders' equity:		
Common stock, $0.0001 par value (2,000,000,000 authorized, 135,730,939 shares and 130,776,161 shares issued and outstanding as of September 30, 2026, and December 31, 2025, respectively)	$ 14	$ 13
Additional paid-in capital	2,194,647	2,137,926
Accumulated other comprehensive loss	(93,701)	(114,363)
Accumulated deficit	(886,197)	(853,124)

Total stockholders' equity attributable to WEBTOON Entertainment Inc.	**1,214,763**	**1,170,452**
Non-controlling interests in consolidated subsidiaries	35,265	33,280
Total equity	**1,250,028**	**1,203,732**
Total liabilities, redeemable non-controlling interest, and equity	**$ 1,669,365**	**$ 1,595,510**

1. Includes amounts due from related parties of $66,775 and $55,156 as of September 30, 2026, and December 31, 2025, respectively. (See Note 15. *Related Party Transactions*)
2. Includes amounts due from related parties of $9,626 and $4,730 as of September 30, 2026, and December 31, 2025, respectively. (See Note 15. *Related Party Transactions*)
3. Includes amounts due from related parties of $32,295 and $33,913 as of September 30, 2026, and December 31, 2025, respectively. (See Note 15. *Related Party Transactions*)
4. Includes amounts due to related parties of $21,224 and $18,765 as of September 30, 2026, and December 31, 2025, respectively. (See Note 15. *Related Party Transactions*)
5. Includes amounts due to related parties of $6,699 and $6,849 as of September 30, 2026, and December 31, 2025, respectively. (See Note 15. *Related Party Transactions*)
6. Includes amounts due to related parties of $5,223 and $5,221 as of September 30, 2026, and December 31, 2025, respectively. (See Note 15. *Related Party Transactions*)
7. Includes amounts due to related parties of $2,057 and $5,371 as of September 30, 2026, and December 31, 2025, respectively. (See Note 15. *Related Party Transactions*)

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

WEBTOON Entertainment Inc.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(unaudited)
(in thousands of USD, except share and per share data)

	Three Months Ended		Nine Months Ended	
	September 30, 2026	**September 30, 2025**	**September 30, 2026**	**September 30, 2025**
Revenue[1]	$ 362,775	$ 378,041	$ 1,022,112	$ 1,052,019
Cost of revenue[2]	(270,206)	(295,267)	(758,359)	(810,355)
Marketing[3]	(39,111)	(35,166)	(107,967)	(97,779)
General and administrative expenses[4]	(62,685)	(62,486)	(188,612)	(194,160)
Operating income (loss)	**(9,227)**	**(14,878)**	**(32,826)**	**(50,275)**
Interest income	4,170	4,638	13,029	14,661
Interest expense	(19)	(2)	(53)	(6)
Gain (loss) on equity method investments, net	59	1,709	601	1,647
Other income (loss), net[5]	(2,983)	(1,891)	(2,516)	(588)
Income (loss) before income tax	**(8,000)**	**(10,424)**	**(21,765)**	**(34,561)**
Income tax benefit (expense)	529	(626)	(9,080)	(2,341)
Net income (loss)	**$ (7,471)**	**$ (11,050)**	**$ (30,845)**	**$ (36,902)**
Net income (loss) attributable to WEBTOON Entertainment Inc.	(8,370)	(11,647)	(33,073)	(38,362)
Net income (loss) attributable to non-controlling interests and redeemable non-controlling interests	899	597	2,228	1,460
Other comprehensive income (loss):				
Foreign currency translation adjustments, net of tax	55,037	(21,116)	22,119	26,576
Share of other comprehensive income (loss) of equity method investments, net of tax	(41)	274	(104)	699
Total other comprehensive income (loss), net of tax	**54,996**	**(20,842)**	**22,015**	**27,275**
Total comprehensive income (loss)	**$ 47,525**	**$ (31,892)**	**$ (8,830)**	**$ (9,627)**
Total comprehensive income (loss) attributable to WEBTOON Entertainment Inc.	43,760	(31,792)	(12,411)	(11,989)
Total comprehensive income (loss) attributable to non-controlling interests and redeemable non-controlling interests	3,765	(100)	3,581	2,362
Weighted average shares outstanding				
Basic	135,714,833	130,644,101	134,869,055	130,204,411
Diluted	135,714,833	130,644,101	134,869,055	130,204,411
Income (loss) per share attributable to WEBTOON Entertainment Inc.				
Basic	$ (0.06)	$ (0.09)	$ (0.25)	$ (0.30)
Diluted	$ (0.06)	$ (0.09)	$ (0.25)	$ (0.30)

1. Includes amounts earned from related parties of $25,809 and $17,029 for the three months ended September 30, 2026, and September 30, 2025, respectively, and $68,603 and $53,020 for the nine months ended September 30, 2026, and September 30, 2025, respectively. (See Note 15. *Related Party Transactions*)
2. Includes amounts incurred from related parties of $29,306 and $28,207 for the three months ended September 30, 2026, and September 30, 2025, respectively, and $84,636 and $84,737 for the nine months ended September 30, 2026, and September 30, 2025, respectively. (See Note 15. *Related Party Transactions*)
3. Includes amounts incurred from related parties of $529 and $(2,089) for the three months ended September 30, 2026, and September 30, 2025, respectively, and $(587) and $(7,540) for the nine months ended September 30, 2026, and September 30, 2025, respectively. (See Note 15. *Related Party Transactions*)
4. Includes amounts incurred from related parties of $8,573 and $7,629 for the three months ended September 30, 2026, and September 30, 2025, respectively, and $24,421 and $21,565 for the nine months ended September 30, 2026, and September 30, 2025, respectively. (See Note 15. *Related Party Transactions*).
5. Includes amounts earned from related parties of $418 and $433 for the three months ended September 30, 2026, and September 30, 2025, respectively, and $1,210 and $1,268 for the nine months ended September 30, 2026, and September 30, 2025, respectively. (See Note 15. *Related Party Transactions*)

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

WEBTOON Entertainment Inc.
Condensed Consolidated Statements of Stockholders' Equity and Group Equity
(unaudited)
(in thousands of USD, except share and per share data)

	Common Stock		Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total stockholders' equity attributable to WEBTOON Entertainment Inc.	Non-controlling interests in consolidated subsidiaries	Total equity
	Shares	Amount						
Balance as of December 31, 2024	**128,587,944**	**$ 13**	**$ 2,103,931**	**$ (124,620)**	**$ (507,197)**	**$ 1,472,127**	**$ 47,754**	**$ 1,519,881**
Net Income (Loss)	—	—	—	—	(22,389)	(22,389)	233	(22,156)
Foreign currency translation adjustments, net of tax	—	—	—	6,533	—	6,533	22	6,555
Equity in income of equity method investees	—	—	—	(143)	—	(143)	—	(143)
Equity-based compensation and others	1,584,337	—	11,419	—	—	11,419	212	11,631
Balance as of March 31, 2025	**130,172,281**	**$ 13**	**$ 2,115,350**	**$ (118,230)**	**$ (529,586)**	**$ 1,467,547**	**$ 48,221**	**$ 1,515,768**
Net income (loss)	—	—	—	—	**(4,326)**	**(4,326)**	**245**	**(4,081)**
Foreign currency translation adjustments, net of tax	—	—	—	39,560	—	39,560	865	40,425
Equity in income of equity method investees	—	—	—	568	—	568	—	568
Equity-based compensation and others	420,395	—	7,376	—	—	7,376	224	7,600
Balance as of June 30, 2025	**130,592,676**	**$ 13**	**$ 2,122,726**	**$ (78,102)**	**$ (533,912)**	**$ 1,510,725**	**$ 49,555**	**$ 1,560,280**
Net income (loss)	—	—	—	—	(11,647)	(11,647)	331	(11,316)
Foreign currency translation adjustments, net of tax	—	—	—	(20,419)	—	(20,419)	(386)	(20,805)
Equity in income of equity method investees	—	—	—	274	—	274	—	274
Equity-based compensation and others	135,071	$ —	8,792	—	—	8,792	79	8,871
Balance as of September 30, 2025	**130,727,747**	**$ 13**	**$ 2,131,518**	**$ (98,247)**	**$ (545,559)**	**$ 1,487,725**	**$ 49,579**	**$ 1,537,304**
Balance as of December 31, 2025	**130,776,161**	**$ 13**	**$ 2,137,926**	**$ (114,363)**	**$ (853,124)**	**$ 1,170,452**	**$ 33,280**	**$ 1,203,732**
Net Income (Loss)	—	—	—	—	(9,455)	(9,455)	365	(9,090)
Foreign currency translation adjustments, net of tax	—	—	—	(22,629)	—	(22,629)	(622)	(23,251)
Equity in income of equity method investees	—	—	—	(15)	—	(15)	—	(15)
Equity-based compensation and others	1,192,168	—	7,036	—	—	7,036	—	7,036
Issuance of common stock through private placement, net	2,666,757	—	32,483	—	—	32,483	—	32,483
Balance as of March 31, 2026	**134,635,086**	**$ 13**	**$ 2,177,445**	**$ (137,007)**	**$ (862,579)**	**$ 1,177,872**	**$ 33,023**	**$ 1,210,895**
Net Income (Loss)	—	—	—	—	(15,248)	(15,248)	373	(14,875)
Foreign currency translation adjustments, net of tax	—	—	—	(8,776)	—	(8,776)	(219)	(8,995)
Equity in income of equity method investees	—	—	—	(48)	—	(48)	—	(48)
Equity-based compensation and others	1,027,928	1	10,349	—	—	10,350	—	10,350
Balance as of June 30, 2026	**135,663,014**	**$ 14**	**$ 2,187,794**	**$ (145,831)**	**$ (877,827)**	**$ 1,164,150**	**$ 33,177**	**$ 1,197,327**
Net Income (Loss)	—	—	—	—	(8,370)	(8,370)	498	(7,872)
Foreign currency translation adjustments, net of tax	—	—	—	52,171	—	52,171	1,590	53,761
Equity in income of equity method investees	—	—	—	(41)	—	(41)	—	(41)
Equity-based compensation and others	67,925	—	6,853	—	—	6,853	—	6,853
Balance as of September 30, 2026	**135,730,939**	**$ 14**	**$ 2,194,647**	**$ (93,701)**	**$ (886,197)**	**$ 1,214,763**	**$ 35,265**	**$ 1,250,028**

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

WEBTOON Entertainment Inc.
Condensed Consolidated Statements of Cash Flows
(unaudited)
(in thousands of USD)

	For the Nine Months Ended	
	September 30, 2026	**September 30, 2025**
Operating activities:		
Net income (loss)	$ (30,845)	$ (36,902)
Adjustments to reconcile net loss to net cash used in operating activities:		
Provision for credit losses	11	274
Depreciation and amortization	21,834	24,784
Operating lease expense	7,532	7,209
Loss (gain) on foreign currency, net	2,489	(2,540)
Deferred tax benefit	1,775	(8,697)
Loss (Gain) on debt and equity securities, net	(452)	4,016
Change in severance benefit, net	2,198	1,764
(Gain) loss on equity method investments, net	(601)	(1,647)
Stock-based compensation expense	27,408	35,123
Other non-cash items	624	(7)
Changes in operating assets and liabilities		
Changes in receivables	(21,121)	995
Changes in other assets	(9,319)	230
Changes in accounts payable	2,655	2,764
Changes in accrued expenses	(5,077)	(15,388)
Changes in contract liabilities	6,457	(1,856)
Changes in income tax receivable	(3,260)	(6,938)
Changes in other liabilities	(3,214)	8,095
Changes in operating lease liabilities	(7,092)	(5,507)
Other operating activities	—	(316)
Payments of severance benefits, net of cash transferred	(3,894)	(1,878)
Net cash (used in) provided by operating activities	**$ (11,892)**	**$ 3,578**
Investing activities:		
Proceeds from maturities of short-term investments	10,622	32,515
Proceeds from sale of property and equipment	136	253
Purchases of property and equipment	(7,544)	(6,984)
Purchases of debt and equity securities	(651)	(6,664)
Proceeds from loan receivables	5,449	1,379
Payment made for short-term investments	(12,888)	(17,423)
Payment made for loan receivable	(68)	(909)
Purchases of intangible assets	(7,466)	(7,168)
Purchases of equity method investments	(45,326)	—
Acquisition of businesses, net of cash	—	(148)
Other investing activities	—	120
Net cash (used in) provided by investing activities	**$ (57,736)**	**$ (5,029)**
Financing activities:		
Proceeds from issuance of common stock related to private placement, net	32,682	—
Other financing activities	(2,340)	—
Proceeds from stock option exercise	309	1,264
Proceeds from short-term borrowings	—	143

Net cash provided by financing activities	**$**	**30,651**	**$**	**1,407**
Effect of exchange rate changes on cash and cash equivalents		5,609		12,217
Cash and cash equivalents:				
Net (decrease) increase in cash and cash equivalents		(33,368)		12,173
Cash and cash equivalents at beginning of the period		581,806		572,402
Cash and cash equivalents at end of the period	**$**	**548,438**	**$**	**584,575**
Supplemental disclosure:				
Income taxes paid	$	10,565	$	18,097
Purchase of property and equipment included in accounts payable	$	745	$	—
Purchase of intangible assets included in accounts payable	$	48	$	—
Increase in right-of-use assets recognized from new lease agreements	$	4,896	$	13,410
Leasehold improvements funded directly by lessor (lease incentive)	$	2,919	$	—

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

WEBTOON Entertainment Inc.
Notes to Condensed Consolidated Financial Statements
(unaudited)

Note 1. *Description of Business and Summary of Significant Accounting Policies*

Organization and Description of Business

WEBTOON Entertainment Inc. (the "Parent"), together with its subsidiaries, (the "Company", "we", “us” or “our”), is a majority-owned subsidiary of NAVER Corporation (“NAVER”), who is a leading online and web-comic platform service company. We provide hosting services for web-comics through both web and mobile applications and offer thousands of titles with episodes that are updated on a daily basis. We offer extensive and diverse genres of content, including fantasy, romance, and science fiction, on our platform. Platform refers to the various offerings through which we engage with users across diverse geographical markets including Korea, the United States, Japan, Southeast Asia, and Europe.

Basis of Presentation

The unaudited Condensed Consolidated Financial Statements reflect all normal recurring adjustments that are, in the opinion of management, necessary for fair statement of the results of the interim period. Certain information and note disclosures normally included in the annual consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) have been condensed or omitted pursuant to such rules and regulations. The unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements as of and for the year ended December 31, 2025, included in the Company's Annual Report on Form 10-K for the year ended December 31, 2025, filed with the SEC on March 5, 2026. Interim results are not necessarily indicative of the results for a full year.

Reclassifications

Certain amounts reported for prior years have been reclassified to conform to the current year's presentation. None of these reclassifications impacted reported operating or net loss for any presented period.

Concentrations of Credit Risk

Cash and cash equivalents, receivables and loan receivables are potentially subject to concentration of credit risk. Cash and cash equivalents are placed with several financial institutions that management believes are of high credit quality. The Company’s receivables include amounts concentrated with three payment gateway companies representing 49.6% and 55.3% of the total receivables balance as of September 30, 2026, and December 31, 2025, respectively. Three borrowers represent 96.9% and 88.9% of the total loan receivables balance as of September 30, 2026, and December 31, 2025, respectively.

Performance Stock Units

During the nine months ended September 30, 2026, the Company granted awards in the form of "Performance Stock Units" ("PSUs"), which provide recipients with the right to receive shares of the Company's common stock upon vesting, subject to the achievement of a market condition based on the Company's total shareholder return ("TSR") relative to a custom peer group over the performance period, and the recipient's continued service with the Company.

Compensation expense for PSU awards is recognized ratably over the requisite service period based on the grant-date fair value, regardless of whether the market condition is ultimately achieved. The grant-date fair value of PSU awards is estimated using a Monte Carlo simulation model and is not subsequently remeasured. All of the outstanding PSU awards at September 30, 2026, are classified as equity awards in accordance with ASC 718, given that these awards will be settled in shares of the Company's common stock upon vesting. See Note 9. *Stock-Based Compensation* for more information on the Company's PSU awards.

Goodwill and Impairment of Goodwill

Goodwill represents the excess of the purchase consideration over the fair values of the identifiable assets acquired and liabilities assumed in a business combination. In accordance with ASC 350, “Intangibles—Goodwill and Other,” goodwill is not amortized but is tested for impairment at the reporting unit level annually, as of October 1. Goodwill is also tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount (a “triggering event”). When a triggering event is identified, the Company performs a quantitative impairment test by comparing the fair value of the reporting unit to its carrying amount. The Company estimates the fair value of its reporting units using a discounted cash flow methodology, a Level 3 fair value measurement under ASC 820 that involves significant management assumptions and judgments,

including projected revenue growth, gross margins, and the selection of an appropriate discount rate. An impairment charge is recognized for the amount by which a reporting unit's carrying amount exceeds its fair value, limited to the amount of goodwill allocated to that reporting unit. See Note 5 for the results of the Company's evaluations for the periods presented.

Software Development Costs

The Company accounts for internal-use software costs in accordance with ASC 350-40, Intangibles—Goodwill and Other—Internal-Use Software, as amended by ASU 2025-06. The Company capitalizes eligible costs, including external vendor fees for coding, configuration, customization, and testing, once management has authorized and committed to funding the project, it is probable the project will be completed and the software used as intended, and no significant development uncertainty exists. Mobilization and onboarding, training, data migration, post-implementation maintenance and other costs not directly attributable to developing the software are expensed as incurred.

Capitalized costs are recorded within intangible assets, net, amortized on a straight-line basis over an estimated useful life of five years beginning when the software is ready for its intended use, and reviewed for impairment under the Company's long-lived asset policy. As of September 30, 2026, the Company had capitalized $0.3 million for the Wattpad re-platforming project. The software has not been placed in service, and no amortization has been recorded.

Recent Accounting Pronouncements

On January 1, 2026, the Company adopted ASU 2025-05 and elected the practical expedient for measuring expected credit losses on a prospective basis. The adoption did not have a material impact on the Company's unaudited Condensed Consolidated Financial Statements.

During the third quarter of 2026, the Company early adopted ASU 2025-06 on a prospective basis, effective as of January 1, 2026. The adoption had no impact on previously reported interim periods, as the Company incurred no internal-use software development costs before the third quarter of 2026. See *Software Development Costs* above.

Except for the adoption of ASU 2025-05 and ASU 2025-06, there have been no significant changes to the Company's accounting policies as described in its Annual Report on Form 10-K for the year ended December 31, 2025.

Note 2. *Revenue*

Disaggregation of Revenue

The following table shows revenues disaggregated by revenue stream for the three and nine months ended September 30, 2026, and September 30, 2025, respectively:

	Three Months Ended		Nine Months Ended	
	September 30, 2026	**September 30, 2025**	**September 30, 2026**	**September 30, 2025**
	(in thousands of USD)		***(in thousands of USD)***	
Paid Content	$ 275,514	$ 286,814	$ 800,893	$ 821,953
Advertising	49,682	39,367	136,488	124,485
IP Adaptations	37,579	51,860	84,731	105,581
Total	**$ 362,775**	**$ 378,041**	**$ 1,022,112**	**$ 1,052,019**

The revenue stream disaggregation above takes into consideration how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

Paid content revenue is generated from the provision of platform services that enable users to access content. Paid content revenue also includes $2.6 million and $2.8 million of physical book sales through the platform for the three months ended September 30, 2026, and 2025, respectively, and $7.6 million and $8.3 million of physical book sales through the platform for the nine months ended September 30, 2026, and 2025, respectively.

Advertising revenue represents amounts earned for the display of advertisements on our offerings or product placement within content.

IP Adaptations revenue originates from the internal development of film, streaming series, or other rich media format adaptations commissioned by third party studios or streaming platforms. The composition of this revenue stream was primarily as follows for the three months ended September 30, 2026, and 2025, and the nine months ended September 30, 2026, and 2025:

- Licensing fees (from sublicensing content to third parties): $4.2 million and $3.8 million, respectively, and $15.2 million and $9.9 million, respectively.
- Merchandise sales (from external platforms, IP royalties, and pop-up stores): $1.4 million and $1.8 million, respectively, and $4.7 million and $3.8 million, respectively.

The following table shows disaggregation of revenue by geography for the three months ended September 30, 2026, and 2025, and nine months ended September 30, 2026 and 2025:

	Three Months Ended		Nine Months Ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
	(in thousands of USD)		*(in thousands of USD)*	
Korea	$ 169,307	$ 152,827	$ 428,218	$ 396,314
Japan	147,293	179,624	451,987	521,763
Rest of World	46,175	45,590	141,907	133,942
Total	**$ 362,775**	**$ 378,041**	**$ 1,022,112**	**$ 1,052,019**

Contract Liabilities

Contract liabilities primarily include payments received for virtual currency prior to the Company satisfying its performance obligation to deliver content to the customer.

We recognized revenues of $97.8 million and $77.0 million during the three months ended September 30, 2026, and 2025, respectively, and $84.8 million and $80.1 million during the nine months ended September 30, 2026, and 2025, respectively, that were included within Contract liabilities on the Condensed Consolidated Balance Sheets as of the beginning of the respective period.

Our remaining performance obligations were $101.4 million and $90.0 million as of September 30, 2026, and December 31, 2025, respectively, and we expect to recognize the entire amounts within one year of the respective dates.

Note 3. *Loss per share*

Basic earnings (loss) per share is computed using the weighted-average number of outstanding shares of common stock during the period, including vested restricted stock units ("RSUs"). Diluted earnings (loss) per share is computed using the weighted average number of outstanding shares of common stock and potentially dilutive common shares outstanding during the period. Potentially dilutive common shares consist of incremental shares issuable upon the assumed exercise of stock options and vesting of unvested RSUs and PSUs. Diluted earnings (loss) per share also reflects the effect of dilutive securities issued by the Company's subsidiaries and equity method investees, which are settled in shares of the respective entity and, if dilutive, are included as an adjustment to the numerator rather than the share count.

The following table sets forth the computation of basic and diluted earnings (loss) per share for the three and nine months ended September 30, 2026, and 2025, respectively, (in thousands of USD, except share and per share amounts):

	Three Months Ended		Nine Months Ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
Basic earnings (loss) per share:				
Net income (loss) attributable to WEBTOON Entertainment Inc.	$ (8,370)	$ (11,647)	$ (33,073)	$ (38,362)
Add: allocation to subsidiary / equity method investee participating security [1]	(42)	(40)	(187)	(165)
Net income (loss) attributable to WEBTOON Entertainment Inc. common shareholders	$ (8,412)	$ (11,687)	$ (33,260)	$ (38,527)
Shares used in computation:				
Weighted-average common shares outstanding	135,714,833	130,644,101	134,869,055	130,204,411
Basic earnings (loss) per share:	**$ (0.06)**	**$ (0.09)**	**$ (0.25)**	**$ (0.30)**
Diluted earnings (loss) per share:				
Net income (loss) attributable to WEBTOON Entertainment Inc. common shareholders	$ (8,412)	$ (11,687)	$ (33,260)	$ (38,527)
Subsidiary and equity method investee earnings adjustment for dilutive securities	—	(3)	—	(8)
Diluted net income (loss) attributable to WEBTOON Entertainment Inc. common shareholders	$ (8,412)	$ (11,690)	$ (33,260)	$ (38,535)
Shares used in computation:				
Weighted-average common shares outstanding	135,714,833	130,644,101	134,869,055	130,204,411
Dilutive effect of stock options and unvested RSUs	—	—	—	—
Dilutive effect of unvested PSUs	—	—	—	—
Diluted weighted-average common shares outstanding	135,714,833	130,644,101	134,869,055	130,204,411
Diluted earnings (loss) per share	**$ (0.06)**	**$ (0.09)**	**$ (0.25)**	**$ (0.30)**

1. Represents net income/(loss) allocable to Jakga Company Inc. ("Jakga") redeemable convertible preferred stock which is a participating security per ASC 260.

The following potentially dilutive outstanding securities were excluded from the computation of diluted net earnings (loss) per share because their effect would have been anti-dilutive for the periods presented, or issuance of such shares is contingent upon the satisfaction of certain conditions which were not satisfied by the end of the period:

	Three Months Ended		Nine Months Ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
Stock options	10,191,613	10,605,958	10,191,613	10,605,958
Unvested RSUs	3,393,817	3,369,705	3,393,817	3,369,705
Unvested PSUs	267,720	—	267,720	—
Total	**13,853,150**	**13,975,663**	**13,853,150**	**13,975,663**

Stock options and convertible preferred stock issued by the Company's subsidiaries and equity method investees, which are settled in shares of the respective entity, were also excluded because their effect would have been anti-dilutive for the periods presented.

In addition, shares of the Company's common stock that may be issued under the RI Games Shareholders Agreement (see Note 8. *Commitments and Contingencies*) were excluded from the computation of diluted loss per share for the three and nine months ended September 30, 2026, because the conditions to their issuance, including the completion of the second closing, had not been satisfied as of September 30, 2026.

Note 4. *Prepaid Expenses and Other Assets, net*

Other Current Assets, net

	As of	
	September 30, 2026	**December 31, 2025**
	(in thousands of USD)	
Advance payments, net	$ 48,065	$ 38,138
Prepaid expenses	18,032	14,635
Term deposits	13,257	10,774
Other current assets, net	14,699	9,100
Total other current assets, net	**$ 94,053**	**$ 72,647**

Advance payments are primarily comprised of the advance payments for production of film contents and the payment of minimum guarantees to creators or publishers for their provision of content, such as web-comics, on the Company's platform.

The advance payments for production of film contents are directly related to the contract that will be used to satisfy a future performance obligation and are expected to be recovered. These costs are amortized on a systematic basis consistent with the transfer of services to the customer to which the asset relates. The Company recorded amortization expense of $27.9 million and $36.1 million during the three months ended September 30, 2026, and 2025, respectively, and $47.6 million and $61.1 million during the nine months ended September 30, 2026, and 2025, respectively. The Company's balance of advance payments, net due to film production contracts was $37.6 million and $29.0 million as of September 30, 2026, and December 31, 2025, respectively.

The advance payments for minimum guarantees are amortized as associated commission expenses payable to creators or publishers are incurred. When the Company determines the estimated future commission expenses payable are less than the carrying amount of such advance payments, the remaining portion of that advance payment is charged to expense in the period in which such determination is made.

As of September 30, 2026, and December 31, 2025, $8.8 million and $8.7 million, respectively, of the term deposit balance was pledged to Sumitomo Mitsui Banking Corporation as a compensating balance deposit on contract liabilities of the Company's subsidiary in accordance with the *Payment Services Act* in Japan.

Other Non-Current Assets, net

	As of	
	September 30, 2026	**December 31, 2025**
	(in thousands of USD)	
Advance payments, net	$ 25,840	$ 25,486
Long-term loans, net	26,860	30,890
Other non-current assets, net	6,818	8,818
Total other non-current assets, net	**$ 59,518**	**$ 65,194**

Long-term advance payments represent the portion of advance payments expected to remain on the balance sheet beyond one year. When the Company determines the estimated future commission expenses payable are less than the carrying amount of the long-term advance payments, the remaining portion of that long-term advance payment is charged to expense in the period in which such determination is made. The Company's balance of advance payments, net due to film production contracts was $3.8 million and $7.3 million as of September 30, 2026, and December 31, 2025, respectively.

Note 5. Goodwill, net

The changes in the carrying amount of goodwill for the nine months ended September 30, 2026, are as follows:

		(in thousands of USD)
Goodwill, net at December 31, 2025	**$**	**336,825**
Foreign currency translation adjustments		(5,993)
Goodwill, net at March 31, 2026	**$**	**330,832**
Foreign currency translation adjustments		(2,370)
Goodwill, net at June 30, 2026	**$**	**328,462**
Foreign currency translation adjustments		12,726
Goodwill, net at September 30, 2026	**$**	**341,188**

The changes in the carrying amount of goodwill during the three and nine months ended September 30, 2026 were attributable solely to foreign currency translation adjustments.

During the fiscal year ended December 31, 2025, the Company recorded a goodwill impairment charge principally related to its Wattpad and Munpia reporting units, as described in Note 7, "Goodwill, net and Intangible Assets, net," to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

During the three and nine months ended September 30, 2026, the Company evaluated its reporting units for triggering events in accordance with ASC 350-20-35-30. This evaluation considered macroeconomic conditions; industry and market considerations; cost factors; the overall financial performance of the reporting units relative to the projections used in the 2025 annual quantitative impairment test; other entity-specific events; events affecting the reporting units; and trends in the Company's share price. Based on this evaluation, the Company concluded that no triggering events occurred during either period and, accordingly, did not perform an interim goodwill impairment test for the three or nine months ended September 30, 2026. No goodwill impairment was recognized during either period. There can be no assurance that the estimates and assumptions underlying the Company's goodwill evaluations will prove accurate, and material impairment charges may be required in future periods.

Note 6. *Property and Equipment, net*

Property and equipment, net consists of the following:

		As of	
	Estimated Useful Lives	**September 30, 2026**	**December 31, 2025**
	(in years)	*(in thousands of USD)*	
Land	Indefinite	$ 649	$ 110
Buildings	40	1,055	174
Equipment	3-5	15,788	13,775
Leasehold improvements	Lesser of lease term or useful life	10,196	3,280
Construction in progress		—	295
Property and equipment		**$ 27,688**	**$ 17,634**
Less: Accumulated depreciation		(10,337)	(9,295)
Property and equipment, net		**$ 17,351**	**$ 8,339**

Note 7. *Leases*

Supplemental disclosure of cash flow information related to operating leases is as follows for the nine months ended September 30, 2026, and 2025, respectively:

	Nine Months Ended	
	September 30, 2026	September 30, 2025
	(in thousands of USD)	
Cash paid for amounts included in the measurement of operating lease liabilities	$ 7,092	$ 5,507
Right-of-use assets obtained in exchange for operating lease liabilities	$ 4,896	$ 13,410

In March 2025, LINE Digital Frontier entered into two lease agreements for office space. The leases commenced in March 2025, and expire in February 2030, with monthly payments of $0.1 million each, at a discount rate of 2.9%. Upon commencement, each of the two leases was recognized as a right-of-use asset in the amounts of $6.0 million and $6.0 million, respectively.

The Company subleases a portion of its operating lease right-of-use assets for buildings. Sublease income was $0.1 million and $0.1 million for the three months ended September 30, 2026, and 2025, respectively, and $0.2 million and $0.2 million for the nine months ended September 30, 2026, and 2025, respectively, and is included within Other income (loss), net on the Condensed Consolidated Statements of Operations and Comprehensive Loss.

In April 2026, the Company commenced an operating lease for approximately 24,787 square feet of office space located at 222 N. Pacific Coast Highway, El Segundo, California, which serves as the Company's new headquarters. The lease has a term of seven years and eight months, expiring in November 2033.

The lease also obligates the Company to pay its proportionate share (approximately 4.1%) of building operating expenses in excess of a 2026 base year amount. These costs represent variable lease payments and are recognized as incurred.

The Company has one option to extend the lease for a period of five years at the then-prevailing fair market rent. The Company has determined that exercise of this option is not reasonably certain, and accordingly the option period has been excluded from the measurement of the lease liability and right-of-use asset.

Upon commencement, the Company recognized an operating lease right-of-use asset of $4.8 million and a corresponding operating lease liability of $4.8 million, measured at the present value of remaining lease payments using an incremental borrowing rate of 5.4%. The right-of-use asset and lease liability reflects a reduction for the $3.5 million tenant improvement allowance treated as a lease incentive.

Note 8. *Commitments and Contingencies*

Contingencies

The Company records a loss contingency, consistent with ASC 450, when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. The Company also discloses material contingencies when it believes a loss is not probable but reasonably possible. Accounting for contingencies requires us to use judgment related to both the likelihood of a loss and the estimate of the amount or range of loss.

IP Adaptations Fund

In July 2026, the Company committed $40.0 million as a 40% limited partner in NW Webcomic Adaptation Fund, L.P. (the “Fund”). At the initial closing on August 6, 2026, $10 million was funded. As of the date of this filing, the Company’s remaining unfunded commitment was $30 million. Under the Fund’s Agreement of Limited Partnership, limited partners are required to contribute 25% of their commitments at the initial closing and 25% of their commitments on each of the first three anniversaries of the initial closing. In addition, each partner’s obligation to fund capital for the purpose of repaying Fund indebtedness is unconditional and not subject to any excuse right or defense. See Note 16. *Equity Method Investments*, for further information regarding this commitment.

RI Games Holdings Inc.

On August 6, 2026, the Company entered into a Share Purchase Agreement (the “RI Games Purchase Agreement”) with Redice & Company, Inc. (the “Seller”) and a Shareholders Agreement with the Seller, RI Games Holdings Inc. (“RI Games Holdings”) and Tail Han (the “RI Games Shareholders Agreement” and, together with the RI Games Purchase

Agreement, the “RI Games Holdings Agreements”) providing for the acquisition, in two closings of up to 9,000 shares of common stock of RI Games Holdings. The RI Games Holdings Agreements include obligations of the Company to fund future subscriptions for shares of RI Games Holdings. See Note 16. *Equity Method Investments,* for further information related to this transaction.

On August 14, 2026, the Company completed the first of two closings and acquired 2,999 shares for aggregate consideration of KRW 49,983,334,333 (approximately $35.3 million, based on the exchange rate on the payment date), representing 19.99% of the outstanding common stock of RI Games Holdings. As of the date of this filing, the second closing has not occurred, and certain conditions to the second closing remain unsatisfied. The Company is subject to the below listed commitments and contingent rights and obligations under the RI Games Holdings Agreements. None of these arrangements were recognized in the Condensed Consolidated Balance Sheet as of September 30, 2026. U.S. dollar amounts below are based on the exchange rate as of September 30, 2026.

Subject to the satisfaction or waiver of additional conditions, including the achievement of a specified commercial launch milestone with respect to a game under development by a subsidiary of RI Games Holdings, the Company will acquire the remaining 6,001 shares of the 9,000 shares under the RI Games Purchase Agreement for aggregate consideration of KRW 100,016,668,667 (approximately $73.6 million). The RI Games Purchase Agreement may be terminated if the second closing has not occurred by a specified outside date. Upon completion of the second closing, the Company will hold approximately 60% of the outstanding common stock of RI Games Holdings, and the Company expects to consolidate the financial results of RI Games Holdings and its subsidiaries.

If the second closing has not occurred by a specified outside date, for reasons not attributable to the Seller, the RI Games Shareholders Agreement will terminate automatically and substantially all of the rights and obligations described below will lapse, except for rights and liabilities that have accrued prior to the termination and certain provisions that survive in accordance with their terms.

Under the RI Games Shareholders Agreement, from and after the second closing until June 30, 2030, the Seller may require RI Games Holdings to conduct up to four capital increases pursuant to which the Company would be obligated to subscribe for newly issued shares of RI Games Holdings for an aggregate subscription amount of up to KRW 50 billion (approximately $36.8 million) through third-party allotments. The parties may agree to permit a portion of that amount to be drawn and funded between the first closing and the second closing. In addition, if aggregate revenue of RI Games Holdings and its subsidiaries for fiscal years 2027 through 2030 equals or exceeds a specified target, the Seller may require RI Games Holdings to conduct a further capital increase in which the Company would be obligated to subscribe for newly issued shares for an amount determined in accordance with the RI Games Shareholders Agreement, subject to a specified maximum.

The RI Games Shareholders Agreement further provides that if aggregate revenue of RI Games Holdings and its subsidiaries derived from their business equals or exceeds KRW 250 billion during the period commencing on the earlier of January 1, 2027, and the date a game under development by a subsidiary of RI Games Holdings becomes available to the general public, and ending June 30, 2030 (the “Measurement Period”), the Seller may require the Company to purchase all, but not less than all, of the Seller's remaining 6,000 shares of RI Games Holdings common stock for aggregate consideration of not less than KRW 100,000,002,000 (approximately $73.6 million), payable in a combination of cash and shares of the Company's common stock, of which not less than the greater of KRW 50 billion (approximately $36.8 million) and the taxes reasonably expected to be incurred by the Seller on the sale of such remaining shares is payable in cash, subject to the terms and limitations of the RI Games Shareholders Agreement. If that revenue threshold is not achieved by the end of the applicable Measurement Period, the Company may, during a specified put exercise period, require the Seller to purchase the 6,001 shares acquired by the Company at the second closing, at a price based on the second closing purchase price and subject to adjustments.

The aggregate number of shares of the Company's common stock issuable under the RI Games Shareholders Agreement may not exceed 19.9% of the shares of the Company's common stock issued and outstanding immediately prior to the date of the RI Games Shareholders Agreement unless a greater issuance is approved by the Company's stockholders.

The Company evaluated the arrangements described above under ASC 815, Derivatives and Hedging, and ASC 480, Distinguishing Liabilities from Equity, and concluded that none of these arrangements is a derivative. No consideration was paid or received for these arrangements, and they are not separately accounted for until they are performed. The arrangements to purchase or subscribe for shares of RI Games Holdings require physical settlement in shares that are not readily convertible to cash.

Legal Proceedings

The Company is involved in a number of claims pending with various courts, or otherwise unresolved as of September 30, 2026. Adverse results in these claims may include awards of damages and may also result in, or even compel a change in the Company's business practices, which could materially impact the Company's future financial results. The Company cannot determine the potential loss or a range of possible losses for cases in their initial stages or where there is an unclear and inconsistent interpretation of laws related to the industry-specific grievances across various jurisdictions. Though the outcome of pending lawsuits and claims cannot be anticipated with certainty, the Company does not expect adverse results from its pending lawsuits and claims, as of September 30, 2026. The timing and outcome of ongoing legal proceedings are uncertain by nature. Therefore, while management deems the chance of a significant loss for all pending claims, whether asserted or unasserted, to be remote, the resolution of one or more of these legal matters against the Company during the same reporting period in excess of management's projections could negatively impact the Company's unaudited Condensed Consolidated Financial Statements for that reporting period.

Securities & Derivative Litigation

On September 5, 2024, a purported stockholder filed a putative class action lawsuit against the Company, its directors, and the underwriters of the Company's initial public offering completed on June 28, 2024 (the "IPO") in the federal court for the Central District of California, purportedly on behalf of all purchasers of shares of the Company's common stock pursuant or traceable to the IPO Prospectus and the Company's Registration Statement on Form S-1 (File No. 333-279863) relating to our IPO (the "Registration Statement"). The complaint alleges that the Registration Statement was materially false and misleading in violation of Sections 11 and 15 of the Securities Act of 1933. On January 9, 2026, the WEBTOON defendants and underwriter defendants filed answers to the operative complaint. On July 8, 2026, the parties notified the court that they had reached an agreement-in-principle that resolves all of the putative class's claims, and requested a stay of all case deadlines. On August 7, 2026, the parties filed a stipulation of settlement with the Court. On August 14, 2026, the Court preliminarily approved the settlement. A hearing on final approval of the settlement is set for December 1, 2026. During the three months ended September 30, 2026, the settlement amount of $10.05 million was deposited into escrow, of which $9.8 million was funded by the Company's insurers and $0.25 million by the Company. As of September 30, 2026, the Company recorded a liability within Provisions and defined pension benefits and an insurance receivable of $9.8 million within Receivables. The settlement did not have a material impact on the Condensed Consolidated Statements of Operations.

On November 15, 2024, a purported stockholder filed a shareholder derivative lawsuit against the Company's directors, naming the Company as a nominal defendant, in the federal court for the Central District of California. The complaint focuses on the same allegations as the putative securities class action described above, including that the Company's Registration Statement was materially false or misleading. The complaint includes claims for violations of Section 14 (a) of the Exchange Act, breach of fiduciary duties, and unjust enrichment, abuse of control, gross mismanagement, waste of corporate assets, and contribution under Section 11(f) of the Securities Act of 1933, and Section 21D of the Exchange Act of 1934. On January 13, 2025, by stipulation of the parties, the court ordered the shareholder derivative lawsuit stayed pending resolution of the Company's motion to dismiss in the putative securities class action. On April 24, 2026, by stipulation of the parties, the court ordered the shareholder derivative lawsuit stayed until the end of the fact discovery period in the securities class action.

On May 5, 2026, a purported shareholder filed a shareholder derivative lawsuit against the Company's directors, naming the Company as a nominal defendant, in the federal court for the Central District of California. The complaint focuses on similar allegations as the putative securities class action described above, including that the Company's Registration Statement was materially false or misleading. The complaint includes claims for breach of fiduciary duties, aiding and abetting breach of fiduciary duties, unjust enrichment, waste of corporate assets, and contribution under Section 11(f) of the Securities Act of 1933, and Section 21D of the Exchange Act of 1934.

On August 21, 2026, a purported shareholder filed a shareholder derivative lawsuit against the Company's directors, naming the Company as a nominal defendant, in the federal court for the Central District of California. The complaint focuses on similar allegations as the putative securities class action and other derivative lawsuits described above, including that the Company's Registration Statement was materially false or misleading. The complaint includes claims for breach of fiduciary duties, aiding and abetting breach of fiduciary duties, unjust enrichment, abuse of control, gross mismanagement, waste of corporate assets, and contribution under Section 11(f) of the Securities Act of 1933, and Section 21D of the Exchange Act of 1934.

On September 18, 2026, the purported shareholders of all three derivative actions and the Company notified the Court that they had reached an agreement-in-principle that resolves all of the putative class's claims, and requested a stay of all

case deadlines. On September 21, 2026, the Court ordered that the parties' stipulation of settlement and plaintiffs' motion for preliminary approval shall be filed by October 30, 2026. On October 28, 2026, the Court extended the deadline to file the settlement documents to November 13, 2026. The settlement terms are subject to the Court's review and determination of whether they are fair, reasonable, and adequate, as well as an application for Plaintiffs' counsel's attorney's fees. The Company has insurance policies in place with respect to any future fee award. The Company does not expect any future settlement to have a material impact to the financial statements.

Note 9. *Stock-Based Compensation*

Restricted Stock Units

The table below summarizes the Company's RSU activity for the nine months ended September 30, 2026:

	Number of RSUs		Weighted Average Grant-Date Fair Value
Balance as of December 31, 2025	3,298,513	$	13.69
Granted	2,812,298	$	9.56
Forfeited	(263,939)	$	14.40
Vested	(2,453,055)	$	11.72
Balance as of September 30, 2026	**3,393,817**	$	11.63

As of September 30, 2026, the total unrecognized compensation expense related to unvested RSUs was $26.2 million and is expected to be recognized over the remaining weighted-average service period of 1.5 years using the straight-line method and graded-vesting methods, as appropriate, net of estimated forfeitures.

Performance Stock Units

On March 26, 2026, the Company granted Performance Stock Units ("PSUs") to certain employees under the 2024 Omnibus Incentive Plan. The vesting of PSUs is subject to a market condition based on the Company's total shareholder return ("TSR") relative to a custom peer group over the performance period from January 1, 2026, through December 31, 2028, and the recipient's continued service with the Company.

The PSUs are eligible to be earned and vest from 0% to 200% of the target number of shares granted, depending on the Company's relative TSR percentile ranking among the peer group at the end of the performance period. The grant-date fair value of the PSU awards was estimated using a Monte Carlo simulation model, resulting in a weighted-average grant-date fair value of $13.27 per target share. The simulation was performed using an expected volatility of 69.8%, a risk-free interest rate of 3.9%, and an expected dividend yield of 0%.

The table below summarizes the Company's PSU activity for the nine months ended September 30, 2026:

	Number of PSUs	Weighted Average Grant-Date Fair Value
Balance as of December 31, 2025	—	$ —
Granted	267,720	$ 13.27
Forfeited	—	$ —
Vested	—	$ —
Balance as of September 30, 2026	**267,720**	**$ 13.27**

As of September 30, 2026, total unrecognized compensation expense related to unvested PSU awards was $2.8 million, which is expected to be recognized over a weighted-average remaining service period of approximately 2.4 years using the straight-line method.

The following table summarizes the Company's Phantom Unit activity for the nine months ended September 30, 2026:

	Number of Phantom Units	Weighted Average Grant-Date Fair Value
Balance as of December 31, 2025	328,748	$ 9.04
Granted	—	$ —
Forfeited	(11,912)	$ 9.04
Vested	(198,941)	$ 9.04
Balance as of September 30, 2026	**117,895**	**$ 9.04**

The following table summarizes the effects of all stock-based compensation in the Condensed Consolidated Statements of Operations and Comprehensive Loss for the periods presented:

	Three Months Ended		Nine Months Ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
	(in thousands of USD)		*(in thousands of USD)*	
Cost of revenue	$ 1,940	$ 2,134	$ 6,506	$ 8,108
Marketing	170	330	743	1,355
General and administrative expenses	5,568	7,161	20,159	25,660
Total	**$ 7,678**	**$ 9,625**	**$ 27,408**	**$ 35,123**

Note 10. *Stockholders' Equity*

On January 8, 2026, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with a wholly-owned indirect subsidiary of The Walt Disney Company ("Disney"). Pursuant to the Purchase Agreement, the Company issued and sold 2,666,757 shares of its common stock, par value $0.0001 per share (the "Shares"), to Disney for an aggregate purchase price of approximately $32.8 million. The Shares represented an approximate 2% equity interest in the Company at the time of issuance. The issuance and sale of the Shares were consummated as a private placement in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act, as a transaction not involving a public offering.

The Company evaluated the transaction under ASC 480, Distinguishing Liabilities from Equity, ASC 815, Derivatives and Hedging, and SEC Regulation S-X Rule 5-02.27 and concluded that the Shares should be classified as permanent equity on the consolidated balance sheets because the Shares are not mandatorily redeemable, do not contain embedded derivative features requiring bifurcation, and are also not redeemable at the option of the holder or upon the occurrence of an event outside the Company's control. In connection with the issuance of the Shares, the investor was granted customary pro rata tag-along rights in the event of certain common stock transfers by the Company's major shareholders, as well as customary protective consent rights over certain fundamental corporate actions (such as voluntary bankruptcy proceedings or disproportionately adverse amendments to organizational documents). The Company

determined these rights are strictly protective rather than substantive participating rights, do not obligate the Company to transfer assets or issue additional shares, and do not grant the investor significant influence or a controlling financial interest. The issued Shares are included in the Company's weighted-average shares outstanding and proportionately dilute basic and diluted earnings per share.

Note 11. *Income Taxes*

The Company's income tax provision for the nine months ended September 30, 2026, is determined using an estimate of the Company's annual effective tax rate, adjusted for any discrete items reflected in the relevant period. Income tax (benefit) expense was $9.1 million and $2.3 million, with effective tax rates of (41.7)% and (6.8)%, during the nine months ended September 30, 2026 and 2025, respectively. This includes a discrete tax benefit of $2.6 million and a discrete tax expense of $1.1 million for the nine months ended September 30, 2026 and 2025, respectively, due to the return-to-provision true-up adjustments in Korea and Japan tax return filings.

The change in effective tax rate is primarily driven by the change in jurisdictional profits and losses. The provision for income taxes differs from the U.S. statutory federal tax rate of 21% primarily due to state income taxes, foreign income taxes, and the non-recognition of deferred tax assets due to a full valuation allowance against deferred tax assets in the U.S. and taxable loss generating subsidiaries in Korea, Canada, and Japan.

In evaluating the realizability of these deferred tax assets, we consider on a jurisdictional basis, the period of sustained taxable losses, the existence of taxable temporary differences, and available sources of future taxable income. As of September 30, 2026, we cannot objectively assert that these deferred tax assets are more likely than not to be realized and therefore we have maintained a valuation allowance. We intend to continue maintaining a valuation allowance on these deferred tax assets until there is sufficient positive evidence to support the reversal of all or some portion of these allowances. It is reasonably possible that within the next 12 months, we may have enough positive evidence to release part or all of the remaining valuation allowance in Japan. This release would reduce our income tax expense for the period, significantly impacting our net earnings. The timing and amount of the release depend on the Company's actual profitability.

Note 12. *Retirement Benefits*

Defined severance benefits

The following table provides the components of net periodic benefit costs (income):

	Three Months Ended		Nine Months Ended	
	September 30, 2026	**September 30, 2025**	**September 30, 2026**	**September 30, 2025**
	(in thousands of USD)		***(in thousands of USD)***	
Current service costs	$ 1,326	$ 1,248	$ 3,841	$ 3,669
Interest expense	338	281	1,007	826
Actuarial gain	(1,314)	(930)	(2,650)	(2,731)
Net periodic benefit costs (income)	**$ 350**	**$ 599**	**$ 2,198**	**$ 1,764**

Defined severance contribution

Defined severance expense was $0.5 million and $0.5 million for the three months ended September 30, 2026, and 2025, respectively, and $1.9 million and $1.5 million for the nine months ended September 30, 2026, and 2025, respectively.

Note 13. *Segment and Geographic Information*

Segment Information

The Company operates as one reportable segment, which derives its revenue from paid content, advertising, and IP adaptations revenue streams. Our chief operating decision maker ("CODM") is the Chief Executive Officer. The CODM reviews financial information presented on a consolidated basis for the purposes of allocating resources and evaluating financial performance. The CODM manages the Company as a consolidated ecosystem because the revenue streams are interrelated, and resources are shared.

The CODM uses net income (loss) as reported in our Condensed Consolidated Statements of Operations and Comprehensive Loss to assess performance and allocate resources such as employees and capital expenditures.

Additionally, the net income (loss) is used to monitor trends in year-over-year or quarter-over-quarter performance comparisons and to compare actual results to forecasts.

The CODM receives and reviews expenses included in segment operating performance regularly. However, the CODM reviews general and administrative expenses on a more disaggregated basis to ensure the resources are in line with its business and operating needs.

The measure of segment revenue and assets are reported on the Condensed Consolidated Statements of Operations and Comprehensive Loss as total sales and the Condensed Consolidated Balance Sheets as total assets, respectively.

All intercompany and intra-entity transactions and balances have been eliminated.

The following table presents reportable segment profit and loss, including significant expense categories, attributable to the Company's reportable segment for the periods presented:

	Three Months Ended		Nine Months Ended	
	September 30, 2026	**September 30, 2025**	**September 30, 2026**	**September 30, 2025**
	(in thousands of USD)		*(in thousands of USD)*	
Revenue	$ 362,775	$ 378,041	$ 1,022,112	$ 1,052,019
Cost of revenue	270,206	295,267	758,359	810,355
Marketing	39,111	35,166	107,967	97,779
General and administrative expenses - labor related	26,244	17,865	79,714	66,807
General and administrative expenses - non-labor related	36,441	44,621	108,898	127,353
Interest income	(4,170)	(4,638)	(13,029)	(14,661)
Interest expense	19	2	53	6
Loss(income) on equity method investment, net	(59)	(1,709)	(601)	(1,647)
Other loss (income), net	2,983	1,891	2,516	588
Income tax (benefit) expense	(529)	626	9,080	2,341
Net Income (Loss)	$ (7,471)	$ (11,050)	$ (30,845)	$ (36,902)
The following non-cash expense items are also included in the measure of segment profit or loss reviewed by the CODM:				
Stock-based compensation[1]	$ 7,445	$ 7,915	$ 26,785	$ 30,842
Depreciation and amortization	$ 6,493	$ 7,940	$ 21,834	$ 24,784

[1]The measure of stock-based compensation excludes expenses related to Phantom Units.

Geographic Information

Refer to Note 2. *Revenue* for revenues by location. The Company's long-lived tangible assets as well as the Company's operating lease right-of-use assets recognized on the Consolidated Balance Sheets as of September 30, 2026, and December 31, 2025, were located as follows:

	As of	
	September 30, 2026	**December 31, 2025**
	(in thousands of USD)	
Korea	$ 11,935	$ 14,131
Japan	12,714	15,620
Rest of World[1]	14,335	2,294
Total long-lived tangible assets and operating lease right-of-use assets	**$ 38,984**	**$ 32,045**

[1]Rest of the World includes long-lived tangible assets and operating lease right-of-use assets located in the United States of $13.4 million and $1.1 million as of September 30, 2026 and December 31, 2025, respectively.

Note 14. *Fair Value Measurements*

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The table below presents the valuation techniques and the nature of significant inputs generally used in determining the fair value of Level 3 Instruments.

Level 3 Instruments	Valuation Techniques and Significant Inputs
Debt and Equity Securities	Recent third-party investments or pending transactions are considered to be the best evidence for any change in fair value. When these are not available, the following valuation methodologies are used, as appropriate and available (i) Transactions in similar instruments; (ii) discounted cash flow techniques; (iii) third party appraisals; (iv) binomial option pricing models; and (v) industry multiples and public comparables. Evidence of value in investees includes recent or pending reorganizations (for example, merger proposals, tender offers and debt restructurings) and significant changes in financial metrics, including (i) current financial performance as compared to projected performance; (ii) capitalization rates and multiples; and (iii) market yields implied by transactions of similar or related assets.

The tables below present the ranges of significant unobservable inputs used to value the Company's Level 3 assets as of September 30, 2026, and December 31, 2025. These ranges do not represent a range of values for any single instrument. For example, the lowest discount rate for a particular redeemable convertible preferred stock investment may be appropriate for valuing that specific debt security but may not be appropriate for valuing any other debt securities in this asset class. Accordingly, the ranges of inputs presented below do not represent uncertainty in, or possible ranges of, fair value measurements of the Company's Level 3 assets.

Level 3 Instruments	Amount	Valuation Techniques	Significant Unobservable Inputs	Range of Significant Unobservable Inputs
As of September 30, 2026				
Debt Securities				
Redeemable convertible preferred stock	$ 49,637	Option pricing model	Discount rate	9.24%-27.07%
			Volatility	48.30%-59.76%
Total	**$ 49,637**			
Equity Securities				
Redeemable convertible preferred stock	$ 15,000	Measurement alternative		
Contribution to investment fund	825	Measurement alternative		
Private equity securities	777	Measurement alternative		
Convertible preferred stock	6,660	Option pricing model	Discount rate	3.73%-5.66%
			Volatility	59.00%-59.00%
Simple Agreement For Future Equity (SAFE)	1,000	Measurement alternative		
Total	**$ 24,262**			

As of December 31, 2025					
Debt Securities					
Redeemable convertible preferred stock	$	46,024	Option pricing model	Discount rate	8.25%-21.68%
				Volatility	39.98%-51.46%
Total	**$**	**46,024**			
Equity Securities					
Redeemable convertible preferred stock	$	15,000	Measurement alternative		
Contribution to investment fund		642	Measurement alternative		
Private equity securities		735	Measurement alternative		
Convertible preferred stock		6,268	Option pricing model	Discount rate	2.35%-2.94%
				Volatility	51.46%-51.46%
Simple Agreement For Future Equity (SAFE)		1,000	Measurement alternative		
Total	**$**	**23,645**			

As noted above, either the binomial optional pricing model or market approach were used in the determination of fair value of *Level 3* assets as of September 30, 2026, and December 31, 2025. The significant unobservable inputs used in the binomial option pricing model are the discount rate or market yield used to discount the estimated future cash flows expected to be received from the underlying investment, which include both future principal and interest payments. An increase in the discount rate or market yield would result in a decrease in the fair value. Included in the consideration and selection of discount rates or market yields is risk of default, rating of the investment, call provisions and comparable company investments.

The significant unobservable inputs used in the market approach are based on market comparable transactions and market multiples of publicly traded comparable companies. Increases or decreases in market comparable transactions or market multiples would result in an increase or decrease in the fair value.

The below tables present a summary of changes in fair value of Level 1 and Level 3 assets, included within Debt and equity securities in the Condensed Consolidated Balance Sheets, by investment type (in thousands of USD):

	Nine Months Ended September 30, 2026			
	Level 1	Level 3		Total
	Equity Securities	Equity Securities	Debt Securities	Debt & Equity Securities
Beginning balance, January 1	**$ -**	**$ 23,645**	**$ 46,024**	**$ 69,669**
Net unrealized gain (loss)	-	(83)	(2,544)	(2,627)
Currency translation differences	-	(394)	(2,300)	(2,694)
Ending balance, March 31	**$ -**	**$ 23,168**	**$ 41,180**	**$ 64,348**
Purchases	-	133	500	633
Net unrealized gain	-	57	1,898	1,955
Currency translation differences	-	(135)	(815)	(950)
Ending balance, June 30	**$ -**	**$ 23,223**	**$ 42,763**	**$ 65,986**
Net unrealized gain		63	1,061	1,124
Currency translation differences		976	5,813	6,789
Ending balance, September 30	**$ -**	**$ 24,262**	**$ 49,637**	**$ 73,899**

	Nine Months Ended September 30, 2025			
	Level 1	Level 3		Total
	Equity Securities	Equity Securities	Debt Securities	Debt & Equity Securities
Beginning balance, January 1	**$ 3**	**$ 22,034**	**$ 48,142**	**$ 70,179**
Purchases	-	-	3,790	3,790
Net unrealized gain (loss)	-	225	(1,169)	(944)
Currency translation differences	-	12	87	99
Ending balance, March 31	**$ 3**	**$ 22,271**	**$ 50,850**	**$ 73,124**
Net unrealized gain (loss)		(6)	(1,440)	(1,446)
Currency translation differences	-	509	4,078	4,587
Ending balance, June 30	**$ 3**	**$ 22,774**	**$ 53,488**	**$ 76,265**
Purchases		708	2,166	2,874
Net unrealized gain (loss)	(2)	15	(1,654)	(1,641)
Currency translation differences		(231)	(1,753)	(1,984)
Ending balance, September 30	**$ 1**	**$ 23,266**	**$ 52,247**	**$ 75,514**

The Level 1 equity securities relate to investments in public equity securities that have readily determinable fair values.

The Level 3 debt securities relate to the Company's investments in privately held companies through the purchase of redeemable convertible preferred stock that meet the definition of a debt security.

The Level 3 equity securities relate to the Company's investments in privately held companies through the purchase of convertible preferred stock, private equity securities, Simple Agreement For Future Equity (SAFE), contribution to investment fund and redeemable convertible preferred stock. For these equity securities, the Company does not have the ability to exercise significant influence on the investee, and therefore accounts for them as equity securities under ASC Topic 321, *Investments in Equity Securities*. These equity securities include non-marketable equity investments without readily determinable fair values. The company has elected to account for these investments using the measurement alternative, under which the carrying value is measured at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments of the same issuer. For the nine months ended September 30, 2026, there were no upward or downward adjustments resulting from observable price changes, and no impairment losses were identified or recognized for these investments.

The following table presents a summary of the changes in the carrying value of our equity securities measured using the measurement alternative for the nine months ended September 30, 2026:

		(in thousands of USD)
Beginning balance, December 31, 2025	**$**	**17,377**
Currency translation differences		(71)
Ending balance, March 31, 2026	**$**	**17,306**
Purchases		133
Currency translation differences		(27)
Ending balance, June 30, 2026	**$**	**17,412**
Currency translation differences		190
Ending balance, September 30, 2026	**$**	**17,602**

For the nine months ended September 30, 2026, and 2025, the Company did not recognize any realized gain or loss on its Level 3 equity or debt securities.

Note 15. *Related Party Transactions*

The Company's Related Parties

NAVER and LY Corporation ("LY", formerly named Z Holdings Corporation) are the primary shareholders of the Parent. Related parties include NAVER's controlled affiliates, Company's management, Company directors, and stakeholders that hold significant influence over the Company. During the three and nine months ended September 30, 2026, and 2025, the Company provided advertising services to NAVER group companies and LY giving rise to related party receivables as of September 30, 2026, and December 31, 2025. Additionally, during the three and nine months ended September 30, 2026, and 2025, the Company received brand-usage and outsourcing services from NAVER and LY, which resulted in the Company recognizing related party payables as of September 30, 2026, and December 31, 2025.

In addition to the transactions mentioned above, the Company has a history of renting facilities from its parent, NAVER. Related party operating lease expenses were $1.4 million and $1.3 million during the three months ended September 30, 2026, and 2025, respectively, and $3.9 million and $2.9 million during the nine months ended September 30, 2026, and 2025, respectively, with related lease obligations of $7.3 million and $10.6 million as of September 30, 2026, and December 31, 2025, respectively (Refer to Note 7. *Leases* for additional information). The Company also subleases part of its office space to other related parties and the total other income generated from subleases was $0.1 million and $0.1 million for the three months ended September 30, 2026, and 2025, respectively, and $0.2 million and $0.1 million for the nine months ended September 30, 2026, and 2025, respectively.

Related Party Transactions and Balances

The Company entered into the following significant related party transactions during the periods presented:

	Three Months Ended		Nine Months Ended	
	September 30, 2026	**September 30, 2025**	**September 30, 2026**	**September 30, 2025**
	(in thousands of USD)		*(in thousands of USD)*	
Revenue generated	$ 25,809	$ 17,029	$ 68,603	$ 53,020
Cost of revenue incurred	29,306	28,207	84,636	84,737
Marketing expenses incurred (cost reimbursed)	529	(2,089)	(587)	(7,540)
General and administrative expenses incurred	8,573	7,629	24,421	21,565
Other income, net	418	433	1,210	1,268

* all expenses are net amounts including reimbursement from its related parties

The Company had the following significant balances due from and due to related parties as of September 30, 2026, and December 31, 2025:

	As of	
	September 30, 2026	December 31, 2025
	(in thousands of USD)	
Due from related parties		
Receivables	$ 66,775	$ 55,156
Other current assets	$ 8,478	$ 4,730
Other non-current assets	$ 6,234	$ 5,496
Loan receivables	$ 27,208	$ 28,417
Due to related parties		
Current portion of operating lease liabilities	$ 5,223	$ 5,221
Operating lease liabilities	$ 2,057	$ 5,371
Accounts payable	$ 21,224	$ 18,765
Accrued expenses	$ 6,699	$ 6,849

In July 2026, the Company entered into an Agreement of Limited Partnership with N Investment Co., Ltd. ("N Investment"), a wholly-owned subsidiary of NAVER Corporation, the Company's majority stockholder, to co-invest in NW Webcomic Adaptation Fund, L.P. (the "Fund"). The Company has committed $40.0 million and N Investment has committed $60.0 million to the Fund. The Company accounts for its 40% limited partner interest as an equity method investment under ASC Topic 323. As of September 30, 2026, the Company has funded $10 million of its $40.0 million commitment. See Note 16. *Equity Method Investments*

Note 16. *Equity Method Investments*

The Company accounts for investments using the equity method when the Company can exercise significant influence over operating and financial policies, but does not hold a controlling interest in the investee.

	(in thousands of USD)
Balance as of December 31, 2025	$ 80,440
Share of net income (loss)	(446)
Share of other comprehensive income (loss)	(15)
Dividends	(280)
Currency translation differences	(3,487)
Balance as of March 31, 2026	$ 76,212
Share of net income (loss)	988
Share of other comprehensive income (loss)	(48)
Dividends	—
Currency translation differences	(1,293)
Balance as of June 30, 2026	$ 75,859
Share of net income (loss)	1,141
Share of other comprehensive income (loss)	(41)
Dividends	(405)
Currency translation differences	7,951
Additions	45,326
Impairment	(1,082)
Balance as of September 30, 2026	**$ 128,749**

During the three months ended September 30, 2026, the Company recognized an impairment loss of $1.1 million on an equity method investment due to an other-than-temporary decline in fair value below carrying value. There were no equity method disposals during the nine months ended September 30, 2026.

Investment in RI Games Holdings Inc.

On August 6, 2026, the Company entered into the RI Games Purchase Agreement with the Seller, and the RI Games Shareholders Agreement with the Seller, RI Games Holdings and Tail Han, providing for the acquisition, in two closings, of up to 9,000 shares, or approximately 60%, of the outstanding common stock of RI Games Holdings, a South Korea-based game developer focused on developing games based on web-comic intellectual property. On August 14, 2026, the Company completed the first closing and acquired 2,999 shares, representing 19.99% of the outstanding common stock of RI Games Holdings, for cash consideration of KRW 49,983 million ($35.3 million), based on the exchange rate on the payment date. See Note 8. *Commitments and Contingencies* for the commitments and contingent rights and obligations under the RI Games Holdings Agreements.

The Company holds 19.99% of the outstanding common stock of RI Games Holdings. Although this is less than 20%, the Company accounts for its interest under the equity method because it has the ability to exercise significant influence over RI Games Holdings' operating and financial policies. Under the RI Games Shareholders Agreement, the Company has the right to attend regular meetings with development leadership, to be consulted on capital-raising matters of RI Games Holdings' subsidiaries, and to receive business plan and budget information. The Company exercises these rights through a post-closing integration framework. The Company's consent is also required for specified significant actions of RI Games Holdings.

The Company records its share of RI Games Holdings' results on a three-month lag; accordingly, no equity in earnings or losses was recorded for the three and nine months ended September 30, 2026.

The cost of the investment exceeded the Company's proportionate share of RI Games Holdings' underlying net assets. The Company accounts for this basis difference as if RI Games Holdings were a consolidated subsidiary. The allocation is preliminary and is expected to be completed in the fourth quarter of 2026.

Investment in NW Webcomic Adaptation Fund, L.P.

In July 2026, the Company entered into an Agreement of Limited Partnership of the NW Webcomic Adaptation Fund, L.P. (the "Agreement of Limited Partnership") as a 40% limited partner in NW Webcomic Adaptation Fund, L.P. (the "Fund"), an investment fund formed to invest in live-action, animation, game and other intellectual property adaptation project. The Fund has total committed capital of $100.0 million, of which the Company has committed $40.0 million. N Investment Co., Ltd. ("N Investment"), a wholly-owned subsidiary of NAVER Corporation and a related party, has committed the remaining $60.0 million as the 60% limited partner.

NW Webcomic Adaptation Management, LLC, a wholly-owned subsidiary of the Company, serves as the general partner of the Fund. Under the Agreement of Limited Partnership, the limited partners hold substantive participating rights over the Fund's investment decisions, including the right to approve or withhold approval of proposed Fund investments. Because these participating rights prevent the general partner from having a controlling financial interest, the Company does not consolidate the Fund. The Company accounts for its 40% limited partner interest as an equity method investment under ASC Topic 323. As of September 30, 2026, the Company has funded $10.0 million of its $40.0 million commitment (see Note 8).

Note 17. *Redeemable Non-Controlling Interest in Subsidiary*

The following table summarizes the activity related to the redeemable non-controlling interest in the subsidiary for the periods indicated below (in thousands of USD):

	2026	2025
Balance as of January 1	$ 24,540	$ 36,580
Comprehensive income (loss) attributable to redeemable non-controlling interest	(204)	204
Balance as of March 31	**$ 24,336**	**$ 36,784**
Comprehensive income (loss) attributable to redeemable non-controlling interest	123	893
Balance as of June 30	**$ 24,459**	**$ 37,677**
Comprehensive income (loss) attributable to redeemable non-controlling interest	1,676	(45)
Balance as of September 30	**$ 26,135**	**$ 37,632**

Note 18. *Non-Controlling Interest in Subsidiaries*

The Company has non-controlling interests in several of its subsidiaries. The balances of non-controlling interests as of September 30, 2026, and December 31, 2025, are as follows (in thousands of USD):

	As of	
	September 30, 2026	**December 31, 2025**
Munpia [1]	$ 35,163	$ 33,160
Bootcamp [2]	102	120
Total	**$ 35,265**	**$ 33,280**

1. The Munpia non-controlling interest balance excludes redeemable non-controlling interest (See Note 17. *Redeemable Non-Controlling Interest in Subsidiary* for detail).
2. The portion of net assets in Bootcamp attributable to the LP represents a non-controlling interest.

Note 19. *Subsequent Events*

Merger of Tap Future Information Corporation.

On October 8, 2026, Tap Future Information Corporation (“Tap Future”), an equity investment of the Company, was merged with and into Drama Times Inc. (“DramaBox”). In connection with the merger, the Company exchanged its equity interest in Tap Future for Series A1 preferred shares of DramaBox and subscribed for additional Series A1 preferred shares. Prior to completing the merger, the Company received cash distributions of $5.8 million from Tap Future. The Company is evaluating the accounting for the transaction, and an estimate of its financial effect cannot be made at this time.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This Management's Discussion and Analysis of Financial Condition and Results of Operation should be read in conjunction with our unaudited Condensed Consolidated Financial Statements and the related notes to those statements included in this Report and our audited Consolidated Financial Statements and the related notes and the discussion under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" for the year ended December 31, 2025, included in the Annual Report. In addition to historical financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results and timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those discussed under the sections entitled "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" in this Report.

Overview

WEBTOON is a global storytelling platform where a vibrant community of creators and users discover, create and share new content. We have pioneered a cultural movement by revolutionizing the storytelling format and democratizing content creation and publication. WEBTOON empowers creators, by enabling them to participate economically in their own creation, and users, by offering an endless library of content.

Content on our platform tells stories, across formats. On our platform, creators tell long-form stories through serialized narratives in the form of short-form, bite-sized episodes, creating a habitual behavior with an engaged user base. These stories are primarily told in two ways—web-comics, a graphical comic-like medium, and web-novels, which are text-based stories. The web-comic medium tells stories using a continuous vertical-scroll format that is easily read on mobile devices. We are able to extend the reach, impact and monetization of our content by adapting it into other media formats such as film, streaming series, games, merchandise and print books.

Creators power our content engine by authoring immersive visual stories, developing imaginative new characters and inspiring fandoms. Our creator base ranges from the individual enthusiast with a love of storytelling to the professional author building a brand and an enterprise on our platform. WEBTOON provides creators with an opportunity to monetize their creativity through various means, including Paid Content, advertising and IP Adaptations.

Users come to our platform to discover and consume engaging and immersive content. Our creators tell stories that are relatable to global audiences, attracting users across age groups, geographies and genders. Our primary user base is Gen Z and millennials. WEBTOON helps fans discover engaging content across genres, with fresh, weekly releases.

Community reinforces the benefits to creators and users on our platform. We help users and creators build relationships and engage with one another over content. As users, or "fans," often develop a personal connection to the titles on our platform, they relish the direct engagement with creators through both our comments section at the end of each episode and the "Creator Profile" section, where creators can post messages and users can respond directly. Fans also appreciate the ability to potentially influence how stories unfold and how their favorite characters evolve, as creators may choose to incorporate fans' feedback. This enables a positive feedback loop for content creation and user engagement. This community engagement powers a flywheel of user engagement and creator readership, which in turn drives WEBTOON's success.

Our platform continuously empowers and incentivizes creators to drive creation of unique long-form stories. These stories are enjoyed on our platform by a growing base of loyal fans and importantly, enable us to expand the audience base off-platform over time. This continuous cycle results in successful and durable franchises within our ever-growing content library, empowering us with a multitude of monetization opportunities through IP Adaptations.

Key Business Metrics

We believe our performance is dependent upon many factors, including the key metrics described below that we track and review to measure our performance, identify trends, formulate financial projections, and make strategic decisions.

Our offerings include WEBTOON, LINE MANGA, NAVER SERIES, eBookJapan, Munpia and Wattpad. We manage our business by tracking several operating metrics, including: monthly active users, or MAU, including app MAU and web-comic app MAU; monthly paying users, or MPU, and paying ratio; and Paid Content Average Revenue per Paying User, or ARPPU. For a definition of these operating metrics, please see the "Glossary." As a management team, we believe each of these operating metrics provides useful information to investors and others.

Our year-over-year activity and quarter-over-quarter growth trends may fluctuate subject to various internal and external factors including (i) seasonality of our business where we see increased activity during holiday season, (ii) magnitude of our marketing campaigns, (iii) hiatus/return of creators and key titles on our platforms, (iv) TV shows, films, and/or gaming release based on our content as part of our IP Adaptation business, (v) our strategic decision to direct traffic

to our mobile application may lead to fluctuations in trends as web users who view in both mediums may choose to continue to consume on our mobile application only and (vi) external factors impacting the global economy, our industry and our company.

Geographic Tracking

We review each metric by geography where our products are available and accessible. We categorize geographies into Korea, Japan, and Rest of World ("ROW") based on the location of our users:

- **Korea** includes WEBTOON Korea, NAVER SERIES, and Munpia where our content is in Korean and targeted at Korean speaking users.
- **Japan** includes LINE MANGA and eBookJapan where our content is in Japanese and targeted at Japanese speaking users.
- **Rest of World** includes WEBTOON in all other languages including English, Spanish, and more, as well as Wattpad, where our content is targeted at global users outside of Korea and Japan.

In particular, as a proxy for tracking our performance in North America, which we consider to be a key market, amongst Rest of World, we track users who consume WEBTOON offered in English in the U.S. and Canada based on such user's Internet Protocol (IP) addresses (collectively "WEBTOON North America"). For clarity, the following cases are not counted as part of WEBTOON North America but counted as part of Rest of World: (i) where users consume non-English (e.g., Spanish) WEBTOON content while they are physically based in North America and (ii) where users consume non-WEBTOON products (e.g., Wattpad) while they are physically based in North America.

Our methodology of geographic tracking may include an immaterial number of users not geographically located within the above segmentation. For instance, where users consume WEBTOON Korea content while they are physically based outside of Korea, the users will be counted as part of Korea. While we believe that these metrics are reasonable estimates of our user base for the applicable period of measurement, and that the methodologies we employ and update from time-to-time to create these metrics are reasonable bases to identify trends in user behavior, the preparation of each of such metrics involves the use of estimates, judgments and assumptions, and our metrics may be materially affected if such estimates, judgments or good faith assumptions prove to be inaccurate. See "Risk Factors—Risks Related to Our Business, Industry and Operations—Our user metrics and other estimates are subject to inherent challenges in measurement, and real or perceived inaccuracies in those metrics could adversely affect our business and reputation."

Trends in Monthly Active Users (MAU)

We define MAU as users based on each device logged in and each offering accessed from a single device and may include the same individual user multiple times if the user is logged in from multiple devices or if the user accesses multiple offerings from one device. App MAU and web-comic app MAU are subsets of MAU. App MAU refers to users who visited one of our mobile applications at least once in the applicable calendar month, averaged over each month in the given period, and web-comic app MAU refers to users who visited one of our web-comic mobile applications, rather than our web-novel mobile applications, at least once in the applicable calendar month, averaged over each month in the given period. NAVER SERIES, which offers both web-comics and web-novels, is included in web-comic app MAU.

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 our Quarterly Report on Form 10-Q for the quarter ended March 31, 2026, filed with the SEC on May 11, 2026, we have excluded such users from our MAU calculation to ensure the accuracy and consistency of our MAU reporting. In the previous comparable period, amounts related to such activity were immaterial to our reported results.

We track MAU as an indicator of the scale of our active user base, user engagement and adoption. We also break out MAU by geographic region to help us understand the global engagement. We track app MAU and web-comic app MAU as indicators of engagement on our mobile applications, consistent with our strategy to drive app users, who are typically more engaged and present better monetization opportunities compared to web users.

As of the quarter ended September 30, 2026, our global MAU was approximately 159.6 million. The global MAU increased by approximately 2.7% compared to September 30, 2025. App MAU was approximately 73.8 million as of the quarter ended September 30, 2026, compared to 80.4 million as of the same quarter of 2025, a decline of 8.2%, primarily due to a decline in Wattpad app users. Web-comic app MAU was approximately 44.8 million as of the quarter ended September 30, 2026, compared to 45.2 million as of the same quarter of 2025, a decline of 0.9%.

- In Korea, our MAU was approximately 25.6 million as of the quarter ended September 30, 2026, compared to MAU of 24.6 million as of the same quarter of 2025.

- In Japan, our MAU was 22.3 million as of the quarter ended September 30, 2026, compared to MAU of 25.3 million as of the same quarter of 2025. This decrease was primarily attributable to a decline in users on eBookJapan.
- In Rest of World, our MAU was 111.7 million as of the quarter ended September 30, 2026, which increased from 105.5 million as of the comparable prior year period. This increase was primarily attributable to growth in Wattpad web users.

Trends in Monthly Paying Users (MPU)

We define MPU as users who have paid to access Paid Content in the applicable calendar month, averaged over each month in the given period. We define paying ratio as the ratio of MPU divided by MAU for the respective periods.

We view MPU and paying ratio to be indicators of the strength of our monetization.

While MAU increased 2.7% year-over-year, MPU decreased by approximately 3.1%. This decrease was primarily driven by declines in MPU in Japan and Rest of World of 12.9% and 8.0%, respectively, partially offset by a 5.2% increase in MPU in Korea.

During the quarter ended September 30, 2026, our global MPU was 7.5 million with a paying ratio of 4.7%, which is a decrease of 0.3% compared to the paying ratio for the quarter ended September 30, 2025 of 5.0%. By geographic regions, Korea, Japan, and Rest of World contributed 51.9%, 27.1% and 21.0% of global MPU, respectively. Paying ratio varies due to the user's ability and propensity to pay across different regions and different product offerings.

- In Korea, our MPU have increased to around 3.9 million with a paying ratio of 15.1%, compared to MPU of 3.7 million and a paying ratio of 14.9% as of the quarter ended September 30, 2025.
- In Japan, our MPU have decreased to 2.0 million with a paying ratio of 9.1%, compared to MPU of 2.3 million and a paying ratio of 9.1% as of the quarter ended September 30, 2025.
- In Rest of World, our MPU decreased to 1.6 million with a paying ratio of 1.4%, compared to MPU of 1.7 million and a paying ratio of 1.6% as of the quarter ended September 30, 2025.

Trends in Paid Content Average Revenue per Paying User (ARPPU)

We define ARPPU as average Paid Content revenue in a given month divided by the number of MPU for such month, averaged over each month in the given period.

We view ARPPU to be an indicator of both the strength of engagement and Paid Content monetization on our platform. Units are in U.S. dollars.

Engagement is a key aspect to drive our monetization. For the quarter ended September 30, 2026, our ARPPU decreased to $12.3, or a 0.8% decline, compared to the same quarter of 2025. On a constant currency basis, our ARPPU increased by 4.2%. The reduction in ARPPU stemmed primarily from unfavorable foreign currency exchange rates and a substantial redistribution of the paying user base to areas generating less average revenue per paying user, factors that overshadowed the increases in monetization in Korea and Japan on a constant currency basis. We continue to focus on driving users to the app, as well as converting them to paying users, by advancing our personalization tools.

- In Korea, our ARPPU for the quarter ended September 30, 2026, has increased to $9.4, or a 17.6% increase compared to the same quarter of 2025.
- In Japan, our ARPPU for the quarter ended September 30, 2026, has decreased to $22.3, or a 5.8% decrease compared to the same quarter of 2025.
- In Rest of World, our ARPPU for the quarter ended September 30, 2026, has decreased to $6.8, or a 0.2% decrease compared to the same quarter of 2025.

Seasonality

Historically, while the magnitude and timing varies across regions, we experience higher levels of user engagement and monetization in the third quarter of the calendar year primarily as a result of increased use of our platform during the global vacation and holiday schedules of our users. In addition, many advertisers allocate the largest portion of their budgets to the fourth quarter of the calendar year to coincide with increased holiday purchasing. As we continue to diversify our sources of revenue, and in particular increase revenue from advertising, the seasonal impacts may be more pronounced in the fourth quarter in the future or different altogether.

Components of Results of Operations

Revenue

Our revenue is derived from three distinct revenue streams: Paid Content, Advertising and IP Adaptations.

Our Paid Content revenue represents revenue generated from the sale of content on our platform to users. Advertising revenue represents revenue earned for the display of advertisements on our platform, including in-stream placement within content. Our IP Adaptations revenue comprises of revenue generated from adaptations of certain content on our offerings into other media formats such as films, streaming series, games and merchandise, which may take the form of fixed licensing fees or other arrangements where we participate in the upside of such productions, or sales of merchandise. See Note 2. *Revenue* in the accompanying notes to our unaudited Condensed Consolidated Financial Statements included in this Report for more information.

Cost of Revenue

Cost of revenue consists of Paid Content creator revenue shared with creators, app store fees and other variable costs. Creator revenue share includes commissions payable to creators or publishers based on revenue generated from Paid Content. App store fees include platform fees payable to companies that provide users with the ability to download the mobile application through application stores and make purchases directly through such applications (such as Google and Apple) and certain other payment-related costs. These expenses are lower in Korea where more people buy Coins through our website as opposed to purchases made through mobile applications. Other variable costs include, among other things, costs directly associated with our IP Adaptations business, including payroll and related personal expenses, amortization and production costs.

Marketing

Marketing expenses consist of expenses incurred for the promotion of our brand, costs associated with user acquisition and costs associated with loyalty marketing campaigns where we give away free Coins. Marketing expenses also include compensation costs related to sales and marketing personnel.

General and Administrative Expenses

General and administrative expenses consist of all our operating costs, excluding cost of revenue and marketing, and include costs related to operating and maintaining our platform, general corporate function costs, stock-based compensation expense (benefit) and depreciation and amortization of non-operating assets. See Note 9. *Stock-Based Compensation* in the accompanying notes to our unaudited Condensed Consolidated Financial Statements included in this Report for more information.

Interest Income

Interest income primarily consists of interest earned on our short-term, highly liquid investments with original maturities of three months or less, which are mainly comprised of bank deposits, and interest income from loan receivables.

Interest Expense

Interest expense primarily consists of interest related to our outstanding debt obligations, including both short-term borrowings and long-term debt.

Gain (Loss) on Equity Method Investment, Net

Gain (loss) on equity method investment, net, includes recognized gain (loss) associated with our investments accounted for using the equity method. See Note 16. *Equity Method Investments* in the accompanying notes to our unaudited Condensed Consolidated Financial Statements included in this Report for more information.

Other Income (Loss), Net

Other income (loss), net, primarily consists of gains or losses on valuation of debt and equity securities, net, income or loss on foreign currency, net, retirement benefit, net, and other non-operating income or loss, net.

Income Tax Benefit (Expense)

Income tax benefit (expense) primarily includes income taxes in certain federal, state, local, and foreign jurisdictions in which we conduct our business, primarily in the U.S., Korea, Japan and Canada. Foreign jurisdictions have different statutory tax rates from those in the U.S. Additionally, certain of our foreign earnings may also be taxable in the U.S. Accordingly, our effective tax rate will vary depending on the relative proportion of foreign to domestic income, use of tax credits, changes in the valuation of our deferred tax assets and liabilities, and changes in tax laws. See Note 11. *Income*

Taxes in the accompanying notes to our unaudited Condensed Consolidated Financial Statements included in this Report for more information.

Results of Operations

Condensed Consolidated Statements of Operations and Comprehensive Loss

The following table sets forth our condensed consolidated statements of operations for the three and nine months ended September 30, 2026 and 2025, respectively. We have derived this data from our unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss. The information for each of the periods presented has been prepared on the same basis as our audited Consolidated Financial Statements and, in the opinion of management, reflects all adjustments of a normal, recurring nature that are necessary for the fair statement of the results of operations for the period. This data should be read in conjunction with our audited consolidated financial statements in the Annual Report, and unaudited Condensed Consolidated Financial Statements included in this Report. Historical results are not necessarily indicative of the results that may be expected in the future.

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in thousands of USD)	**2026**	**2025**	**% Change**	**2026**	**2025**	**% Change**
Revenue	$ 362,775	$ 378,041	(4.0%)	$ 1,022,112	$ 1,052,019	(2.8%)
Cost of revenue	(270,206)	(295,267)	(8.5%)	(758,359)	(810,355)	(6.4%)
Marketing	(39,111)	(35,166)	11.2%	(107,967)	(97,779)	10.4%
General and administrative expenses	(62,685)	(62,486)	0.3%	(188,612)	(194,160)	(2.9%)
Operating income (loss)	(9,227)	(14,878)	(38.0%)	(32,826)	(50,275)	(34.7%)
Interest income	4,170	4,638	(10.1%)	13,029	14,661	(11.1%)
Interest expense	(19)	(2)	850.0%	(53)	(6)	783.3%
Gain (loss) on equity method investments, net	59	1,709	(96.5%)	601	1,647	(63.5%)
Other income (loss), net	(2,983)	(1,891)	57.7%	(2,516)	(588)	327.9%
Income (loss) before income tax	(8,000)	(10,424)	(23.3%)	(21,765)	(34,561)	(37.0%)
Income tax benefit (expense)	529	(626)	(184.5%)	(9,080)	(2,341)	287.9%
Net income (loss)	(7,471)	(11,050)	(32.4%)	(30,845)	(36,902)	(16.4%)
Net income (loss) attributable to non-controlling interests and redeemable non-controlling interests	899	597	50.6%	2,228	1,460	52.6%
Net income (loss) attributable to WEBTOON Entertainment Inc.	$ (8,370)	$ (11,647)	(28.1%)	$ (33,073)	$ (38,362)	(13.8%)

Comparison of the Three Months Ended September 30, 2026 and September 30, 2025

Revenue

	Three Months Ended September 30,		
(in thousands of USD)	**2026**	**2025**	**% Change**
Revenue	$ 362,775	$ 378,041	(4.0%)
Paid Content	275,514	286,814	(3.9%)
Advertising	49,682	39,367	26.2%
IP Adaptations	37,579	51,860	(27.5%)

Revenue decreased by $15.3 million, or 4.0% for the three months ended September 30, 2026, as compared to the three months ended September 30, 2025. This decrease was primarily attributable to unfavorable foreign currency exchange rates, primarily the depreciation of the Japanese yen and the Korean won against the U.S. dollar, and a $14.3 million decrease in IP Adaptations revenue, primarily due to the timing of revenue recognition on productions in Korea against a higher prior-year base and continued declines in game and publishing revenue in Korea, partially offset by a $10.3 million increase in Advertising revenue, primarily driven by growth in Korea and Rest of World.

On a constant currency basis, our revenue increased by $0.6 million, or 0.2%, primarily due to increases in Paid Content revenue and Advertising revenue, partially offset by a decrease in IP Adaptations revenue. We estimate that

foreign exchange fluctuations had a total negative impact of approximately $15.9 million on our reported revenue for the quarter. Refer to the *Non-GAAP Financial Measures* section of this report for a quantitative reconciliation and a description of how we calculate these measures.

Cost of Revenue

	Three Months Ended September 30,		
(in thousands of USD)	**2026**	**2025**	**% Change**
Cost of revenue	$ (270,206)	$ (295,267)	(8.5

Our cost of revenue decreased by $25.1 million, or 8.5%, for the three months ended September 30, 2026, as compared to the three months ended September 30, 2025. The decrease was primarily attributable to a shift in the revenue mix to higher margin revenue streams, a reduction in third party transaction fees, and a decrease in total sales commissions and content fees paid to creators.

Marketing

	Three Months Ended September 30,		
(in thousands of USD)	**2026**	**2025**	**% Change**
Marketing	$ (39,111)	$ (35,166)	11.

Marketing expense increased by $3.9 million, or 11.2%, for the three months ended September 30, 2026, as compared to the three months ended September 30, 2025, primarily due to increased marketing spend to acquire users and drive traffic across our offerings.

General and Administrative Expenses

	Three Months Ended September 30,		
(in thousands of USD)	**2026**	**2025**	**% Change**
General and administrative expenses	$ (62,685)	$ (62,486)	0.

General and administrative expenses increased by $0.2 million, or 0.3%, for the three months ended September 30, 2026, as compared to the three months ended September 30, 2025, primarily due to an increase in other general and administrative costs, largely offset by decreases in depreciation and amortization and stock-based compensation expense.

Interest Income

	Three Months Ended September 30,		
(in thousands of USD)	**2026**	**2025**	**% Change**
Interest income	$ 4,170	$ 4,638	(10.1

Interest income decreased by $0.5 million, or 10.1%, for the three months ended September 30, 2026, as compared to the three months ended September 30, 2025. The decrease was attributable to lower interest rates as compared to the third quarter of 2025.

Gain (Loss) on Equity Method Investments, Net

	Three Months Ended September 30,		
(in thousands of USD)	**2026**	**2025**	**% Change**
Gain (loss) on equity method investments, net	$ 59	$ 1,709	(96.5

Gain (loss) on equity method investment, net, decreased by $1.7 million, or 96.5%, for the three months ended September 30, 2026, as compared to the three months ended September 30, 2025, primarily due to a $1.1 million impairment loss recognized on an equity method investment during the three months ended September 30, 2026, and a $0.6 million decrease in the Company's share of net income of equity method investees. See Note 16. *Equity Method Investments* in the accompanying notes to our unaudited Condensed Consolidated Financial Statements included in this Report for more information on the Company's equity method investments.

Other Income (Loss), Net

	Three Months Ended September 30,		
(in thousands of USD)	**2026**	**2025**	**% Change**
Other income (loss), net	$ (2,983)	$ (1,891)	57.

Other income (loss), net, decreased by $1.1 million, or 57.7%, for the three months ended September 30, 2026, as compared to the three months ended September 30, 2025. The change was primarily attributable to an increase of $4.3 million in net foreign currency losses, primarily resulting from exchange rate movements at the end of the quarter on foreign currency-denominated cash and investment balances. This was partially offset by a $2.8 million favorable change in net unrealized gain (loss) on financial assets measured at fair value and a $0.5 million favorable change in other items, primarily non-operating retirement benefit income.

Income Tax Expense

	Three Months Ended September 30,		
(in thousands of USD)	**2026**	**2025**	**% Change**
Income tax benefit (expense)	$ 529	$ (626)	(184.5

Income tax benefit (expense) changed by $1.2 million, or 184.5%, for the three months ended September 30, 2026, from an expense of $0.6 million for the three months ended September 30, 2025, primarily driven by the change in jurisdictional profits and losses. See Note 11. Income Taxes in the accompanying notes to our unaudited Condensed Consolidated Financial Statements included in this Report for more information on our taxes.

Comparison of the Nine Months Ended September 30, 2026 and September 30, 2025

Revenue

	Nine Months Ended September 30,		
(in thousands of USD)	**2026**	**2025**	**% Change**
Revenue	$ 1,022,112	$ 1,052,019	(2.8%)
Paid Content	800,893	821,953	(2.6%)
Advertising	136,488	124,485	9.6%
IP Adaptations	84,731	105,581	(19.7%)

Revenue decreased by $29.9 million, or 2.8%, for the nine months ended September 30, 2026, as compared to the nine months ended September 30, 2025. This decrease was primarily attributable to unfavorable foreign currency exchange rates and a $20.9 million decrease in IP Adaptations revenue, primarily due to the timing of revenue recognition on productions in Korea, partially offset by a $12.0 million increase in Advertising revenue.

On a constant currency basis, our revenue increased $19.4 million, or 1.8%, primarily due to increases in Paid Content revenue and Advertising revenue, partially offset by a decrease in IP Adaptations revenue. We estimate that foreign exchange fluctuations had a total negative impact of approximately $49.3 million on our reported revenue for the nine months ended September 30, 2026. Refer to the *Non-GAAP Financial Measures* section of this report for a quantitative reconciliation and a description of how we calculate these measures.

Cost of Revenue

	Nine Months Ended September 30,		
(in thousands of USD)	**2026**	**2025**	**% Change**
Cost of revenue	$ (758,359)	$ (810,355)	(6.4

Our cost of revenue decreased by $52.0 million, or 6.4%, for the nine months ended September 30, 2026, as compared to the nine months ended September 30, 2025. The decrease was primarily attributable to a shift in the revenue mix to higher margin revenue streams, a reduction in third party transaction fees, a decrease in stock-based compensation expense due to timing of grants, and a decrease in total sales commissions and content fees paid to creators.

Marketing

	Nine Months Ended September 30,		
(in thousands of USD)	**2026**	**2025**	**% Change**
Marketing	$ (107,967)	$ (97,779)	10.

Marketing expense increased by $10.2 million, or 10.4%, for the nine months ended September 30, 2026, as compared to the nine months ended September 30, 2025, primarily due to increased marketing spend to acquire users and drive traffic across our offerings.

General and Administrative Expenses

	Nine Months Ended September 30,		
(in thousands of USD)	**2026**	**2025**	**% Change**
General and administrative expenses	$ (188,612)	$ (194,160)	(2.9

General and administrative expenses decreased by $5.5 million, or 2.9%, for the nine months ended September 30, 2026, as compared to the nine months ended September 30, 2025. The decrease was primarily driven by a $5.5 million decrease in stock-based compensation expense due to timing of grants and a decrease in non-labor expenses.

Interest Income

	Nine Months Ended September 30,		
(in thousands of USD)	**2026**	**2025**	**% Change**
Interest income	$ 13,029	$ 14,661	(11.1

Interest income decreased by $1.6 million, or 11.1%, for the nine months ended September 30, 2026, as compared to the nine months ended September 30, 2025. The decrease was attributable to lower interest rates as compared to the nine months ended September 30, 2025.

Gain (Loss) on Equity Method Investment, Net

	Nine Months Ended September 30,		
(in thousands of USD)	**2026**	**2025**	**% Change**
Gain (loss) on equity method investments, net	$ 601	$ 1,647	(63.5

Gain (loss) on equity method investment, net, decreased by $1.0 million, or 63.5%, for the nine months ended September 30, 2026, as compared to the nine months ended September 30, 2025, primarily due to a $1.1 million impairment loss recognized on an equity method investment during the nine months ended September 30, 2026. See Note 16. *Equity Method Investments* in the accompanying notes to our unaudited Condensed Consolidated Financial Statements included in this Report for more information on the Company's equity method investments.

Other Income (Loss), Net

	Nine Months Ended September 30,		
(in thousands of USD)	**2026**	**2025**	**% Change**
Other income (loss), net	$ (2,516)	$ (588)	327.

Other income (loss), net, decreased by $1.9 million, or 327.9%, for the nine months ended September 30, 2026, as compared to the nine months ended September 30, 2025. The decrease was primarily attributable to a $6.1 million unfavorable change in net foreign currency gains (losses), primarily resulting from exchange rate movements at the end of the third quarter on foreign currency-denominated cash and investment balances, and a $0.4 million unfavorable change in other items, primarily lower non-operating retirement benefit income. These were partially offset by a $4.5 million favorable change in net unrealized gain (loss) on financial assets measured at fair value.

Income Tax Expense

	Nine Months Ended September 30,		
(in thousands of USD)	**2026**	**2025**	**% Change**
Income tax benefit (expense)	$ (9,080)	$ (2,341)	287.

Income tax expense increased by $6.7 million, or 287.9%, for the nine months ended September 30, 2026, compared to the nine months ended September 30, 2025, primarily driven by the change in jurisdictional profits and losses. See Note 11. *Income Taxes* in the accompanying notes to our unaudited Condensed Consolidated Financial Statements included in this Report for more information on our taxes.

Non-GAAP Financial Measures

In addition to our results determined in accordance with GAAP, our management and our board of directors also consider EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin, revenue on a constant currency basis, and revenue growth on a constant currency basis, ARPPU on a constant currency basis and ARPPU growth on a constant currency basis. We believe that these non-GAAP financial measures provide investors with additional useful information in evaluating our performance. Our non-GAAP financial measures should not be considered in isolation, or as substitutes for, financial information prepared in accordance with GAAP. Non-GAAP measures have limitations as they do not reflect all the amounts associated with our results of operations as determined in accordance with GAAP, and should only be used to evaluate our results of operations in conjunction with the corresponding GAAP measures.

EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin

We define EBITDA as net income(loss) before interest income, interest expense, income tax benefit (expense) and depreciation and amortization. We define Adjusted EBITDA as EBITDA with further adjustments to eliminate the effects of (Gain) loss on equity method investments, effect of applying the valuation method of fair value through profit or loss (“FVPL”), impairment of goodwill, non-cash stock-based compensation and certain other non-recurring costs. We believe that EBITDA and Adjusted EBITDA provide useful information to investors regarding our performance, as it removes the impact of certain items that are not representative of our ongoing business, such as certain non-cash charges and variable charges. We define Adjusted EBITDA Margin as Adjusted EBITDA divided by revenue. EBITDA, Adjusted EBITDA and

Adjusted EBITDA Margin are non-GAAP financial measures and are not intended to be substitutes for any GAAP financial measures. They should be considered in addition to, not as substitutes for, or in isolation from, measures prepared in accordance with GAAP, such as consolidated net income (loss) or consolidated net income (loss) margin.

Using EBITDA as a performance measure has material limitations as compared to consolidated net income (loss), or other financial measures as defined under GAAP, as it excludes certain recurring items, which may be meaningful to investors. EBITDA excludes interest expense and interest income; however, as we have borrowed money to finance transactions and operations, or invested available cash to generate interest income, interest expense and interest income are elements of our cost structure and can affect our ability to generate revenue and returns for our stockholders. Further, EBITDA excludes depreciation and amortization; however, as we use capital and intangible assets to generate revenue, depreciation and amortization are necessary elements of our costs and ability to generate revenue. Finally, EBITDA excludes income taxes; however, as we are organized as a corporation, the payment of taxes is a necessary element of our operations. Any measure, including EBITDA, that excludes interest expense, depreciation and amortization and income taxes has material limitations as compared to net income. When using EBITDA as a performance measure, management compensates for these limitations by comparing EBITDA to net loss in each period, to allow for the comparison of the performance of the underlying core operations with the overall performance of the company on a full-cost, after-tax basis.

You are also encouraged to evaluate our calculation of Adjusted EBITDA and Adjusted EBITDA Margin, and the reasons we consider these adjustments appropriate for supplemental analysis. In evaluating these measures, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in our presentation of Adjusted EBITDA. Our presentation of Adjusted EBITDA and Adjusted EBITDA Margin should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. There can be no assurance that we will not modify the presentation of these measures in the future, and any such modification may be material. Adjusted EBITDA and Adjusted EBITDA Margin have their limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP. Some of these limitations include:

- Adjusted EBITDA does not include the interest expense and the cash requirements necessary to service interest or principal payments on our debt;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash requirements for replacement of assets that are being depreciated or amortized;
- Adjusted EBITDA excludes the impact of charges and receipts resulting from matters we do not find indicative of our ongoing operations; and
- Other companies in our industry may calculate Adjusted EBITDA and Adjusted EBITDA Margin differently than we do.

The following table presents a reconciliation of net loss to EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin for each of the periods presented.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands of USD, except percentages)	**2026**	**2025**	**2026**	**2025**
Net income (loss)	$ (7,471)	$ (11,050)	$ (30,845)	$ (36,902)
Interest income	(4,170)	(4,638)	(13,029)	(14,661)
Interest expense	19	2	53	6
Income tax (benefit) expense	(529)	626	9,080	2,341
Depreciation and amortization	6,493	7,940	21,834	24,784
EBITDA	$ (5,658)	$ (7,120)	$ (12,907)	$ (24,432)
Stock-based compensation expense[1]	7,678	9,625	27,408	35,123
Restructuring, advisory, and legal fees[2]	1,370	2,684	3,751	5,802
(Gain) loss on fair value instruments, net[3]	(1,125)	1,640	(487)	4,016
(Gain) loss on equity method investments, net[4]	(59)	(1,709)	(601)	(1,647)
Adjusted EBITDA[5]	$ 2,206	$ 5,120	$ 17,164	$ 18,862
Net income (loss) margin	(2.1)%	(2.9)%	(3.0)%	(3.5)%
Adjusted EBITDA Margin	0.6 %	1.4 %	1.7 %	1.8 %

(1) Represents non-cash stock-based compensation expense related to WEBTOON's equity incentive plan and stock-based compensation plans of NAVER and Munpia, including amounts which are cash settled. See Note 9. *Stock-Based Compensation* in the accompanying notes to our unaudited Condensed Consolidated Financial Statements in this Report for further details on the amounts included within.
(2) Represents specific costs that are discrete to the periods presented and are not indicative of our core ongoing operations. For all periods presented, these amounts included non-routine legal and professional fees associated with the defense of the 2024 IPO-related shareholder litigation, which are outside the ordinary course of business. For the three months ended September 30, 2026, these amounts also included (i) our portion of the related settlement, (ii) third-party advisory fees, including financial, tax and commercial due diligence and legal advisory fees, incurred in connection with acquisition-related transactions and (iii) professional fees and severance costs directly related to the strategic restructuring initiative of our Wattpad business. The nine months ended September 30, 2026 also included advisory fees related to the Purchase Agreement that do not qualify as equity issuance costs, and a penalty and related professional fees, arising from a resolved regulatory matter concerning foreign exchange transaction reporting. For the three and nine months ended September 30, 2025, these amounts also included professional service fees associated with the initial implementation of Sarbanes-Oxley ("SOX") compliance and IPO readiness.
(3) Represents unrealized net (gain) loss of financial assets measured at fair value, which include the Company's equity investments.
(4) Represents our proportionate share of recognized gains or losses associated with our investments accounted for using the equity method. See Note 16. *Equity Method Investments* in the accompanying notes to our unaudited Condensed Consolidated Financial Statements included in this Report.
(5) Totals may not foot due to rounding.

Use of Constant Currency

We provide revenue, including period-over-period growth rates, adjusted to remove the impact of foreign currency rate fluctuations and the impact of deconsolidated and transferred operations, which we refer to as revenue on a constant currency basis. We calculate revenue on a constant currency basis in a given period by applying the average currency exchange rates in the comparable period of the prior year to the local currency revenue in the current period. We calculate revenue growth (as a percentage) on a constant currency basis by determining the increase in current period revenue over prior period revenue, where current period foreign currency revenue is translated using prior period average currency exchange rates. We calculate revenue (including growth rates) on a constant currency basis in each of our revenue streams - Paid Content, Advertising and IP Adaptations - using the same method as laid out herein.

We provide ARPPU, including period-over-period growth rates, on a constant currency basis for our Paid Content revenue streams as average Paid Content revenue on a constant currency basis in a given month divided by the number of MPU for such month, averaged over each month in the given period. As discussed above, we calculate revenue on a constant currency basis in a given period by applying the average currency exchange rates in the comparable period of the prior year to the local currency revenue in the current period and excluding deconsolidated and transferred operations. We calculate ARPPU growth rates (as a percentage) on a constant currency basis as the increase in current period ARPPU over prior period ARPPU, with current period foreign currency ARPPU translated using prior period average currency exchange rates and excluding deconsolidated and transferred operations.

We believe providing revenue, revenue growth rates, ARPPU and ARPPU growth rates on a constant currency basis helps our investors better understand our underlying performance because they exclude the effects of foreign currency volatility and impacts of deconsolidated and transferred operations that are not indicative of our actual results of operations. Adjusting revenue or ARPPU to remove the effects of foreign currency rate fluctuations, deconsolidation, and transfer of operations results in non-GAAP measures that management uses to help make informed decisions by removing the volatility caused by foreign currency rate fluctuations and the impact of deconsolidated and transferred operations, allowing us to assess whether the business is fundamentally healthy and growing. Additionally, these metrics support management in efficiently allocating resources and determining priorities by providing a basis for evaluating the competitiveness and growth potential of the business itself. It is for these reasons that management believes these non-GAAP metrics add value, but they have their limitations as analytical tools for not reflecting all the amounts associated with our results of operations as determined in accordance with GAAP, and you should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP.

The following table presents a reconciliation of revenue to revenue on a constant currency basis, and ARPPU to ARPPU on a constant currency basis, respectively, for each of the periods presented.

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in thousands of USD, except percentages)	**2026**	**2025**	**Change**	**2026**	**2025**	**Change**
Total Revenue	$ 362,775	$ 378,041	(4.0%)	$ 1,022,112	$ 1,052,019	(2.8%)
Effects of foreign currency rate fluctuations	15,856	-	N/A	49,275	-	N/A
Revenue on a Constant Currency Basis	$ 378,631	$ 378,041	0.2%	$ 1,071,387	$ 1,052,019	1.8%
Paid Content Revenue	275,514	286,814	(3.9%)	800,893	821,953	(2.6%)
Effects of foreign currency rate fluctuations	14,045	-	N/A	41,601	-	N/A
Paid Content Revenue on a Constant Currency Basis	$ 289,559	$ 286,814	1.0%	$ 842,494	$ 821,953	2.5%
Advertising Revenue	49,682	39,367	26.2%	136,488	124,485	9.6%
Effects of foreign currency rate fluctuations	1,551	-	N/A	5,352	-	N/A
Advertising Revenue on a Constant Currency Basis	$ 51,233	$ 39,367	30.1%	$ 141,840	$ 124,485	13.9%
IP Adaptations Revenue	37,579	51,860	(27.5%)	84,731	105,581	(19.7%)
Effects of foreign currency rate fluctuations	259	-	N/A	2,322	-	N/A
IP Adaptations Revenue on a Constant Currency Basis	$ 37,838	$ 51,860	(27.0%)	$ 87,053	$ 105,581	(17.5%)
Paid Content Average Revenue Per Paying User ("ARPPU")						
Korea Paid Content Revenue	$ 108,880	$ 88,011	23.7%	$ 289,290	$ 245,682	17.7%
Global ARPPU	$ 12.3	$ 12.4	(0.8%)	$ 11.9	$ 12.2	(2.8%)
Effects of foreign currency rate fluctuations	0.7	-	N/A	0.6	-	N/A
Global ARPPU on a Constant Currency Basis	$ 13.0	$ 12.4	4.2%	$ 12.5	$ 12.2	2.3%
Korea ARPPU	9.4	8.0	17.6%	8.5	7.8	9.1%
Effects of foreign currency rate fluctuations	0.3	-	N/A	0.4	-	N/A
Korea ARPPU on a Constant Currency Basis	$ 9.7	$ 8.0	21.1%	$ 8.9	$ 7.8	13.9%
Japan Paid Content Revenue	$ 134,802	$ 164,155	(17.9%)	$ 409,947	$ 475,632	(13.8%)
Japan ARPPU	22.3	23.6	(5.8%)	22.3	23.2	(4.0%)
Effects of foreign currency rate fluctuations	1.8	-	N/A	1.6	-	N/A
Japan ARPPU on a Constant Currency Basis	$ 24.0	$ 23.6	1.8%	$ 23.9	$ 23.2	2.8%
Rest of World Paid Content Revenue	$ 31,831	$ 34,648	(8.1%)	$ 101,656	$ 100,639	1.0%
Rest of World ARPPU	6.8	6.8	(0.2%)	6.8	6.6	2.9%
Rest of World ARPPU on a Constant Currency Basis	$ 6.8	$ 6.8	(0.2%)	$ 6.8	$ 6.6	2.9%

Totals may not foot due to rounding.

Liquidity and Capital Resources

Cash and cash equivalents, along with cash generated from operations and the proceeds generated from the issuance of equity securities, constitute our main liquidity sources. At September 30, 2026, our principal liquidity was derived from the residual net proceeds of our 2024 Initial Public Offering (IPO), a subsequent private placement, and a strategic equity investment secured in the first quarter of 2026. As of September 30, 2026, we had $548.4 million of cash and cash equivalents, primarily held in bank deposits and other short-term, highly liquid investments with original maturities of three months or less. We believe these balances will be sufficient to fund our working capital requirements and the commitments described below for at least the next 12 months based on our current operating plans.

On January 8, 2026, we entered into a Securities Purchase Agreement (the “Purchase Agreement”) with a wholly-owned indirect subsidiary of The Walt Disney Company (“Disney”), pursuant to which Disney purchased 2,666,757 shares

of our common stock, par value $0.0001 per share (the "Shares"), representing an approximately 2% equity interest in the Company, for an aggregate purchase price of $32.8 million. The Shares were issued in a private placement in reliance on the exemption provided by Section 4(a)(2) of the Securities Act, as a transaction not involving a public offering. We received net proceeds of approximately $32.5 million, after deducting underwriting discounts and commissions and offering expenses payable by us.

Our material cash requirements from known contractual obligations include our commitments to NW Webcomic Adaptation Fund, L.P. and under the RI Games Holdings Agreements, each described below, in addition to our operating lease obligations, debt obligations and purchase commitments described in Note 7. *Leases* and Note 8. *Commitments and Contingencies*.

In July 2026, we committed $40.0 million as a 40% limited partner in NW Webcomic Adaptation Fund, L.P. (the "Fund"), a content investment fund in which N Investment Co., Ltd., a wholly-owned subsidiary of NAVER Corporation and a related party, has committed the remaining $60.0 million. We account for our interest as an equity method investment and do not consolidate the fund. As of September 30, 2026, we had funded $10.0 million, and our remaining commitment of $30.0 million is payable in three equal annual installments of $10 million beginning in August 2027. Our obligation to fund capital for the repayment of Fund indebtedness is unconditional. See Note 8. *Commitments and Contingencies,* Note 15. *Related Party Transactions,* and Note 16. *Equity Method Investments.*

On August 6, 2026, we entered into the RI Games Holdings Agreements to acquire, in two closings, up to 9,000 shares, or approximately 60%, of the common stock of RI Games Holdings, a South Korea-based game developer, for aggregate consideration of KRW 150,000,003,000 (approximately $108.9 million). We entered into the RI Games Holdings Agreements to acquire a controlling interest in RI Games Holdings and to provide additional equity funding to RI Games Holdings following the second closing. On August 14, 2026, we paid KRW 49,983 million ($35.3 million) in cash at the first closing, which we funded with cash on hand. The second closing purchase price of KRW 100,017 million (approximately $73.6 million), also payable in cash, may become due within the next twelve months, depending on when the applicable conditions are satisfied, including a specified commercial launch milestone.

Under the RI Games Shareholders Agreement, following the second closing and through June 30, 2030, we may be required to fund capital increases of RI Games Holdings of up to KRW 50 billion (approximately $36.8 million) in cash, and if specified revenue targets are achieved, to fund a further capital increase up to a specified maximum and to purchase the Seller's remaining 6,000 shares for not less than KRW 100 billion (approximately $73.6 million), payable in combination of cash and shares of our common stock. The obligations are denominated in Korean won; the first closing payment is translated at the exchange rate on the payment date and the remaining amounts at the exchange rate as of September 30, 2026. See Note 8. *Commitments and Contingencies* and Note 16. *Equity Method Investments*.

Subsequent to September 30, 2026, we received cash distributions of $5.8 million from Tap Future Information Corporation, one of our equity investments, prior to the completion of its merger with Drama Times Inc. in October 2026. In connection with the merger, we exchanged our equity interest for Series A1 preferred shares of Drama Times Inc. See Note 19. *Subsequent Events*.

Historically, we have also relied on capital contributions from NAVER to finance our operations, repay or repurchase indebtedness, finance acquisitions and fund our capital expenditures. NAVER has no contractual obligation to provide additional capital to us. Our future capital requirements will depend on many factors, including our growth rate, sales and marketing activities and the factors described in the section entitled "Risk Factors" in the Annual Report. Our expected primary uses of capital are acquisitions and strategic investments, repayment of debt, working capital, capital expenditures, geographic expansion and other general corporate purposes. We may require additional financing through the incurrence of indebtedness, the issuance of additional equity or a combination of these sources, and such financing may not be available on favorable terms, or at all, particularly given disruption in global financial markets resulting from high inflation and interest rates. See "Risk Factors—Risks Related to Our Business, Industry and Operations—We may require additional capital to support our business in the future, and this capital might not be available on reasonable terms, if at all," in the Annual Report.

Consolidated Statements of Cash Flows

The following table summarizes our cash flows for the period presented:

	Nine Months Ended September 30,	
(in thousands of USD)	**2026**	**2025**
Net cash (used in) provided by operating activities	$ (11,892)	$ 3,578
Net cash (used in) provided by investing activities	(57,736)	(5,029)
Net cash provided by financing activities	30,651	1,407
Effect of exchange rate changes on cash and cash equivalents	5,609	12,217
Net increase (decrease) in cash and cash equivalents	$ (33,368)	$ 12,173

Operating Activities

Net cash (used in) provided by operating activities changed by $15.5 million, from net cash provided of $3.6 million for the nine months ended September 30, 2025, to net cash used of $11.9 million for the nine months ended September 30, 2026. The change was primarily driven by a $22.1 million increase in cash used in receivables, primarily due to the timing of billings, an $11.3 million decrease in cash provided by other liabilities, a $9.5 million increase in cash used for other assets, and a $7.7 million decrease in non-cash stock-based compensation expense. These were partially offset by a $10.3 million reduction in cash outflows for accrued expenses, a $10.5 million decrease in non-cash deferred tax benefit, an $8.3 million increase in cash provided by contract liabilities, a $6.1 million decrease in net loss, and a $3.7 million favorable change in income tax receivable.

Investing Activities

For the nine months ended September 30, 2026, net cash used in investing activities was $57.7 million, compared to $5.0 million for the nine months ended September 30, 2025. The increase in net cash used was primarily attributable to cash paid of $35.3 million for the first closing of our investment in RI Games Holdings and $10.0 million funded to NW Webcomic Adaptation Fund, L.P., and a $21.9 million decrease in proceeds from the maturities of short-term investments, partially offset by a $6.0 million decrease in purchases of debt and equity securities, a $4.5 million decrease in payments made for short-term investments and a $4.1 million increase in proceeds from loan receivables. In addition, during the three months ended September 30, 2026, we capitalized $0.3 million of internal-use software development costs related to the Wattpad re-platforming project.

Financing Activities

For the nine months ended September 30, 2026, net cash provided by financing was $30.7 million compared to $1.4 million during the nine months ended September 30, 2025, primarily driven by proceeds of $32.7 million from the issuance of common stock related to a private placement during the first quarter of 2026, partially offset by $2.3 million of other financing activities.

Critical Accounting Policies and Estimates

Our unaudited Condensed Consolidated Financial Statements and the related notes thereto included in this Report are prepared in accordance with GAAP. The preparation of our unaudited Condensed Consolidated Financial Statements in conformity with GAAP requires us to make estimates and judgments that affect the amounts reported in those Condensed Consolidated Financial Statements and the accompanying notes. Although we believe that the estimates we use are reasonable, due to the inherent uncertainty involved in making those estimates, actual results reported in future periods could differ from those estimates.

There have been no material changes to our critical accounting policies and estimates as described in the Annual Report. Refer to Note 1. *Description of Business and Summary of Significant Accounting Policies* in the accompanying notes to the unaudited Condensed Consolidated Financial Statements for recently adopted and issued accounting pronouncements, if any, since the filing of our Annual Report for the year ended December 31, 2025.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

For a discussion of our market risks, see “Quantitative and Qualitative Disclosures About Market Risk” in Part II Item 7A of our Annual Report.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Our management, with the participation and supervision of our Chief Executive Officer and our Chief Financial Officer, has evaluated our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures were effective at a level of reasonable assurance.

Limitations on the Effectiveness of Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2026, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II-OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we are subject to legal proceedings, claims and investigations relating to intellectual property, data privacy and data protection, privacy and other torts, illegal or objectionable content, consumer protection, securities, labor and employment, contractual rights, civil rights infringement, false or misleading advertising, governmental investigations and other legal proceedings that arise in the ordinary course of our business. This risk is enhanced in certain jurisdictions outside of the U.S. where our protection from liability for content published on our platform by third parties may be unclear and where we may be less protected under local laws than we are in the U.S. It is not possible to predict the timing and ultimate outcome of a pending or ongoing legal proceeding with certainty, and our assessment of the materiality of a legal proceeding, including any accruals taken in connection therewith, may not be consistent with the ultimate outcome of the legal proceeding. In addition, our current estimates of the potential impact of pending or ongoing legal proceedings on our business, financial condition or results of operations could change from time to time in the future. For additional information about our legal proceedings, see Note 8. *Commitments and Contingencies* to our unaudited Condensed Consolidated Financial Statements included in this Report.

Securities & Derivative Litigation

On September 5, 2024, a purported stockholder filed a putative class action lawsuit against the Company, its directors, and the underwriters of the Company's initial public offering completed on June 28, 2024 (the "IPO") in the federal court for the Central District of California, purportedly on behalf of all purchasers of shares of the Company's common stock pursuant or traceable to the IPO Prospectus and the Company's Registration Statement on Form S-1 (File No. 333-279863) relating to our IPO (the "Registration Statement"). The complaint alleges that the Registration Statement was materially false and misleading in violation of Sections 11 and 15 of the Securities Act of 1933. On January 9, 2026, the WEBTOON defendants and underwriter defendants filed answers to the operative complaint. On July 8, 2026, the parties notified the court that they had reached an agreement-in-principle that resolves all of the putative class's claims, and requested a stay of all case deadlines. On August 7, 2026, the parties filed a stipulation of settlement with the Court. On August 14, 2026, the Court preliminarily approved the settlement. A hearing on final approval of the settlement is set for December 1, 2026. During the three months ended September 30, 2026, the settlement amount of $10.05 million was deposited into escrow, of which $9.8 million was funded by the Company's insurers and $0.25 million by the Company. As of September 30, 2026, the Company recorded a liability within Provisions and defined pension benefits and an insurance receivable of $9.8 million within Receivables. The settlement did not have a material impact on the Condensed Consolidated Statements of Operations.

On November 15, 2024, a purported stockholder filed a shareholder derivative lawsuit against the Company's directors, naming the Company as a nominal defendant, in the federal court for the Central District of California. The complaint focuses on the same allegations as the putative securities class action described above, including that the Company's Registration Statement was materially false or misleading. The complaint includes claims for violations of Section 14 (a) of the Exchange Act, breach of fiduciary duties, and unjust enrichment, abuse of control, gross mismanagement, waste of corporate assets, and contribution under Section 11(f) of the Securities Act of 1933, and Section 21D of the Exchange Act of 1934. On January 13, 2025, by stipulation of the parties, the court ordered the shareholder derivative lawsuit stayed pending resolution of the Company's motion to dismiss in the putative securities class action. On April 24, 2026, by stipulation of the parties, the court ordered the shareholder derivative lawsuit stayed until the end of the fact discovery period in the securities class action.

On May 5, 2026, a purported shareholder filed a shareholder derivative lawsuit against the Company's directors, naming the Company as a nominal defendant, in the federal court for the Central District of California. The complaint focuses on similar allegations as the putative securities class action described above, including that the Company's Registration Statement was materially false or misleading. The complaint includes claims for breach of fiduciary duties, aiding and abetting breach of fiduciary duties, unjust enrichment, waste of corporate assets, and contribution under Section 11(f) of the Securities Act of 1933, and Section 21D of the Exchange Act of 1934.

On August 21, 2026, a purported shareholder filed a shareholder derivative lawsuit against the Company's directors, naming the Company as a nominal defendant, in the federal court for the Central District of California. The complaint focuses on similar allegations as the putative securities class action and other derivative lawsuits described above, including that the Company's Registration Statement was materially false or misleading. The complaint includes claims for breach of fiduciary duties, aiding and abetting breach of fiduciary duties, unjust enrichment, abuse of control, gross mismanagement, waste of corporate assets, and contribution under Section 11(f) of the Securities Act of 1933, and Section 21D of the Exchange Act of 1934.

On September 18, 2026, the purported shareholders of all three derivative actions and the Company notified the Court that they had reached an agreement-in-principle that resolves all of the putative class's claims, and requested a stay of all case deadlines. On September 21, 2026, the Court ordered that the parties' stipulation of settlement and plaintiffs' motion for preliminary approval shall be filed by October 30, 2026. On October 28, 2026, the Court extended the deadline to file the settlement documents to November 13, 2026. The settlement terms are subject to the Court's review and determination of whether they are fair, reasonable, and adequate, as well as an application for Plaintiffs' counsel's attorney's fees. The Company has insurance policies in place with respect to any future fee award. The Company does not expect any future settlement to have a material impact to the financial statements.

Item 1A. Risk Factors.

Except for the additional risk factor set forth below, there have been no material changes to the risk factors previously disclosed in the "Risk Factors" in Part I. Item 1A of our Annual Report.

If we are not able to realize a return on the investments we have made toward entering new markets and new lines of business, our business and operating results could be adversely affected.

We continue to seek opportunities to enter into new markets and new lines of business, some of which we may have very limited or no experience in. For example, we recently entered into agreements providing for the acquisition of a controlling interest in RI Games Holdings, a South Korea-based game developer focused on developing games, including games based on web-comic intellectual property. This acquisition will expand our business to include the development and operation of video games, a business in which we have little or no prior operating experience. As an entrant to new markets and new lines of business, we may not accurately estimate the infrastructure needs, human resource requirements, or operating expenses with regard to these new markets and new lines of business. We may also fail to accurately anticipate the adoption, monetization, or profitability of such new offerings. As a result, we may face additional operational, technological, and regulatory challenges as we integrate and grow these businesses. If we fail to generate adequate returns from these new markets and lines of business within our anticipated timeframe, or at all, it could have an adverse effect on our business, financial condition, and operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not Applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the SEC on July 1, 2024)
3.2	Amended and Restated By-Laws of the Registrant (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed with the SEC on July 1, 2024)
10.1*†	Second Amended Long-Term Assignment Agreement between the Company and Yongsoo Kim dated September 1, 2026
10.2*†	Director Appointment Agreement between LINE Digital Frontier and Yongsoo Kim dated September 1, 2026
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema with Embedded Linkbase Documents
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith
** Furnished herewith
†Management compensatory plan or contract

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WEBTOON Entertainment Inc.

Date: November 9, 2026

By: /s/ David J. Lee

David J. Lee

Chief Financial Officer

(Principal Financial Officer)

WEBTOON Entertainment Inc.
222 N. Pacific Coast Highway, Suite 2300
El Segundo, CA 90245

To: Yongsoo Kim
Re: Long-term assignment

Dear Yongsoo Kim:

I am pleased to confirm our offer to you a second amended long-term assignment from NAVER WEBTOON Ltd. ("NAVER WEBTOON") to WEBTOON Entertainment Inc. (the "Company" or "WEBTOON") to assume the position of President at WEBTOON. Your start date for this amended long-term assignment shall be September 1, 2026, provided that, this assignment is conditional on you continuing to hold appropriate approvals to work in the US.

1. Remuneration

1.1. During your assignment, your annual base salary for this position shall continue to be the sum set forth in the Business Delegation Agreement between you and NAVER WEBTOON, then in effect (the "Business Delegation Agreement"). Your total base salary shall be paid to you via US and South Korean payrolls, split in the ratio mutually agreed on a quarterly basis. You will continue to be eligible to receive merit increases according to the home country's merit guidelines used to determine the timing and percentage of the merit increase.

1.2. During your assignment, you are entitled to cost-of-living allowances in the sum of $13,610 per month (subject to adjustments upon periodic review pursuant to expatriate support policy), as an adjustment to your base salary, taking into consideration the cost of living and family size.

1.3. You will continue to be eligible for the target incentive set forth in the Business Delegation Agreement and its policy. The Company shall make the target incentive payout, if any, in US Dollar currency.

1.4. You shall be entitled to tax equalization so that your tax liabilities for your remuneration hereunder are neither substantially greater nor less than the Korean income tax that you would have paid had you performed all of your duties in Korea, subject to the terms of any tax equalization policy adopted by the Company from time to time. The currency exchange rate to be used in calculating the remuneration hereunder will be mutually agreed and reviewed annually.

2. Salary Related Benefits

2.1. Your benefits shall include the following: you can participate in the US Company Short-Term and Long-Term Disability plans as well as Basic US Life Insurance – on the basis that you will be partly paid via US payroll.

2.2. You will be covered under US company health insurance, including medical, dental and vision insurance, in accordance with our standard US insurance policy. You and your accompanying family members will also be covered under the expatriate insurance program in accordance with our standard expatriate insurance policy.

3. Social Security, Taxes and Payroll Considerations

3.1. You will be subject to social taxes in both countries on the basis that a split payroll arrangement is in place.

3.2. The Company will directly, or indirectly through NAVER WEBTOON, pay and/or reimburse the remuneration and benefits hereunder, through a split payroll, partly through Company's (US) payroll and partly paid through NAVER WEBTOON's (Korea) payroll. It is the Company's understanding that in order to withhold National Pension Contributions in Korea, at least 10% of salary must be received in Korea.

3.3. Generally, the Company will be responsible for tax filing of your remuneration in Korea (including but not limited to base salary, cash bonus and equity compensation). The Company will withhold all applicable taxes through the withholding system.

3.4. The Company will also be responsible for tax filing of 100% of the remuneration in the US – as you will be a US resident subject to taxes on worldwide income. Applicable withholdings will be applied. Social taxes will be withheld and remitted.

3.5. During the term of this assignment, tax filing preparation will be provided by the accounting firm selected by the Company at the Company's cost.

3.6 You may become subject to Japanese income tax and withholding in connection with your position and duties as Representative Director of LINE Digital Frontier Corporation ("LDF"). The Company will, in coordination with LDF and NAVER WEBTOON, cause the tax filing services under Section 3.5 to extend to Japan for the period in which you become subject to Japanese income tax and other related obligations. The amount reportable or subject to withholding in Japan shall be determined in accordance with applicable Japanese tax law, taking into account (i) the LDF director remuneration determined under the Director Appointment Agreement, including remuneration attributable to LDF duties whether performed in or outside Japan, (ii) your actual period of presence in Japan, and (iii) any other remuneration subject to Japanese income tax, withholding or reporting requirements. The anticipated allocation set forth in Section 8.1 is relevant to, but shall not by itself determine, the amount reportable or subject to withholding in Japan.

4. Relocation Related Benefits

4.1. In connection with this assignment and in accordance with the expatriate support policy, the Company shall provide certain relocation-related benefits.

4.2. The Company shall provide long-term rental or lease car service in accordance with the annual limit stated in the expatriate support policy, but with no monthly limits.

5. Home Travel Support

5.1. You and your family members will be eligible for one (1) round-trip airfare to the home country (other than business trips) after one year of assignment as a home travel support. This can be substituted with one (1) round-trip airfare for one family member residing in the home country.

6. Assignment and Termination

6.1. It is anticipated that this assignment will last for a period of about three (3) years from April 1, 2025, subject to renewal of the Business Delegation Agreement between you and NAVER WEBTOON. Upon satisfactory completion of the assignment, the Company will make a decision to either (1) offer you to return to a position in the home country or (2) offer you a position with WEBTOON, subject to the Company's at-will employment policy.

6.2. Should you voluntarily resign your position, all benefits under this assignment, and any other Company policy, including but not limited to, US company health benefit plans, arrangements, and relocation benefits will cease to be effective as of your termination date. No assistance will be provided for relocating back to the home location. Company-sponsored work permits/visas will be terminated on the earlier of the last day of your employment or last day in the US.

6.3. Should the Company terminate your employment for cause while on this assignment, all benefits under this assignment and any other Company policy including but not limited to health benefit plans, arrangements, and relocation benefits will cease to be effective as of your termination date.

7. Repatriation

7.1. Subject to Section 6 hereof, at the end of your assignment, the Company will provide travel back to the home location and transportation of household goods.

7.2. Your employment is not conditional upon the completion of the assignment. In the event the Company terminates your assignment other than for cause, or there is a mutual agreement between you and the Company to terminate your assignment, you will be provided repatriation benefits back to the home country. If you voluntarily resign or are terminated for cause, you will be liable for certain relocation expenses paid by the Company in accordance with the relevant policies.

8. Allocation of Time and Duties

8.1. Effective September 1, 2026, you shall devote approximately 75% of your overall working time to your duties as President of WEBTOON and approximately 25% of your working time to your duties as Representative Director of LDF, pursuant to: the Director Appointment Agreement between LDF and you; the Employee Secondment Agreement between NAVER WEBTOON and LDF; and Compensation Cost Recharge Agreement among the Company, NAVER WEBTOON and LDF, as renewed or amended, from time to time (collectively, the "LDF Arrangement"). This allocation is an estimate based on your expected duties, responsibilities and workload, and is not determined solely by the number of days of physical presence in any jurisdiction. While performing your duties in accordance with this Section 8.1, you shall comply with the instructions and protocols on international assignments as provided and implemented by the Company from time to time.

8.2. For the avoidance of any doubt, expenses you incurred in each jurisdiction shall be processed through the accounts of the entity organized in that jurisdiction, and records of the work performed for each entity shall be separately maintained and documented.

WEBTOON Entertainment Inc.
222 N. Pacific Coast Highway, Suite 2300
El Segundo, CA 90245

9. Effect of LDF Remuneration on this Letter

9.1 Your annual base salary and target incentives under the Business Delegation Agreement remain unchanged by your appointment to LDF. Any remuneration, including director remuneration or target incentive in respect of your duties for LDF constitutes a portion of the aforementioned base salary and incentive, is not additional compensation. Payment of any such amount by or on behalf of LDF, or the recharge of any amount between NAVER WEBTOON and LDF discharges the corresponding portion of that amount otherwise payable to you and shall not increase the aggregate amount to which you are entitled.

9.2 You shall not receive, in respect of the same period or the same item of costs, both a benefit under this letter and a corresponding benefit paid by or on behalf of LDF. Any such allowance, benefits, arrangements that are paid by or on behalf of LDF shall be offset against such payments you are entitled to under this letter.

9.3 Any remuneration, including base salary or target incentive attributable to your duties for LDF shall be in proportion to the allocation set forth in Section 8.1 or such other allocation that reflects your actual duties performed, during the relevant performance period for each relevant entity. Any such allocation shall be applied pro rata for the portion of the relevant performance period during which you act as the Representative Director of LDF.

Once you have read and agreed to the above, please sign below, and retain a copy for your files. If any questions should arise in connection with your assignment package or related tax issues, please contact me, Glenn Choi.

We look forward to working with you as you embark upon this challenging assignment.

Sincerely,

WEBTOON Entertainment Inc.

Signed /s/ Glenn Choi Dated 9/23/2026

Accepted and acknowledged by:

Yongsoo Kim

Signed /s/ Yongsoo Kim Dated 9/23/2026
Yongsoo Kim

DIRECTOR APPOINTMENT AGREEMENT

LINE Digital Frontier Corporation and Yongsoo Kim

LINE Digital Frontier Corporation (the “Company”) and Mr. Yongsoo Kim (the “Director”) enter into this Director Appointment Agreement (the “Agreement”) in connection with the appointment of the Director as a director and Representative Director of the Company, as follows.

Article 1 (Purpose and Appointment)

Pursuant to the resolutions of the extraordinary general meeting of shareholders of the Company dated August 26, 2026, and the written resolution of the Board of Directors of the Company dated September 1, 2026, the Company appoints the Director as a director and Representative Director of the Company, both effective as of September 1, 2026, and the Director accepts the appointment.

In the capacity of Representative Director, the Director shall perform the duties set out in Schedule 1 for the business purposes and benefit of the Company, within the governance framework established by the Board of Directors of the Company and in cooperation with the other Representative Director and executives of the Company.

Article 2 (Term of Office)

The Director’s term of office shall commence on September 1, 2026 and continue until December 31, 2026. Unless the Director is duly reappointed, the Director shall retire upon expiration of the term.

Article 3 (Resignation)

If the Director wishes to terminate this Agreement and resign from office, the Director shall notify the Company of the proposed resignation at least one month before the intended resignation date.

Article 4 (Status of the Director)

The Director acknowledges that the Director’s status as a director of the Company is based on the appointment by the general meeting of shareholders of the Company. If the Director is removed by a resolution adopted in accordance with the Companies Act of Japan, this Agreement shall terminate and the Director shall lose the position as a director of the Company, irrespective of the term stated in Article 2. In such case, except as expressly provided in this Agreement or required under applicable law, the Company shall have no obligation to pay the Director any remuneration, retirement payment, damages, expenses or other amount.

The Director is not an employee of the Company and the Director is not entitled to any rights or protection under the employment laws.

Article 5 (Compliance and Scope of Activities in Japan)

In performing the duties as Representative Director of the Company, the Director shall comply with any applicable undertaking, the articles of incorporation, internal rules and other policies of the Company.

While physically present in Japan, the Director shall focus on the duties performed in the capacity as Representative Director for the business purposes and benefit of the Company. The Director shall not, while physically present in Japan, make material decisions or approvals for, negotiate or determine material contractual terms on behalf of, or conclude or sign contracts for NAVER WEBTOON Ltd. (“NW”) or WEBTOON Entertainment Inc. (“WEI”), in accordance with the NW-LDF Secondment Agreement and any roles and responsibilities protocol or guidelines subsequently adopted by the relevant entities.

Article 6 (Remuneration and Other Payments)

The remuneration and other payments payable by the Company in respect of the Director’s position shall be as set out in Schedule 2. The remuneration shall be payable by the Company. The Company may arrange for all or part of the remuneration to be paid to the Director by NW or WEI on the Company’s behalf, subject to the applicable payroll, withholding and intercompany settlement arrangements. Any such payment shall discharge the corresponding portion of the Company’s payment obligation and shall not result in duplicate payment. Any amount paid directly by the Company shall be paid on the scheduled payment date to the bank account designated by the Director, with the transfer fees borne by the Company.

The base director remuneration and the long-term business trip allowance shall be paid in the same amount each month throughout the relevant period. Any change shall be made only following the required corporate approval and in accordance with applicable law.

The remuneration shall be determined by reference to the Director’s duties, authority, responsibilities and expected workload as Representative Director of the Company, and shall not be determined solely by reference to the number of days physically spent in Japan.

The intercompany settlement of the cost corresponding to the remuneration under this Article, including any payment made by NW or WEI on behalf of the Company, shall be governed by the separate Compensation Cost Recharge Agreement among NW, WEI and the Company. No duplicate payment or recovery shall arise.

Article 7 (Relationship with Other Agreements)

This Agreement governs the Director’s mandate relationship with the Company as Representative Director and the remuneration applicable to that position. The Director’s employment relationship with NW shall continue, and the NW-LDF Secondment Agreement and the Compensation Cost Recharge Agreement shall apply concurrently.

Applicable Japanese law, the relevant corporate resolutions of the Company and this Agreement shall prevail with respect to the Director’s statutory authority, fiduciary duties and the amount and character of the remuneration as Representative Director of the Company.

Article 8 (Consultation)

Any matter not provided for in this Agreement shall be discussed by the Company and the Director and, where appropriate, documented in a separate agreement.

Article 9 (Governing Law and Jurisdiction)

This Agreement shall be governed by the laws of Japan. The Tokyo District Court shall have exclusive jurisdiction as the court of first instance over any dispute arising out of or in connection with this Agreement.

IN WITNESS WHEREOF, this Agreement has been executed in two originals, with each party retaining one original.

Date: September 1, 2026

COMPANY:

Address: 9-7-1 Akasaka, Minato-ku, Tokyo, Japan

LINE Digital Frontier Corporation

By: Representative Director Hiroshi Mori

Signature / Seal: /s/ Hiroshi Mori

DIRECTOR:

Address: [Personal address omitted pursuant to Item 601(a)(6) of Regulation S-K]

Name: Yongsoo Kim

Signature / Seal: /s/ Yongsoo Kim

SCHEDULE 1 – SCOPE OF DUTIES AND GOVERNANCE

1. Position

One of the two Representative Directors of the Company. The other Representative Director, who also serves as President, and the executives of the Company shall oversee the day-to-day business operations and management of the local organization as allocated under the governance documents of the Company.

2. Company-Specific Duties

The Director's duties cover the Company's business as a whole, including both business and corporate support functions, and comprise the following:

(a) Business strategy and investment: Direction and oversight of the Company's business strategy, investment planning and resource allocation, in alignment with the global strategy of WEI.

(b) Globalization of Japanese content: Oversight of the strategic direction for making content sourced in Japan available to global markets.

(c) Management and Board oversight: Oversight of the Company's material management decisions, Board matters, annual business plan and budget, within the scope of the Director's legal responsibilities as a registered director under the Companies Act of Japan.

(d) Execution of individual agreements: The execution of individual agreements and detailed commercial negotiations shall be carried out by the other Representative Director and the responsible executives of the Company.

(e) External representation: External representation activities undertaken by the Director under this Agreement shall be solely for the Company.

3. Governance and Coordination

The Director shall perform the duties within the governance framework established by the Board of Directors of the Company and in cooperation with the other Representative Director and executives of the Company.

4. Activities Not to Be Performed While in Japan

Material decision-making, approvals, contract negotiation, determination of material contractual terms, contract execution and other material business activities for NW or WEI.

5. Supporting Records

Board and management materials, agendas, minutes, approvals, calendars and other records supporting that the activities are undertaken in the Director’s capacity for the Company.

6. Estimated Allocation

The anticipated allocation to the Company duties is approximately 25% of the Director’s overall service hours. This estimate is based primarily on the expected duties and responsibilities for the Company and not solely on the number of days physically spent in Japan.

SCHEDULE 2 – REMUNERATION

(From September 1, 2026 through the expiration of the term)

Item	Total Amount per 12 months	Payment Terms and Notes
1. Base Director Remuneration (Fixed Periodic)	KRW177,777,500	One-twelfth of the annual amount shall be paid on the 25th day of each month to the bank account designated by the Director. If the payment date is a non-business day, payment shall be made on the preceding business day.
2. Target Incentive	USD125,000.00	Based on organizational and individual performance, an amount ranging from 0% to 200% of the target amount may be paid between January and April, subject to the applicable corporate approval and the relevant compensation terms.
3. Long-Term Business Trip Allowance (Fixed Periodic)	USD3,402.50	One-twelfth of the annual amount shall be paid on the 25th day of each month to the bank account designated by the Director. If the payment date is a non-business day, payment shall be made on the preceding business day.

Note 1 – Gross-up: To preserve the agreed home-country (Korean) net amount, the Company may perform a tax gross-up calculation, and the Company shall bear the resulting additional tax, subject to the applicable tax equalization arrangement.

Note 2 – Tax Return Preparation Costs: The Company shall bear the agreed tax return preparation costs and any related gross-up or additional tax, subject to the applicable tax equalization arrangement.

Note 3 – Other Allowances: Education costs for accompanying children incurred at educational institutions in Japan, excluding private tutoring and similar costs, may be borne by the Company to the extent agreed in advance and within the agreed limits and period.

EXHIBIT 31.1

CERTIFICATION
PURSUANT TO RULE 13a-14 AND 15d-14
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Junkoo Kim, certify that:

1. I have reviewed this quarterly report on Form 10-Q of WEBTOON Entertainment Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected or is reasonably likely to materially affect the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2026

/s/ Junkoo Kim

Name: Junkoo Kim

Title: Chairman of the Board and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION
PURSUANT TO RULE 13a-14 AND 15d-14
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, David J. Lee, certify that:

1. I have reviewed this quarterly report on Form 10-Q of WEBTOON Entertainment Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected or is reasonably likely to materially affect the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2026

/s/ David J. Lee

Name: David J. Lee

Title: Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION
PURSUANT TO 18 U.S.C. 1350
(SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

Junkoo Kim, Chairman of the Board and Chief Executive Officer of WEBTOON Entertainment Inc. (the "Company"), and David J. Lee, Chief Financial Officer of the Company, each, hereby certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to the best of his knowledge:

1. The Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2026 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 9, 2026

/s/ Junkoo Kim
Name: Junkoo Kim
Title: Chairman of the Board and Chief Executive Officer

/s/ David J. Lee
Name: David J. Lee
Title: Chief Financial Officer