2025 Annual Report



NASDAQ: WBTN

WEBTOON Entertainment

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2025

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 333-279863

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.)
5700 Wilshire Blvd., Suite 220 Los Angeles, CA 90036	**90036**
(Address of Principal Executive Offices)	(Zip Code)

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

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

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ☐ No ☒

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, a 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 has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b).

☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of June 30, 2025, was approximately $154.6 million based upon the last reported sales price on the Nasdaq Global Select Market on that date of $9.08. For the purposes of this disclosure only, the registrant has assumed that its directors, executive officers, and the beneficial owners of 10% or more of the registrant's outstanding common stock are the affiliates of the registrant.

As of February 20, 2026, the registrant had 133,482,819 shares of common stock, par value $0.0001 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Information required in response to Part III of Form 10-K (Items 10, 11, 12, 13 and 14) is hereby incorporated by reference to portions of the registrant’s definitive proxy statement for the 2026 Annual Meeting of Stockholders (the “2026 Proxy Statement”), to be filed with the Securities and Exchange Commission (“SEC”) no later than 120 days after the end of the registrant’s fiscal year ended December 31, 2025.

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GLOSSARY

As used in this Annual Report on Form 10-K (this "Annual 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.
- "*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-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 Annual 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 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. Risks and uncertainties include:

- we have experienced rapid growth in recent periods, and our historical growth rates may not be indicative of our future performance;
- our growth depends on our ability to attract and empower creators and our ability to properly support and incentivize our creators to create compelling, engaging and interactive content;
- our growth depends on our ability to retain, attract and engage with our users, and our ability to anticipate, understand and respond appropriately to market trends and rapidly changing user preferences in a timely manner;
- if we fail to retain or increase our paying users or if we fail to maintain or continue to increase our paying ratio, our business, financial condition or results of operations could be adversely affected;
- we operate in highly competitive markets, and we face significant competition to attract and empower our creators and users;
- maintaining and enhancing the market recognition and reputation of our brands is a critical component of our relationship with creators, users and other third parties;
- our growth depends on our ability to innovate and expand our advertising business and to develop effective advertising products;
- we intend to continue to diversify our monetization strategy and increase revenues from IP Adaptations, which may not be successful;
- we intend to continue to expand our presence in existing and into new geographic markets and execute upon our growth initiatives, and our international expansion efforts may not be successful;
- we face a variety of risks associated with conducting business around the world, and these risks will increase as we continue to expand our presence into new geographic markets;
- our future growth depends on our ability to continue innovating our platform to offer attractive features and safe and civil experiences for our creators and users;
- we depend on effectively operating with mobile operating systems, hardware, technologies, products, standards and networks that we do not control, and changes to any of these or our platform could adversely affect our user retention, growth, engagement and monetization;
- we have a history of net losses, and we anticipate increasing expenses in the future, and we may not achieve or maintain profitability;

- if we fail to control our content-related costs, the expenses we incur may exceed the increase in revenues;
- the future success of our business relies heavily on our sales and marketing efforts, and if we fail to maintain sales and marketing efficiency, the marketing expenses we incur as we grow may exceed the increase in revenues;
- we are, and could become, subject to significant legal proceedings and regulatory investigations that may result in significant expenses, fines and reputational damage;
- the success of our growth strategy depends on our ability to provide a safe online environment for children;
- we are subject to complex and evolving federal, state and international laws, regulations, rules, standards and contractual obligations regarding privacy, data protection and cybersecurity, which could result in investigations, claims, changes to our business practices, increased cost of operations and declines in user growth, retention or engagement, any of which could adversely affect our business;
- claims by others that we infringe, misappropriate or otherwise violate their intellectual property rights through the activities of our creators or users or the content on our platform could subject us to liability;
- our defenses to claims of infringement, misappropriation or other violations of third-party intellectual property rights are costly and may not be successful;
- failure to obtain, maintain, protect and enforce our proprietary and intellectual property rights could adversely affect our business;
- we utilize artificial intelligence, which could expose us to liability or adversely affect our business;
- there are special risks involved with investing in companies operating in Korea, including the possibility of restrictions being imposed by the Korean government in emergency circumstances, accounting and corporate disclosure standards that differ from those in other jurisdictions, and the risk of direct or vicarious criminal liability for executive officers of our Korean affiliates;
- NAVER WEBTOON's transactions with its subsidiaries and affiliates may be restricted under Korean fair trade regulations;
- NAVER controls a significant percentage of our voting power and may have interests that conflict with the interests of other stockholders; and
- we are "controlled company" and, as a result, qualify for exemptions from certain corporate governance requirements.

You should also carefully read the risk factors described in the section entitled "Risk Factors" in this Annual Report for a description of the material risks that could, among other things, cause our actual results to differ materially from those expressed or implied in our forward-looking statements. You should understand that it is not possible to predict or identify all such factors and you should not consider the risks described above to be a complete statement of all potential risks and uncertainties. Any forward-looking statement made by us in this Annual Report is based only on information currently available to us and speaks only as of the date on which it is made. We do not undertake to publicly

update any forward-looking statement that may be made from time to time, whether as a result of new information or future events or developments, except as required by law.

Part I

Item 1. Business

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. Our community connected 27 million creators with approximately 157 million monthly active users in over 150 countries around the world.[1]

Our Platform

Our creators, users and content drive a powerful community flywheel. By creating and publishing new and diverse content, creators on our platform help drive the scale of our user base. In turn, users build relationships with creators through real-time feedback and praise on content; fandoms built around popular characters, storylines or in-story universes; and monetary support through payments for access to content. This attracts new creators to our platform, who expand our community and deepen engagement with fans, which leads to an even stronger feedback loop and encourages more content creation. We further amplify this flywheel through other monetization models, including advertising and IP Adaptations. Finally, our platform is underpinned by our foundational technology and artificial intelligence, enabling content creation and discovery and recommendation. The result is increased user engagement, creator prosperity and, ultimately, WEBTOON success.

Creators power our content engine by authoring immersive visual stories, or titles, 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. Our platform serves both amateur and professional creators, the latter defined as creators who monetize through Paid Content on our platform under formal creator agreements with Paid Content revenue sharing provisions. We consider these two groups of creators separately because their intention is often distinct: amateur creators may come to our platform simply for the love of our unique form of storytelling and to connect with an engaged and like-minded audience, and the vast majority of the 27 million creators on our platform are amateur creators. Professional creators are often building a brand and an enterprise on our platform. We believe there exists a strong potential for our amateur creator base to serve as a source of future professional creators. Particularly in markets where the creator talent base is in earlier stages of development, building a local amateur creator base will be one of the most important drivers of future professional content. A core part of our strategy in those markets is identifying high-potential amateur creators whom we promote and help start monetizing their content on our platform.

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.

Content on our platform tells stories created by our creators through multiple immersive formats. On our platform, creators tell long-form stories through our iconic serialized narratives in the form of short-form, bite-sized episodes. This content format results in a habitual behavior with an engaged user base. These stories are told primarily 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. For both formats, the serialized release of content is analogous to chapters of a book. These formats are not only accessible and highly engaging for fans, but also easier for creators to create, share and monetize their stories. We are able to further 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.

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

[1] Metrics are as of the year ended December 31, 2025.

community engagement powers a flywheel of user engagement and creator readership, which in turn drives WEBTOON's success.

This vibrant ecosystem is amplified by our foundational technology and artificial intelligence capabilities, which enable content creation, along with our content discovery and recommendation engines. Our content creation technology helps creators enhance their storytelling skills, tailor the content to various global audiences and build more engaged, wider fan bases around the world. For users, our technology enables a personalized recommendation model and rule-based curation methodology to encourage new content discovery. These tools are highly scalable across markets and our newer markets are able to benefit from the content and platform infrastructure we have invested in and refined in Korea and Japan.

Our business model is driven by the shared success of all those who participate in our platform. The result is earnings for creators, diversity of content for users to enjoy, high-intent and relevant audiences for advertising partners and a multitude of intellectual property to be adapted by media partners. Greater engagement leads to higher revenue growth and stronger user economics, which in turn provides us the benefit of diversified revenue streams and allows for reinvestment into the creators on our platform.

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

Paid Content

Our Paid Content revenue represents revenue generated from the sale of content on our platform to users. Most of our content consists of long-form stories that are serialized into short-form image- or text-based pieces released on a weekly schedule. We focused on the development of this type of digital content because this mode of storytelling is not only appealing to our users, but it is also well suited to the success of individual creators. Creators can write new stories simply and easily, without expensive equipment or training. Creators are empowered to experiment and innovate because the time and resources required for each individual episode is less intensive than what would have gone into the entire title, and because creators receive real-time feedback from users. The bite-sized format leads to a high velocity of new content being released, driving more frequent user engagement. This format is specifically popular with Gen Z and millennial users because of their preference for bite-sized, flexible content. Finally, this format lends itself to a highly scalable content model that can be monetized both across geographic markets and across media formats via adaptations such as film and streaming series.

- **Web-comics** are digitally created, weekly serialized stories expressed through vertical, continuous graphical content. Web-comics are optimized for scrolling and often include unique special effects, such as sounds and animations. Web-comics generate the vast majority of revenue on our platform. As of December 31, 2025, we had approximately 400 thousand web-comic creators, and had published over 500 thousand web-comic stories on our platform.

- **Web-novels** are digitally created, weekly serialized stories expressed through text with many titles releasing new content three to five times a week. As opposed to an eBook—a traditional long-form, text-based, online book (often an online version of a print book)—a web-novel is a long-form story serialized into short-form. Similar to our iconic web-comic format, the serialized nature of web-novels encourages habitual engagement from our users. Web-novels have an even lower barrier to creation than web-comics given that no illustration is required. This leads to a greater velocity of content generation. As of December 31, 2025, we had approximately 27.0 million web-novel creators and had generated over 67.0 million web-novel stories on our platform.

Advertising

Advertising revenue represents revenue earned for the display of advertisements on our platform, including in-stream placement within content. Our high-intent, sought-after user base attracts advertisers. We will continue to invest in optimization and measurement capabilities to better align with our advertising partners' objectives. We believe growth in advertising revenue will come from both existing advertising partners already on our platform, as well as acquisition of new advertising partners as we expand our advertising products. Our front-end advertiser product includes multiple ways to reach users in a native and organic way. Our back-end advertiser product is built on NAVER's or a third party's advertising platform. We offer five front-end advertiser products:

Display Ads	Display ads are non-intrusive banners viewable at the end of an episode and on the "Home" section, among other sections.
Achievement-Based Ads	Achievement-based advertisements reward users with Coins upon completion of a specific task, such as subscribing to an advertiser partner's newsletter or visiting a promotional event on an advertiser partner's website.
Pre-Roll Ads	Pre-roll advertisements are video advertisements that may be viewed in order to unlock Paid Content for free. Users can choose to watch 30 second, non-skippable video ads to unlock certain episodes without paying.
Engagement Products	Engagement products are partnerships to produce interactive writing contests on the platform, inspired by a brand's messaging.
Creator Content	Creator content includes partnerships with creators to produce branded content promoting a brand or product. This content can take multiple formats including integration into existing stories, epilogue stories, and other formats.

IP Adaptations

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. We enter into agreements with certain content creators who have stories with potential to become franchises across media formats. Using our multitude of proprietary data on which stories have resonated most with users in the past, we are able to identify and scale winning stories on our platform. We subsequently invest and scale such stories via adaptation into other formats, including films, streaming series, animation, video games, print books and merchandise. The majority of these adaptations are produced in partnership with third-party production companies in the form of a licensing agreement or in a limited pre-production capacity where we are paid a production fee for a service such as script development. The majority of production costs in these cases are borne by a third-party production partner. Occasionally, we may choose to rely entirely on our in-house production capability to produce the adaptation, if we determine the potential reward to be substantially in excess of the investment risk and the magnitude of the required investment to be manageable. During the year-ended December 31, 2025, examples of our IP Adaptations included the theatrical release of *My Daughter is a Zombie* and *The Trauma Cod*e on Netflix. Animation continues to be a major initiative for us, and we have recently announced that Amazon MGM Studios greenlit *Lore Olympus* to be developed into a new animated series in conjunction with The Jim Henson Company.

Our Technology Architecture

A number of core principles underpin our technology architecture, which ensure scalability, reliability and flexibility. These principles include the following:

- *Scalable Cloud-Based Infrastructure:* We utilize the infrastructure of our parent, NAVER, to process video, audio and images. We use NAVER's cloud capabilities for computing and storage for most of our offerings, including all of our offerings in Korea. We therefore benefit from NAVER's years of investment in technology infrastructure, high-speed server capabilities and data transmission technology. Although we do not have a formal written agreement in place with NAVER, we leverage NAVER's large language model to inform our own innovations in artificial intelligence. We also efficiently integrate or otherwise utilize existing infrastructure in the case of acquisitions, as was the case for Wattpad and eBook Initiative Japan Co., Ltd. ("eBIJ"), which merged with Line Digital Frontier Corporation ("LDF"), with LDF as the surviving entity, effective September 1, 2024, (the "LDF-eBIJ Merger").

- *Shared Back-End:* Because our platform consists of multiple mobile app offerings, we have designed certain back-end infrastructure to harmonize user-facing features across these apps. These features sit across all of our offerings, including those that may utilize a different back-end technology infrastructure or cloud provider. If we launch a new offering or other initiative, these back-end features can be efficiently updated across all of our offerings. Examples of our common features include:

    - **Content Store Platform:** Infrastructure to manage and support in-app business models, including Fast Pass, Title Purchase, tipping and free Coins.

- **Community Features:** Creator profile page allowing creators to post announcements and surveys, and to communicate directly with users.

- **Royalty Settlement System:** Manages revenue sharing settlements for creators and third-party production studios.

- *Innovative Viewing Technology:* To ensure a stable and seamless reading experience, we have purpose-built our own viewer technology specifically designed for mobile, vertical web-comic formats. This includes features and functions customized to serial reading. We have also introduced a viewer specifically designed for web-novel platforms, optimized for reading serialized text-based content. Internally, we have an in-house team dedicated to developing and advancing this viewer technology.

Sales and Marketing

User Marketing

We aim to balance organic and paying user marketing channels. The strength of our brands, our leading market position in multiple regions and the viral nature of our stories enable us to benefit from word-of-mouth user adoption. We amplify organic marketing through partnerships with local tech platforms and communities, and through IP Adaptations of our stories, which reach new audiences through global distribution platforms, such as Netflix. We also employ paid marketing strategies, such as brand marketing, performance marketing and in-app giveaways. Our paid marketing strategy is typically title based, focusing on targeted promotions of certain highly popular stories. Our overall marketing strategy is intended to attract new audiences and to encourage user engagement. We monitor payback and return on advertising spend to assess our success at efficiently attracting and maintaining engagement of users

Our user acquisition strategy varies by region:

- In Korea, we achieved broad user adoption and penetration of the population with strong brand affinity as of the year ended December 31, 2025. As a result, our marketing spend is limited. We occasionally leverage in-app promotions, such as giveaways of free Coins, as a way of encouraging increased engagement by existing users.

- In Japan, our paid marketing strategy is focused on increasing brand awareness and targeting new users familiar with similar content genres, such as manga and anime. For paying user acquisition, we utilize a variety of digital channels, such as LINE, Google, Meta and TikTok.

- In North America, our user acquisition is split between paid and organic. Our organic traffic benefits from partnerships with local creators or other popular technology platforms, such as our partnerships with DC Comics, Duolingo and HYBE Entertainment, as well as through our IP Adaptations. Our paid marketing strategies include brand-marketing campaigns and performance marketing, aimed at increasing user awareness of and engagement with WEBTOON by promoting top content titles that have demonstrated strong readership.

Once users join our platform, we promote engagement through various in-app strategies, such as push notifications, banner ads and free Coin giveaways.

Creator Marketing

The vast majority of creators join our platform organically, attracted by our community of passionate users and the earnings opportunities on our platform. We cultivate this creator community through a dedicated team focused on creator outreach and support. This team targets both first-time writers and well-known professional creators from other industries. These strategies include highly publicized competitions on our platform and educational resources that we offer creators for free. We also participate in comic or anime conventions, such as Comic Con, where we often sponsor individual creators. We do not currently leverage any paid marketing spend on creator acquisition.

Our Competition

We compete for both users and creators. We compete to attract and retain our users, and for their engagement hours and spend, with multiple technology and content platforms. We also compete with similar technology and content platforms to provide creators with attractive opportunities to reach consumers and earn money.

Broadly, we compete for users and creators with companies in the following categories:

- social media platforms, such as Instagram, Pinterest, Snap, Facebook, YouTube, TikTok and Twitch;
- over-the-top platforms, such as Comcast, Disney and ViacomCBS;
- gaming companies, such as Activision Blizzard (subsidiary of Microsoft), Electronic Arts, Take-Two, Valve, Unity and Zynga; and
- video streaming services, such as Netflix.

In the specific context of web-comics:

- in Korea, we mainly compete with Kakao Webtoon (a web-comic platform operated by Kakao Entertainment Corporation) and also compete with other web-comic platforms such as Kidari Studio;
- in Japan, we mainly compete with Piccoma (a Japanese web-comic platform also operated by Kakao Entertainment Corporation) and with Jump Toon (a Japanese digitized manga platform run by Shueisha Inc.); and
- in the U.S., we compete with Tapas (a web-comic and web-novel platform also owned by Kakao Entertainment Corporation) and Manta (a web-comic and web-novel platform operated by RIDI Corporation).

In the context of web-novels:

- in Korea, we compete with KakaoPage (a web-comic and web-novel platform run by Kakao Entertainment Corporation), and RIDI (a web-comic and web-novel platform operated by RIDI Corporation); and
- in the U.S., we compete with Radish (also owned by Kakao Entertainment Corporation), GoodNovel and Dreame.

We believe we are able to successfully compete for users based on our large library of engaging content, unique content format, expansive range of genres, social and community features and personalization technology. We believe we are able to successfully compete for creators based on our highly attractive and engaged user base, monetization opportunities, creator enablement technology and community features.

For additional information about the risks to our business related to competition, see the section titled "Risk Factors —Risks Related to Our Business, Industry and Operations— We operate in highly competitive markets, and we face significant competition to attract and empower our creators and users."

Privacy, Data Protection, Cybersecurity and Regulatory Matters

We are subject to a number of U.S. federal and state and foreign laws and regulations that involve matters central to our business, including privacy, data protection and cybersecurity (including with respect to the personal information of minors). Many of these laws and regulations are still evolving and being tested in courts and could be interpreted and applied in a manner that is inconsistent from country to country or state to state and inconsistent with our current policies and practices and in ways that could adversely impact our business. In addition, the application and interpretation of these laws and regulations are often uncertain, particularly in the new and rapidly evolving industry in which we operate. The costs of complying with these laws and regulations are high and are likely to increase in the future, particularly as the degree of regulation increases, our business grows and our geographic scope expands. Further, the impact of these laws and regulations may disproportionately affect our business in comparison to our peers in the technology sector that have greater resources. Any failure on our part to comply with these laws and regulations may subject us to significant liabilities or penalties, or otherwise adversely affect our business, financial condition or operating results. It is imperative that we secure the creative assets, performance and user data (including personal information) that are critical to our business. We devote

considerable resources to our security program and regularly test the security of our services with the intent to ensure that user assets are securely stored, managed and otherwise processed. We take steps designed to make it easy for content developers and creators to securely build and distribute their content in our ecosystem.

We rely on a variety of statutory and common-law frameworks and defenses relevant to the content available on our service, including the Digital Millennium Copyright Act, or DMCA; the Communications Decency Act, or CDA; the fair-use doctrine in the U.S.; and the Electronic Commerce Directive in the EU. However, each of these frameworks and defenses is subject to uncertain or evolving judicial interpretation and regulatory and legislative amendments. In addition, pending or recently adopted legislation in the U.S. and EU may impose additional obligations or liability on us associated with content published by users to our platform. If the rules, doctrines or currently available defenses change, if international jurisdictions refuse to apply protections similar to those that are currently available in the U.S. or the EU, or if a court were to disagree with our application of those rules or doctrines to our services, we could be required to expend significant resources to try to comply with the new rules or incur liability, and our business, revenue and financial results could be adversely impacted.

We are also subject to U.S. federal and state and foreign laws and regulations regarding privacy, data protection and cybersecurity, including with respect to the storage, sharing, use, transfer, disclosure, protection and other processing of personal data. For example, the CCPA requires covered companies to, among other things, provide disclosures to California consumers and afford such consumers the ability to opt out of the sale of personal information. We have incurred additional costs and expenses in an effort to comply. Similar legislation has been proposed or adopted in other states. Aspects of the CCPA and these other state laws and regulations, as well as their enforcement, remain unclear, and we may be required to modify our practices in an effort to comply with them. In addition, foreign data protection, privacy, cybersecurity, consumer protection, content regulation and other laws and regulations may be more restrictive and burdensome than U.S. federal and state laws. For example, in the UK and EU, the GDPR and UK GDPR impose stringent operational requirements for entities processing personal information and significant penalties for noncompliance. Under the GDPR, violations may result in fines up to 20 million euros or up to 4% of the annual global revenues of the violating business, whichever is greater. In addition, there is uncertainty regarding adequate methods of data transfer from the EEA and UK to other countries, including the U.S.

Children's privacy has also been a focus of recent enforcement activity and subjects our business to potential liability that could adversely affect our business, financial condition or operating results. The FTC and state attorneys in the U.S. enforce COPPA, which requires companies to obtain parental consent before collecting personal information from children under the age of 13. In addition, the GDPR prohibits certain processing of the personal information of children under the ages of 13-16 (depending on the country) without parental consent. The CCPA requires companies to obtain the consent of children in California under the age of 16 (or parental consent for children under the age of 13) before selling their personal information. We take reasonable efforts designed to comply with these laws and regulations; however, due to increasing scrutiny from governmental entities generally, we may in the future face claims under COPPA, the GDPR, the CCPA or other laws relating to children's privacy. There are also a number of legislative proposals pending before the U.S. Congress, various state legislative bodies and foreign governments concerning content regulation and privacy, data protection and cybersecurity that could affect us if enacted in the future.

We take a variety of technical and organizational security measures and other measures designed to protect our data, including personal information and other data pertaining to our creators, users, employees and business partners. Despite the variety of reasonable measures we put in place, we may be unable to anticipate or prevent unauthorized access to, misuse, misappropriation or loss of such personal information and other data.

Noncompliance with any applicable laws and regulations could result in penalties or significant legal liability. Although we take reasonable efforts designed to comply with all applicable laws and regulations, there can be no assurance that we will not be subject to regulatory action, including fines, in the event of an incident. We or our third-party service providers could be adversely affected if legislation or regulations are expanded to require changes in our or our third-party service providers' business practices or if governing jurisdictions interpret or implement their legislation or regulations in ways that negatively affect our or our third-party service providers' business, operations or financial condition.

Government authorities outside the U.S. may also seek to restrict access to or block our service, prohibit or block the hosting of certain content available through our service or impose other restrictions that may affect the accessibility or usability of our service in that country for a period of time or even indefinitely. In addition, some countries have enacted laws that allow websites to be blocked for hosting certain types of restricted content or may require websites to remove certain restricted content. Our privacy policy and terms and conditions of use describe our practices concerning the use,

transmission, disclosure and other processing of user information, including personal information, and are posted on our website. For additional information, please see the sections titled "Risk Factors—Risks Related to Our Business, Industry and Operations—If the security of our platform is compromised, it could compromise our and our creators' and users' personal, sensitive, confidential and proprietary information, disrupt our internal operations and harm public perception of our platform, which could adversely affect our business and reputation," "Risk Factors—Risks Related to Our Business, Industry and Operations—We anticipate that our ongoing efforts related to privacy, data protection and cybersecurity, and content review will identify instances of misuse of user data or other undesirable activity by third parties on our platform" and "Risk Factors—Risks Related to Government Regulations and Legal Proceedings—We are subject to complex and evolving federal, state and international laws, regulations, rules, standards and contractual obligations regarding privacy, data protection and cybersecurity, which could result in investigations, claims, changes to our business practices, increased cost of operations and declines in user growth, retention or engagement, any of which could adversely affect our business." Many of these laws and regulations are subject to change and uncertain interpretation, and could result in investigations, claims, changes to our business practices, increased cost of operations and declines in user growth, retention, or engagement, any of which could significantly harm our business.

Intellectual Property

Our intellectual property is an important aspect of our business, and our success depends in part on our ability to obtain, enforce, defend and protect our intellectual property rights. We rely on a combination of patents, copyrights, trademarks, trade secrets, know-how, license agreements, contractual provisions, non-disclosure agreements, employee non-disclosure and invention assignment agreements and confidentiality procedures to establish and protect our intellectual property rights. In addition to the protection provided by our intellectual property rights, we maintain a policy requiring our employees, consultants and other third parties to enter into confidentiality and proprietary rights agreements to control access to our intellectual property.

As of the end of December 2025, we had over 150 issued patents in the U.S. and foreign countries relating to aspects of our actual or contemplated operations and technologies (of which over 20 are U.S. patents). Our issued patents are scheduled to expire between 2028 and 2042. As of the end of December 2025, we also had more than 130 pending patent applications in the U.S. and abroad. There can be no assurance that each of our patent applications will result in the issuance of a patent. In addition, any resulting issued patents may have claims narrower than those in our patent applications. We seek to protect our proprietary inventions relevant to our business through patent protection; however, we are not dependent on any particular patent or application for the operation of our business.

We also hold various trademark rights, including registrations for the "WEBTOON" wordmark and logo as trademarks in certain classes of goods and services in the U.S. and other key jurisdictions in which we maintain operations. As of the end of December 2025, we were the registered holder of over 390 trademarks and had more than 115 pending trademark applications in the U.S. and foreign countries. There can be no assurance that each of our trademark applications will result in the issuance of a trademark or that each resulting trademark registration will be able to be maintained. As of December 31, 2025, we were the registered holder of over 60 domestic and international domain names. We continually monitor the registration of our domain names, trademarks and service marks in the U.S. and in certain locations outside the U.S.

We also utilize various means, including our proprietary technology Toon Radar, to prevent and monitor unauthorized use of our intellectual property. Toon Radar uses two functions: pre-blocking based on analysis of piracy patterns, and post-blocking based on tracking pirate IDs from watermarked content. The two functions work in synergy, collecting piracy-related data and leveraging it to improve machine learning on piracy patterns.

Despite our diligent efforts, we may not be able to obtain or maintain sufficient protection for or successfully enforce our intellectual property. Any current and future patents, trademarks and other intellectual property or other proprietary rights we own or license, or otherwise have a right to use, may be contested, circumvented or found unenforceable or invalid in certain jurisdictions. We cannot guarantee that our existing and future patents, copyrights, trademarks, trade secrets, domain names and other intellectual property rights will provide us with competitive advantages, distinguish our products from those of our competitors or prevent competitors from launching comparable products. We may also be dependent on third-party content, technology and intellectual property in connection with our business. Further, we may not be able to prevent third parties from infringing, diluting, misappropriating or otherwise violating our intellectual property rights, and we may face challenges to the validity or enforceability of our intellectual property rights. We cannot guarantee that our business does not and will not infringe or misappropriate the rights of third parties. Although we are not presently involved in intellectual property lawsuits, we may face allegations from third parties, including our competitors

and "non-practicing entities," that we have infringed, misappropriated or otherwise violated their intellectual property rights. There can be no guarantee that future lawsuits will not have a materially adverse impact on us. Further, certain federal statutes in the U.S. may apply to us with respect to various activities of our users, including the Digital Millennium Copyright Act, or the DMCA, which provides a statutory safe-harbor immunity from monetary damages for online service providers such as us from, among other things, infringing content published to our platform by our users, provided that we comply with certain statutory requirements of the DMCA. To enjoy the benefits of the safe harbor and be immune from monetary damages for infringing content published by our users, we must maintain certain practices, policies and procedures in compliance with the DMCA's requirements, including registering a designated agent with the U.S. Copyright Office and maintaining that filing on a periodic basis with the U.S. Copyright Office. We must also expeditiously remove any infringing content upon acquiring actual knowledge of such infringement or, in the absence of actual knowledge, if we become aware of facts or circumstances from which infringing activity is apparent. We must also adopt and reasonably implement, and inform users of our platform, of a policy that provides for the termination in appropriate circumstances of users who are repeat infringers of the copyrights of third parties. If we fail to comply with the conditions for qualifying for safe-harbor immunity under the DMCA, we may be subject to monetary damages for infringing content on our platform. The damages for copyright infringement can be significant and may include the Company's profits derived from the infringed work. As we host millions of user-generated works, the Company could be subject to significant damages claims if we are determined not to comply with the DMCA safe harbors. Intellectual property disputes are common in our sector, and as we face increasing competition or grow our business, there is an ongoing risk that we may become involved in legal disputes involving intellectual property claims. In addition to the protection provided by our intellectual property rights, we maintain a policy requiring our employees and consultants and other third parties to enter into confidentiality and proprietary rights agreements to control access to our intellectual property.

For additional information on risks relating to intellectual property, please see the sections titled "Risk Factors—Risks Related to Intellectual Property—Claims by others that we infringe, misappropriate or otherwise violate their intellectual property rights through the activities of our creators or users or the content on our platform could subject us to liability," "Risk Factors—Risks Related to Intellectual Property—Failure to obtain, maintain, protect and enforce our proprietary and intellectual property rights could adversely affect our business," "Risk Factors—Risks Related to Intellectual Property—Failure to adequately protect, enforce and defend our rights in our proprietary and intellectual property rights could adversely affect our business" and "Risk Factors—Risks Related to Intellectual Property—We use open-source software on our platform, which may pose particular intellectual property risks to, and could adversely affect, our business."

Human Capital Resources

Employees

As of December 31, 2025, we employed approximately 1,800 full-time employees across the globe. In order to continue to evolve our platform, we must continue to invest heavily in attracting and retaining key talent, especially those focused on content, product and engineering functions. We monitor our progress with human capital metrics such as turnover rate and ratio of technical talents to overall employees. Our brand, platform, market position, reputation for innovation and cultivation and creator-centric culture support our ability to recruit best-in-class talent. As of December 31, 2025, we had 900 employees in our service and business functions, accounting for approximately 50% of our full-time employees, and 500 employees in our tech functions, accounting for approximately 28% of our full-time employees.

We operate our Company as a portfolio of small, vision-aligned teams. Each team maintains its own objectives, roadmap and key performance indicators. Organizing this way maximizes accountability, creativity and the number of leadership opportunities.

Team and Culture

At WEBTOON, our mantra is "We work for fun." Our team members are passionate about storytelling and are often fans of our unique form of content. We are also committed to the development of our team through leadership, technical and essential skills training. We host an annual internal conference called "WEBTOON We Are" aimed at sharing the diverse work experiences and perspectives of our employees and bringing together teams from various geographies and functions.

Available Information

We make available on our website (https://ir.webtoon.com) under "Financials" our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports as soon as reasonably practicable after we electronically file or furnish them to the SEC. The information contained in, or that can be accessed through, our website is not part of, or incorporated by reference in, this Annual Report. The SEC maintains an internet website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at www.sec.gov.

Investors and others should note that we may announce material information to our investors using our investor relations website (https://ir.webtoon.com), SEC filings, press releases, public conference calls and webcasts. We use these channels, as well as social media, to communicate with our investors and the public about our company, our business and other issues. It is possible that the information that we post on social media could be deemed to be material information.

The information contained on such websites and social media posts is not incorporated by reference into this filing. Further, our references to website URLs in this Annual Report are intended to be inactive textual references only.

Item 1A. Risk Factors

In addition to the other information in this Annual Report, the following risk factors should be considered carefully in evaluating our company. We seek to identify, manage and mitigate risks to our business, but risks and uncertainties are difficult to predict, and many are outside of our control and therefore cannot be eliminated. You should be aware that it is not possible to predict or identify all of these factors and that the following is not meant to be a complete discussion of all potential risks or uncertainties. If certain of the risks below, unknown risks or uncertainties, or additional risks that we currently believe to be immaterial materialize, our business, financial condition, results of operations, reputation, cash flows or prospects could be adversely affected, potentially in a material way, which could result in a partial or complete loss of your investment.

Risks Factors Summary

Our business is subject to numerous risks and uncertainties, including those described more fully in this Annual Report. The following is a summary of principal risks and uncertainties that could materially adversely affect our business, financial condition, results of operations, reputation, cash flows or prospects. This summary should be read in conjunction with the "Risk Factors" section in this Annual Report and should not be relied upon as an exhaustive summary of the material risks and uncertainties facing our business.

Risks Related to Our Business, Industry and Operations

- We have experienced rapid growth in recent periods, and our historical growth rates may not be indicative of our future performance.
- Our growth depends on our ability to attract and empower creators and our ability to properly support and incentivize our creators to create compelling, engaging and interactive content.
- Our growth depends on our ability to retain, attract and engage with our users, and our ability to anticipate, understand and respond appropriately to market trends and rapidly changing user preferences in a timely manner.
- If we fail to retain or increase our paying users or if we fail to maintain or continue to increase our paying ratio, our business, financial condition or results of operations could be adversely affected.
- We operate in highly competitive markets, and we face significant competition to attract and empower our creators and users.
- Maintaining and enhancing the market recognition and reputation of our brands is a critical component of our relationship with creators, users and other third parties.
- Our growth depends on our ability to innovate and expand our advertising business and to develop effective advertising products.

- We intend to continue to diversify our monetization strategy and increase revenues from IP Adaptations, which may not be successful.

- We intend to continue to expand our presence in existing and into new geographic markets and execute upon our growth initiatives, and our international expansion efforts may not be successful.

- We face a variety of risks associated with conducting business around the world, and these risks will increase as we continue to expand our presence into new geographic markets.

- Our future growth depends on our ability to continue innovating our platform to offer attractive features and safe and civil experiences for our creators and users.

- We depend on effectively operating with mobile operating systems, hardware, technologies, products, standards and networks that we do not control, and changes to any of these or our platform could adversely affect our user retention, growth, engagement and monetization.

- We have a history of net losses, and we anticipate increasing expenses in the future, and we may not achieve or maintain profitability.

- If we fail to control our content-related costs, the expenses we incur may exceed the increase in revenues.

- The future success of our business relies heavily on our sales and marketing efforts, and if we fail to maintain sales and marketing efficiency, the marketing expenses we incur as we grow may exceed the increase in revenues.

Risks Related to Government Regulation and Legal Proceedings

- We are, and could become, subject to significant legal proceedings and regulatory investigations that may result in significant expenses, fines and reputational damage.

- The success of our growth strategy depends on our ability to provide a safe online environment for children.

- We are subject to complex and evolving federal, state and international laws, regulations, rules, standards and contractual obligations regarding privacy, data protection and cybersecurity, which could result in investigations,

claims, changes to our business practices, increased cost of operations and declines in user growth, retention or engagement, any of which could adversely affect our business.

Risks Related to Intellectual Property

- Claims by others that we infringe, misappropriate or otherwise violate their intellectual property rights through the activities of our creators or users or the content on our platform could subject us to liability.
- Our defenses to claims of infringement, misappropriation or other violations of third-party intellectual property rights are costly and may not be successful.
- Failure to obtain, maintain, protect and enforce our proprietary and intellectual property rights could adversely affect our business.

Risks Related to Ownership of our Common Stock

- NAVER controls a significant percentage of our voting power and may have interests that conflict with the interests of other stockholders.
- We are a "controlled company" and, as a result, qualify for exemptions from certain corporate governance requirements.
- If we are unable to maintain effective internal control over financial reporting in the future, we may fail to prevent or detect material misstatements in our financial statements, in which case investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock may decline.

Risks Related to Our Business, Industry and Operations

We have experienced rapid growth in recent periods, and our historical growth rates may not be indicative of our future performance.

We have experienced rapid growth in our business and revenue in recent periods. You should not rely on our historical growth rates as an indication of our future performance. We anticipate that further growth of our business will be required to address any significant growth in our user base and creators and to take advantage of favorable market opportunities. Any future growth will likely place significant demands on our managerial, operational, administrative and financial resources. If we are not able to respond effectively to new or increased demands that arise because of our growth, or, if in responding, our management is materially distracted from current operations, our business could be adversely affected. In addition, if we do not have sufficient breadth and depth of the content necessary to satisfy increased demand arising from growth in our user base, our user satisfaction may also be adversely affected.

Our growth may decline in the future as a result of a variety of factors, including slowing demand for our platform, insufficient growth in the number of creators and users that use our platform, increased competition, insufficient growth of our overall market, our inability to continue to capitalize on growth opportunities, increasing regulatory costs and the maturation of our business. We believe that the growth of our business depends on a number of factors, including our ability to:

- continue to attract and empower creators to create engaging content;
- attract users and strengthen our brands;
- increase engagement with users and strengthen our community;
- increase our paying ratio and strengthen our monetization capability;
- continue to innovate and expand our advertising business;
- increase revenues from our IP Adaptations with increasing bargaining power vis-a-vis third-party intellectual property adaptation partners (e.g., studios, publishers, financiers, distributors, producers and potential buyers);
- expand our presence into new geographic markets;
- continue to innovate our platform; and

- maintain sales and marketing efficiency.

We may not successfully accomplish any of these objectives, or such changes may not be favorable to us, and, as a result, it is difficult for us to forecast our future results of operations. If the assumptions that we use to plan our business are incorrect or change in reaction to changes in our market, or if we are unable to maintain revenue growth, our stock price could decline, it may be difficult to achieve and maintain profitability and our business, financial condition and results of operations could be adversely affected.

Our growth depends on our ability to attract and empower creators and our ability to properly support and incentivize our creators to create compelling, engaging and interactive content.

Our platform is powered by our creators and the content they bring to life. We depend on our creators to create compelling, engaging and interactive content and to enter into agreements with us with respect to the monetization and adaptation of such content. To facilitate and incentivize the content creation on our platform, we empower our creators with an end-to-end technology toolkit that enables content management, provides content creation support and is also supplemented with multilayered assistance. In addition, we provide our creators with an opportunity to monetize their creative efforts through various means, including Paid Content, advertising or IP Adaptations. If we fail to provide the right technologies or sufficient monetization opportunities to our creators, our creators may create less content or elect to create content on other platforms and, thus, our business, results of operations and financial condition could be adversely affected.

We compete to attract and empower creators by providing them the essential resources for success, including tools to create, manage and monetize their content. We compete for creators with popular technology platforms that provide creators the ability to create or distribute interactive content, and some of our creators have developed attractive businesses in developing content on our platform. Although our agreements with certain creators include certain exclusive distribution rights that the creators grant us, those agreements do not require them to continue to use our platform for any time period to create new content. In the future, if we are unable to continue to provide value to these creators and if they have alternative methods to publish and monetize their content, they may not continue to provide content to our platform. Should we fail to provide compelling advantages to continued use of our ecosystem to creators, they may elect to develop content on competing interactive entertainment platforms. We must continue to invest significant resources in research and development, including through acquisitions, in order to enhance our technology and platform. If a significant number of our creators no longer provide content, we may experience an overall reduction in the quality of user experiences, which could adversely affect users' interest in our platform and lead to a loss of revenue opportunities and adversely affect our results of operations. Failure to adequately identify and provide sufficient monetization opportunities could adversely affect our business, financial condition or results of operations.

In addition, as there are few barriers for our creators to publish their content on our platform, we cannot guarantee that the content created by all creators on our platform will be of sufficient quality to attract users to our platform. Furthermore, any disputes or legal proceedings with our creators, especially the franchise stars that create popular and engaging content, may disrupt our relationships with them. Therefore, we cannot assure you that we will obtain or retain content on our platform with monetization value. If we lack popular content that can be monetized or fail to acquire a broad range of intellectual property rights of such literary content for monetization, our business, financial condition or results of operations could be adversely affected.

Our growth depends on our ability to retain, attract and engage with our users, and our ability to anticipate, understand and respond appropriately to market trends and rapidly changing user preferences in a timely manner.

The size of our user base and our users' level of engagement are critical to our success, and our financial performance has been, and will continue to be, significantly determined by our success in retaining, attracting and engaging MAU and converting them into MPU. From our inception, we experienced our largest user growth in Korea, Japan and North America. We have experienced, and expect to continue to experience, fluctuations and declines in the size of our user base in one or more markets from time to time, particularly in markets where we have achieved higher penetration rates. Any future declines in the size of our user base may adversely impact our financial performance.

Our business performance is increasingly dependent on our ability to increase levels of user engagement in current and new markets. In particular, our performance will depend on our ability to convert the popularity of web-based comics and novels in Korea and Japan into other regions. If people do not perceive our platform to be useful, reliable or trustworthy, we may not be able to attract or retain users or otherwise maintain or increase the frequency, duration or level

of their engagement. A number of other online content platforms or social platforms that achieved early popularity have seen the sizes of their user bases or levels of engagement subsequently decline, in some cases precipitously.

Any number of factors could adversely affect user retention, growth or engagement, including if:

- we are unable to continue to offer content that users find highly engaging, that work with a variety of mobile operating systems, web browsers, other systems and networks and that achieve a high level of market acceptance, particularly in markets that we are targeting for expansion;
- we are unable to convert users like we do in Korea and Japan;
- users increasingly engage with competing products or services, particularly social media platforms, online content platforms and mobile games;
- we are unable to obtain, manage and prioritize content to ensure users are presented with content that is appropriate, interesting, useful and relevant to them;
- we are unable to introduce new and exciting features, products or services, or those we introduce are not favorably received;
- initiatives designed to attract and retain users and engagement are unsuccessful or discontinued, whether as a result of actions by us, users, creators, third parties or otherwise;
- we are unable to provide a compelling and intuitive user experience and environment, particularly relating to the delivery, quality, volume, design and layout of the content and advertisements delivered on our platform;
- we are unable to provide adequate customer service to users or creators, or maintain relationships with key platform partners such as advertisers;
- there are increased concerns of users or creators, or we suffer any incidents, relating to privacy, data protection, cybersecurity or safety;
- there are changes mandated by legislation, regulatory authorities or litigation that adversely affect our platform, content, users or creators; or
- we adopt terms, policies or procedures related to areas such as sharing, content, user data or advertising that are perceived negatively by our users or the general public.

There is no guarantee that we will not experience an erosion of our user base or a decline in engagement levels. A decrease in user retention, growth or engagement could negatively impact our revenue from users and render our platform less attractive to our creators and our platform advertisers, thereby reducing our revenues, which could adversely affect our business, financial condition and results of operations.

If we fail to retain or increase our paying users or if we fail to maintain or continue to increase our paying ratio, our business, financial condition or results of operations could be adversely affected.

We offer both Paid Content and free content to our users on our platform. A majority of our revenues are generated from the Paid Content on our platform. Our users may access our Paid Content by purchasing our *Fast Pass*, which provides users with early access to upcoming episodes for ongoing series, or our *Title Purchase*, which provides users with access to all episodes of select completed series.

The success of our business depends largely on our ability to generate sufficient paying user traffic through engaging content so as to retain existing and attract new users that are willing to pay for the Paid Content. Among all users who use our platform in any period, only a small percentage of such users are paying users. To attract and retain our paying users, we must continue to offer engaging and diversified content that meets our users' fast changing appetite and enhance the interaction between users and creators. To that end, we must continuously anticipate, understand and respond appropriately to market trends and rapidly changing user preferences by generating suitable content in a timely and effective manner. We may not be able to maintain or continue to increase our paying ratio to achieve expected Paid Content revenues. If we fail to cater to the fast changing needs and preferences of our users, in particular our younger generation of users whose appetite may evolve from time to time and who may have higher demand in the quality and entertaining level of content, and, as a result, fail to deliver suitable content and a satisfactory user experience, our paying users will not find our Paid Content attractive or may find our *Fast Pass* or *Title Purchase* expensive. Consequently, they may reduce their spending on our Paid Content. As we generate a majority of our revenues from our paying users, it is particularly important for us to retain and increase the percentage of paying users and to maintain or increase their spending levels. There can be no

assurance that we will be able to retain or increase paying users or that paying users will maintain or increase their spending. It is possible that we could lose more paying users than we gain in the future, which would cause a decrease in the monetization of our content and could adversely affect our business, financial condition and results of operations.

We operate in highly competitive markets, and we face significant competition to attract and empower our creators and users.

We face substantial competition across all geographic markets in which we operate and compete for both users and creators, and competitive pressures could adversely affect our business, financial condition or results of operations. We compete with companies of all sizes based on numerous factors, including our compelling, engaging and interactive content, personalized user experiences, various engaging and social features, advertising and promotional activities, brand recognition and loyalty, pricing and geographic reach. We compete for users and their engagement time with paper comics, other web-comic platforms, global entertainment companies, global gaming companies, online content platforms, as well as social platforms. Furthermore, the continued attractiveness of our content and geographic markets in which we operate may encourage the entry of new competitors of all sizes, which could increase other competitive pressures in the future. We may be unable to anticipate the timing and scale of the threats posed by our competitors or successfully respond to them. In addition, the cost of responding to increasingly significant and widespread competition worldwide, including management time and out-of-pocket expenses, could adversely affect our business, financial condition or results of operations.

Many of our existing competitors have, and some of our potential competitors could have, substantial competitive advantages, such as:

- larger sales and marketing budgets and resources;
- broader and more established relationships and brand recognition with users and creators;
- greater resources to make acquisitions and enter into strategic partnerships;
- lower labor and research and development costs;
- stronger competitive positions in certain geographic regions or user demographics;
- larger and more mature intellectual property portfolios; and
- substantially greater financial, technical and other resources.

We expect competition to continue to increase in the future. Conditions in our market could change rapidly and significantly as a result of technological advancements, the emergence of new entrants into the market, partnering or acquisitions by our competitors, continuing market consolidation or changing creator and user preferences, which can be difficult to predict or prepare for. Our competitors vary in size, and some may have substantially broader and more diverse offerings or may be able to provide more monetization opportunities for creators.

Maintaining and enhancing the market recognition and reputation of our brands is a critical component of our relationship with creators, users and other third parties.

Maintaining and enhancing the recognition and reputation of our brands is a critical component of our ability to compete for, and maintain and enhance our relationship with, creators, users and other third-party partners. We may also experience media, legislative or regulatory scrutiny of our actions or decisions regarding user privacy, data protection, cybersecurity, data use, content monitoring, advertising, competition and other issues, which may in the future adversely affect our reputation and brands. Our brands may also be negatively affected by the actions of people that are hostile or inappropriate, by accounts impersonating other people, by accounts identified as spam, by use or perceived use, directly or indirectly, of our products or services by people (including governments and government-sponsored actors) to disseminate information that may be viewed as offensive or inappropriate, by accounts introducing excessive amounts of spam on our platform, by third parties obtaining control over people's accounts or by cyberattacks or other security incidents. Maintaining and enhancing our brands may require us to make substantial investments, and these investments may not achieve the desired goals.

Many factors, some of which are beyond our control, are important to maintaining and enhancing our brands and may negatively impact our brands and reputation if not properly managed, including our ability to:

- maintain highly engaged users as user preferences evolve and as we expand into new markets;

- increase brand awareness among existing and potential users and creators through various means of marketing and branding activities; and
- adopt new technologies or adapt our platform and our systems to new user or creator requirements or emerging industry standards.

Additionally, we receive a high degree of media coverage around the world. Negative publicity about our company or executives, including about the quality of content shared on our platform, changes to our products, policies and services, our privacy, data protection, cybersecurity and policy enforcement, litigation, regulatory activity and the actions of certain accounts (including actions taken by prominent accounts on our platform or the dissemination of information that may be viewed as hateful, misleading or manipulative), even if inaccurate, could adversely affect our reputation. Such negative publicity and reputational harm could adversely affect our creators and users and their confidence in and loyalty to our platform and could result in decreased revenue or increased costs to reestablish our brands.

Our growth depends on our ability to innovate and expand our advertising business and to develop effective advertising products.

We generate a portion of our revenue from advertising on our platform. Most of our advertisers do not have long-term commitments with us, and many of our advertisers can terminate their contracts with us at any time. advertisers may not continue to do business with us, or they may reduce the budgets they are willing to commit to us, if we do not deliver advertisements in an effective manner or fail to develop effective advertising products, if they do not believe that their investment in advertising with us will generate a competitive return relative to other alternatives or if they are not satisfied for any other reason. This requires us to effectively leverage digital technology and data analytics to gain new commercial insights and develop targeted marketing and advertising initiatives to reach users. If we are unable to provide advertisers with a suitable return on investment, the demand for our advertisements may not increase, or may decline, which may impact our revenue and financial results. In addition, our ability to generate and maintain our advertising revenues depends on a number of factors, including the maintenance and enhancement of our brands, our platform, the scale, engagement and loyalty of our users and the market competition on advertising prices. We cannot assure you that we will be able to retain existing advertisers or attract new ones. If we are unable to retain and enhance our relationships with advertisers, our business, financial condition and results of operations could be adversely affected.

We intend to continue to diversify our monetization strategy and increase revenues from IP Adaptations, which may not be successful.

We currently generate a substantial majority of our revenues from Paid Content distribution. We also generate a portion of our revenues from online advertising. We plan to strengthen revenue contribution from our other monetization methods, such as monetizing content on our platform via adaptations into film, streaming series and other rich media formats. We currently have various business models for IP Adaptations, including licensing out the rights to adapt content created by certain creators to intellectual property adaptation partners (e.g., studios, publishers, financiers, distributors, producers and potential buyers), participating in the pre-production phase for such adaptations, co-producing or investing in production for such adaptations alongside intellectual property adaptation partners and directly funding the entire project for such adaptations. We are still in the early stage of our adaptation business and have a limited track record of, or experience in, generating substantial revenues from such adaptations. If our adaptation initiative does not enhance our monetization ability or enable us to develop new approaches to monetization, we may not be able to substantially increase our revenues or recover any associated costs. In addition, we may in the future introduce new services to further diversify our revenue streams, including services with which we have little or no prior development or operating experience. If these new or enhanced services fail to engage users, customers or content partners, we may fail to attract or retain users or to generate sufficient revenues to justify our investments and our business and operating results may suffer as a result.

Moreover, we may fail to effectively identify and develop popular content on our platform with adaptation potential, properly maintain our existing business relationship with our intellectual property adaptation partners in the future or develop new business relationships, our intellectual property adaptation partners may be less likely to source content from and develop business cooperation with us, the occurrence of which could adversely affect our business, financial condition and results of operations.

We intend to continue to expand our presence in existing and into new geographic markets and execute upon our growth initiatives, and our international expansion efforts may not be successful.

In recent years, we have grown, and we intend to continue to grow, our business by expanding our presence into new geographic markets. In seeking to expand our operations in geographic markets where we currently have a presence or to expand into new geographic markets where we currently do not have a presence, we expect, as we have in the past, to invest significant resources, incur expenses and face various challenges, including those related to compliance with market-specific laws or regulations, gaining acceptance of our platform, content and products from creators, users and third-party partners, some of whom may be less familiar with our company and our brands or have existing loyalty or relationships with competitors and their brands, the ability to monitor our platform in new and evolving markets and in different languages to confirm we maintain standards consistent with our brands and reputation and expanding our sales force and other personnel in those markets. We cannot predict with certainty the extent to which our platform, content and marketing efforts will be accepted or successful in any particular market, and it is possible that positive returns on our investments in a market will not be achieved for several years, or at all.

In addition, competition is likely to intensify in the new geographic markets where we plan to expand our presence. Local companies may have substantial competitive advantages because of their greater understanding of, and focus on, those local markets. Some of our competitors may also be able to develop and grow in certain geographic markets more quickly than we will. We may not be able to expand our presence in new geographic markets and attract creators or users in international markets and doing so will require considerable management attention and resources. International expansion is subject to the particular challenges of supporting a business in an environment of multiple languages, cultures, customs, legal systems, alternative dispute systems, regulatory systems and commercial infrastructures. If we are unable to offer our platform in certain countries, and successfully expand our presence into new geographic markets, our business, financial condition or results of operations could be adversely affected.

We face a variety of risks associated with conducting business around the world, and these risks will increase as we continue to expand our presence into new geographic markets.

We operate our platform in multiple geographies and are subject to risks and challenges associated with an international business. While we intend to continue to expand internationally, and this expansion is an important element of our future business strategy, there is no guarantee that our international expansion efforts will be successful. Expanding our presence into new geographic markets and having creators and users globally is accompanied by certain financial, economic and political risks, including:

- local and regional economic environments and policies in the markets we serve, including interest rates, monetary policy, inflation, economic growth, recession, commodity prices and currency controls or other limitations on the ability to expatriate cash;
- currency devaluations in jurisdictions experiencing high inflation rates or significant currency exchange fluctuations;
- compliance with local regulations and laws, including in some jurisdictions, local regulations related to privacy, data protection and cybersecurity, content monitoring, preclusion and removal of online entertainment platforms, particularly as these rules apply to interactions with children;
- lack of well-established, reliable or impartial legal systems in certain countries in which we operate and difficulties in enforcing contractual, intellectual property or other rights;
- labor market disruptions or increase in labor costs in individual countries or regions;
- foreign ownership and investment restrictions and potential nationalization or expropriation of our foreign assets;
- sovereign risk related to a default by, or deterioration in, the creditworthiness of local governments, particularly in emerging markets;
- political or social upheavals, economic instability, repression or human rights issues; and
- other geopolitical events, including natural disasters, disruptions to markets due to war, armed conflict, terrorism, epidemics or pandemics and actions taken in response to these events, including increased trade controls, sanctions and other restrictive measures.

Any of the foregoing risks could have a significant impact on our ability to offer our platform in new geographic markets, could harm our ability to generate revenue internationally and, consequently, adversely affect our business, financial condition and results of operations. In addition, these risks will increase as we continue to expand our presence into new geographic markets.

Our future growth depends on our ability to continue innovating our platform to offer attractive features and safe and civil experiences for our creators and users.

We research, develop and continue to innovate our platform to incorporate additional features, improve functionality or other enhancements and prioritize user safety and security in order to meet the rapidly evolving demands of our creators and users. Maintaining adequate research and development resources, such as the appropriate personnel and development technology, to meet the demands of the market is essential. Developments and innovations on our platform may rely on new or evolving technologies which are still in development or may never be fully developed. If we fail to anticipate creators' and users' needs, the quality of the content created on our platform may not attract users to engage with our experiences and result in a decline of users on our platform. When we develop new or enhanced features for our platform, we typically incur expenses and expend resources upfront to develop, market, promote and sell new features. Therefore, when we develop and introduce new or enhanced features, they must achieve high levels of creator and user acceptance in order to justify the investment in developing and bringing them to market. Further, we have made and may in the future make changes to our platform or have added and may in the future add features that our users or creators do not like or find useful. Such changes and new features may be difficult to remove from the platform and expensive to maintain.

New features or enhancements and changes to the existing features of our platform could fail to attain sufficient market acceptance for many reasons, including:

- failure to predict market demand accurately in terms of functionality and to supply features that meet this demand in a timely fashion;
- defects, bugs, errors or failures;
- negative publicity about performance or effectiveness;
- delays in releasing new features or enhancements on our platform; and
- introduction or anticipated introduction of competing products by competitors.

The failure to obtain market acceptance could adversely affect our brands, business, financial condition and results of operations.

We depend on effectively operating with mobile operating systems, hardware, technologies, products, standards and networks that we do not control, and changes to any of these or our platform could adversely affect our user retention, growth, engagement and monetization.

Because we depend on effectively operating with mobile operating systems, hardware, technologies, products, standards and networks, our application must remain interoperable with these and other popular mobile app stores and platforms and related hardware. Further, we are subject to the standard policies and terms of service of these operating systems, as well as policies and terms of service of the various application stores that make our application and experiences available to our creators and users. These policies and terms of service govern the availability, promotion, distribution, content and operation generally of applications and experiences on such operating systems and stores. Each provider of these operating systems and stores has broad discretion to change and interpret its terms of service and policies with respect to our platform, and those changes may be unfavorable to us and our creators' and users' use of our platform. If we were to violate, or an operating system provider or application store believes that we have violated, its terms of service or policies, that operating system provider or application store could limit or discontinue our access to its operating system or store. In some cases, these requirements may not be clear or our interpretation of the requirements may not align with the interpretation of the operating system provider or application store, which could lead to inconsistent enforcement of these terms of service or policies against us and could also result in the operating system provider or application store limiting or discontinuing access to its operating system or store. Any limitation on or discontinuation of our access to any third-party platform or application store could adversely affect our business, financial condition or results of operations. We may not successfully cultivate relationships with key industry participants or develop products that operate effectively with these technologies, systems, networks, regulations or standards. If it becomes more difficult for our users to access and engage with our platform on their mobile devices, if our users choose not to access or use our platform application on their mobile

devices or if our users choose to use mobile products that do not offer access to our platform, our business and user retention, growth and engagement could be adversely affected.

The owners and operators of these mobile application platforms, primarily Apple and Google, each have approval authority over our platform's deployment on their systems and offer consumers products that compete with ours. Additionally, mobile devices are manufactured by a wide array of companies. Those companies have no obligation to test the interoperability of new mobile devices with our platform application and may produce new products that are incompatible with or not optimal for our platform. We have no control over these operating systems, application stores or hardware and any changes to these systems or hardware that degrade our platform's functionality, or give preferential treatment to competitive products, could adversely affect our platform usage on mobile devices. An operating system provider or application store could also limit or discontinue our access to its operating system or store if it establishes more favorable relationships with one or more of our competitors, launches a competing product itself, or it otherwise determines that it is in its business interests to do so. Our competitors that control the operating systems and related hardware our application runs on could make interoperability of our platform with those mobile operating systems more difficult or display their competitive offerings more prominently than ours. Additionally, our competitors that control the standards for the application stores for their operating systems could make our platform application, or certain features of our platform, inaccessible for a potentially significant period of time. We plan to continue to introduce new technologies on our platform regularly and have experienced that it takes time to optimize such technologies to function with these operating systems, hardware and standards, impacting the popularity of our new technologies and features, and we expect this trend to continue.

Moreover, our platform requires high-bandwidth data capabilities. If the costs of data usage increase or access to cellular networks is limited, our user retention, growth and engagement could be adversely affected. Additionally, to deliver high-quality images and other content over mobile cellular networks, our platform must work well with a range of mobile technologies, systems, networks, regulations and standards that we do not control. In particular, any future changes to the iOS or Android operating systems or application stores may impact the accessibility, speed, functionality and other performance aspects of our platform, and may result in issues in the future from time to time. In addition, the proposal or adoption of any laws, regulations or initiatives that adversely affect the growth, popularity or use of the internet, including laws governing internet neutrality, could decrease the demand for our platform and increase our cost of doing business.

Restrictions on our ability to collect, use and otherwise process, data as desired could negatively impact our ability to leverage data about the content our creators create and how our users use our platform. This in turn could impact our resource planning and feature development planning for our platform. Similarly, at any time, these operating system providers or application stores can change their policies on how we operate on their operating system or in their application stores by, for example, applying content moderation for applications and advertising or imposing technical or code requirements. Actions by operating system providers or application stores such as the Apple App Store and the Google Play Store may affect the manner in which we collect, process and use data from end-user devices. Accordingly, future changes implemented by Apple or Google could adversely impact our revenue. In addition, these operating systems and application stores could change their business models and could, for example, increase application store fees, which could have an adverse impact on our business. There have been litigation and governmental inquiries over application store fees, and Apple or Google could modify their platform in response to litigation, investigations and inquiries in a manner that may adversely affect us.

We have a history of net losses, and we anticipate increasing expenses in the future, and we may not achieve or maintain profitability.

You should consider our business and prospects in light of the risks, expenses and difficulties encountered by companies in their early stage of development. We have incurred net losses from our inception until we generated a net income of $6.2 million for the three months ended March 31, 2024 and had a net loss for the year ended December 31, 2025. Given the Company's significant costs and expenses, including user acquisition costs associated with our business plan, we may not achieve or maintain profitability in the full fiscal year 2026 or future periods. If our user growth does not increase to offset these anticipated increases in our operating expenses, our business, financial condition or results of operations could be adversely affected, and we may not be able to achieve or maintain profitability. These efforts may be more costly than we expect and may not result in increased revenue or growth of our business. In addition to the expected costs to grow our business, we also expect to incur significant additional legal, accounting and other expenses as a newly public company. If we fail to increase our revenue to sufficiently offset the increases in our operating expenses, we will not be able to achieve or maintain profitability in the future.

If we fail to control our content-related costs, the expenses we incur may exceed the increase in revenues.

High-quality and engaging content is the core driver and foundation of our platform. Content creation related costs, including payouts to creators, have historically accounted for a substantial portion of our cost of sales. We generally enter into revenue-sharing arrangements with certain of our creators pursuant to which we pay an upfront amount to obtain certain intellectual property and adaptation rights and we share revenue with them based on sales and other forms of monetization of the content they create. Due to the improving monetization prospects of engaging content, there is increasing competition for popular content. We expect our content-related costs to increase on an absolute basis as we expand our content library, and if we are unable to control our content-related costs, our business, financial condition or results of operations could be adversely affected.

The future success of our business relies heavily on our sales and marketing efforts, and if we fail to maintain sales and marketing efficiency, the marketing expenses we incur as we grow may exceed the increase in revenues.

We acquire users through both organic means and paid marketing strategies. We may be required to spend substantial resources on sales and marketing efforts to defend, maintain or improve our reputation or our brands or to successfully enter new markets, expand in existing markets or introduce new features on our platform. Our business, financial condition or results of operations could be adversely affected if we are unable to maintain and promote a favorable perception of our platform and brands on a cost-effective basis or if our marketing initiatives or promotional activities do not convey the desired message for our platform or its ability to attract creators and users. We expect our marketing expenses to increase in the future, particularly as we adapt to new and evolving media platforms and communication channels or enter new geographic markets. Our competitors could spend more resources on marketing efforts, use more efficient and effective marketing initiatives than we do or secure more effective endorsements from key opinion leaders or influencers, any of which may provide our competitors with a competitive advantage. If we are unable to continue to enhance and refine our marketing strategies, including if we fail to identify potential technologies to enhance our marketing and advertising capabilities, we may not be able to acquire sufficient users visiting our platform to sustain our growth. If we are unable to recover our marketing expenses through increased user traffic or increased revenue, we may not be able to generate a meaningful yield on our marketing efforts, which could have a material adverse effect on our growth, results of operations and financial condition. Furthermore, if claims that are made as part of our advertising or promotional activities, whether they are made by us or by social media influencers or other endorsers with whom we have relationships, become subject to legal or regulatory proceedings, it could damage our reputation or brands, cause us to alter our marketing initiatives in ways that could adversely affect our revenues or result in the imposition of significant damages or other penalties against us.

Future acquisitions of, or investments in, other companies, technologies or specialized employees could require significant management attention, disrupt our business and adversely affect our results of operations.

As part of our business strategy, we have made and intend to make acquisitions and investments to add complementary companies, features, technologies and highly skilled employees. In the future, we may not be able to find suitable acquisition or investment candidates, and we may not be able to complete acquisitions or investments on favorable terms, if at all. Pursuing acquisition targets, signing and closing acquisitions and investment transactions and integrating acquired businesses, brands, assets and technologies into our ongoing operations involve numerous potential risks that could adversely affect our business, financial condition or results of operations, including:

- diverting management's attention from other business priorities;
- receiving necessary consents, clearances and approvals in connection with a transaction, including under antitrust and competition laws, which could delay or prevent the completion of a transaction or otherwise restrict our ability to realize the expected financial or strategic goals of a transaction;
- successfully integrating the operations, technologies, services, products, systems and features of the acquired businesses, brands or assets in an effective, timely and cost-efficient manner;
- to the extent applicable, integrating operations across different cultures and languages and addressing the particular economic, currency, political and regulatory risks associated with specific countries;
- realizing the full extent of the expected benefits or synergies as a result of a transaction, within the anticipated time frame or at all;
- successfully operating new lines of business, services, products or geographic markets;
- achieving distribution expansion related to services, products, categories and geographic markets;

- retaining key creators, users, employees, partners and suppliers of the acquired business;
- conforming standards, controls, procedures and policies of the acquired business with our own;
- developing and launching products and services with acquired technologies; and
- other unanticipated problems or liabilities.

Moreover, our acquisitions could result in substantial exposure to contingent liabilities, such as litigation, indemnification claims and earn-out obligations. The occurrence of these or other costs of acquisitions, such as incurrence of substantial additional debt or transaction costs or impairment of goodwill or other intangible assets, could adversely affect our business, financial condition or results of operations.

Our future success depends on the continuing efforts of our founder and senior management and our ability to attract and retain highly skilled employees and key personnel.

We depend on the continued services and performance of our founder, Junkoo Kim and members of our senior management team. Junkoo Kim has been responsible for our strategic vision, and should he stop working for us for any reason, it is unlikely that we would be able to immediately find a suitable replacement. We do not maintain key man life insurance for Junkoo Kim, and do not believe any amount of key man insurance would allow us to recover from the harm to our business if Junkoo Kim were to leave the Company for any reason. Similarly, members of our senior management team are highly sought after, and others may attempt to encourage these individuals to leave the Company. The loss of one or more of the members of the senior management team for any reason, or the inability to attract new or replacement members of our senior management team in the future, could disrupt our operations, create uncertainty among investors, adversely impact employee retention and morale and adversely affect our business.

Our business also depends on our ability to attract and retain highly skilled employees and key personnel representing diverse backgrounds, experiences and skill sets. The market for talented employees and key personnel in our industry is extremely competitive, and our ability to compete depends on our ability to hire, develop and motivate highly skilled employees and key personnel in all areas of our business and in all geographic markets in which we operate, particularly as we continue to expand globally. Maintaining our brands, our reputation and a diverse, equitable and inclusive work environment enables us to attract top talent. Furthermore, our ability to attract and retain talent has been, and may continue to be, impacted to varying degrees by challenges in the labor market that emerge from time to time, such as wage inflation, labor shortages and changes in immigration laws and government policies. If we are less successful in our hiring efforts, or, if we cannot retain highly skilled employees and key personnel, then our business, financial condition or results of operations could be adversely affected.

We are dependent on NAVER to carry out our activities, and we may not be able to find suitable replacements if our services agreements with NAVER are terminated.

We have historically operated as a subsidiary of NAVER and relied on NAVER for certain functions to operate our business. Although we have established and intend to expand our own corporate functions, including facilities, insurance, logistics, quality, compliance, finance, human resources, benefits administration, information technology, legal, corporate strategy, corporate governance, other professional services and general commercial support functions, we still rely, and expect to continue to rely, on NAVER for certain functions. Additionally, we may rely on certain intellectual property owned by NAVER to operate our business and may rely on implied licenses, rather than formal written license agreements, from NAVER with respect to our use of such intellectual property. Pursuant to certain services agreements, subsidiaries of NAVER provide us with certain administrative services, including services relating to infrastructure, information technology and systems, accounting and financial services, human resources and marketing, office facilities, administrative personal and other services. We also have certain service agreements with LY Corporation and its subsidiaries. See "Certain Relationships and Related Party Transactions—Intercompany Services and Property Leases." We expect to continue to rely on NAVER for the functions and services covered by the services agreements in the future. If our relationship with NAVER or LY Corporation deteriorates, it could impact the services they provide to us. Also, the services that NAVER or LY Corporation provides to us may be disrupted or otherwise adversely impacted by disruptions in their business, which is subject to economic, financial, operational, regulatory, litigation, intellectual property, cybersecurity or other risks. If some or all of the services agreements with NAVER, LY Corporation (as successor in interest to LINE Corporation) or their respective subsidiaries are terminated, including, in certain cases, without cause by NAVER, LY Corporation or their respective subsidiaries, we may not be able to bring the services and functions covered thereby in-house and, even if we are able to do so, we may need to continue to rely on third parties for all or part of these

functions. Reliance on a third party may result in significant expenses and operational issues over which we will not have direct control.

Certain of our executive officers and directors may have actual or potential conflicts of interest because of their equity interest in NAVER. Also, certain of NAVER's current executive officers are our directors, which may create conflicts of interest or the appearance of conflicts of interest.

Because of their current or former positions with NAVER, certain of our executive officers and directors own equity interests in NAVER. Continuing ownership of shares of NAVER common stock and equity awards could create, or appear to create, actual or potential conflicts of interest if we and NAVER face decisions that could have implications for both companies. In addition, certain of NAVER's current executive officers are our directors, and this could create, or appear to create, actual or potential conflicts of interest when we and NAVER encounter opportunities or face decisions that could have implications for both companies or in connection with the allocation of such directors' time between us and NAVER. These actual or potential conflicts of interest could arise, for example, over matters such as the desirability of changes in our business and operations, funding and capital matters, regulatory matters and matters arising with respect to various intercompany service agreements with NAVER and its subsidiaries. See "Certain Relationships and Related Party Transactions—Intercompany Services and Property Leases."

Our amended and restated certificate of incorporation (the "Amended Charter") addresses certain actual or potential conflicts of interest between us, on the one hand, and NAVER and its directors, officers or employees who are our directors, officers or employees, on the other hand. See "Risk Factors—Risks Related to Our Business, Industry and Operations—NAVER and LY Corporation are not limited in their ability to compete with us, and the corporate opportunity provisions in our Amended Charter may enable them to benefit from corporate opportunities that may otherwise be available to us." By becoming our stockholder, you will be deemed to have notice of, and consented to, these provisions of our Amended Charter.

NAVER and LY Corporation are not limited in their ability to compete with us, and the corporate opportunity provisions in our Amended Charter may enable them to benefit from corporate opportunities that may otherwise be available to us.

NAVER and LY Corporation operate various internet services and may, from time to time, acquire and hold interests in businesses that compete, directly or indirectly, with us. NAVER and LY Corporation may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. Conflicts of interest could arise in the future between us, on the one hand, and NAVER or LY Corporation, on the other hand, concerning, among other things, potential competitive business activities or business opportunities. NAVER and LY Corporation and their respective affiliates and certain members of our board of directors (the "Board")who are not employees of the Company (the "Non-Employee Directors") may engage and may continue to engage in the same or similar activities or related lines of business as those in which we, directly or indirectly, may engage and/or other business activities that overlap with or compete with those in which we, directly or indirectly, may engage.

Our Amended Charter provides that the doctrine of "corporate opportunity" does not apply with respect to (i) certain directors, principals, officers, employees and/or representatives of NAVER and LY Corporation and their respective affiliates and (ii) Non-Employee Directors and their respective affiliates (collectively, the "Identified Persons" and, individually, the "Identified Person"). The doctrine of corporate opportunity generally provides that a corporate fiduciary may not develop an opportunity using corporate resources or information obtained in their corporate capacity for their personal advantage, acquire an interest adverse to that of the corporation or acquire property that is reasonably incident to the present or prospective business of the corporation or in which the corporation has a present or expectancy interest, unless that opportunity is first presented to the corporation and the corporation chooses not to pursue that opportunity. The doctrine of corporate opportunity is intended to preclude officers, directors or other fiduciaries from personally benefiting from opportunities that belong to the corporation. Our Amended Charter provides that, to the fullest extent permitted by law, we renounce any interest or expectancy that we would otherwise be entitled to have in, and any right to be offered an opportunity to participate in, any business opportunity that from time to time may be presented to or acquired, created, developed, or that otherwise may come into the possession of the Identified Persons and any of their respective affiliates, and us or any of our affiliates, including but not limited to opportunities with respect to the NAVER Group or the LY Group. None of the Identified Persons shall, to the fullest extent permitted by law, have any duty to refrain from directly or indirectly (i) engaging in the same or similar business activities or lines of business in which we or any of our affiliates now engages or proposes to engage or (ii) otherwise competing with us or any of our affiliates. In the event that any Identified Person acquires knowledge of a potential transaction or other business opportunity that may be a corporate opportunity for itself, herself or himself and us or any of our Affiliates, such Identified Person shall, to the fullest extent

permitted by law, have no duty to communicate or offer such transaction or other business opportunity to us or any of our affiliates.

As a result, any Identified Person is not prohibited from operating or investing in competing businesses. We therefore may find ourselves in competition with such person, and we may not have knowledge of, or be able to pursue, transactions that could potentially be beneficial to us. Accordingly, we may lose a corporate opportunity or suffer competitive harm, which could negatively impact our business or prospects.

Our reliance on third parties in many aspects of our business exposes us to additional risks.

We rely on relationships with third parties in many aspects of our business, which exposes us to additional risks. For instance, we rely on certain local creators or popular technology platforms, such as our partnerships with DC Comics, Duolingo and HYBE Entertainment to drive user acquisitions, especially in new markets. Such local creators or popular technology platforms may limit or discontinue the access of potential users to our platform if they establish more favorable relationships with one or more of our competitors or they determine that we are a competitor. Any limitation on or discontinuation of access of potential users to our platform could significantly reduce our ability to acquire users, decrease the size of the user base we could convert into paying users or decrease the revenues we derive from paying users or advertisers, each of which would materially and adversely affect our business, financial condition and results of operations. We also rely on third-party intellectual property adaptation partners (e.g., studios, publishers, financiers, distributors, producers and potential buyers) for the adaptation or production of our content. We may not have sufficient control over the adaptation process and quality of the adaptation of content on our platform produced, on an outsourced basis, by our intellectual property adaptation partners, and we may be negatively affected by the activities or the lack of financial soundness of our intellectual property adaptation partners.

In addition, we rely on distributed computing infrastructure platforms and distribution channels to facilitate purchases of Coins. Our business will suffer if we are unable to maintain a good relationship with these distribution channels or develop relationships with new and emerging channels, if their terms and conditions or fee structure changes to our detriment, if we violate, or if a channel believes that we have violated, their terms and conditions or if any of these distribution channels loses market share or falls out of favor or is unavailable for a prolonged period of time. Furthermore, failure of these third parties to meet their obligations to us or substantial disruptions in our relationships with these third parties could adversely affect our business, financial condition or results of operations. See "Risk Factors—Risks Related to Our Business, Industry and Operations—If we, or our service providers, experience outages, constraints, disruptions or degradations in service, platform support or technological infrastructure, our ability to provide reliable services to our users and maintain the performance of our platform could be negatively impacted." Managing these relationships inherently involves a lesser degree of control over business operations and compliance matters, thereby potentially increasing our reputational, legal, financial and operational risk. If our third-party partners fail to comply with applicable laws, regulations, quality standards or other obligations, norms or standards, our reputation or brands could be damaged, and we could be exposed to litigation, investigations, enforcement actions, monetary liability and additional costs that could adversely affect our business, financial condition or results of operations. Moreover, some third-party partners are located outside the U.S., which exposes us to additional risks inherent to conducting business around the world. These risks will increase as we continue to expand our presence in new geographic markets. See "Risk Factors—Risks Related to Our Business, Industry and Operations—We face a variety of risks associated with conducting business around the world, and these risks will increase as we continue to expand our presence into new geographic markets."

In particular, NAVER Cloud Platform ("NAVER Cloud") and Amazon Web Services ("AWS") provide a distributed computing infrastructure platform for business operations, or what is commonly referred to as a "cloud" computing service. We have architected our software and computer systems so as to utilize data processing, storage capabilities and other services provided by NAVER Cloud and AWS. Currently, we run a material portion of our computing on these cloud services. Pursuant to their standard terms, AWS can terminate their contracts with us at any time. Also, we may not be able to renew our contracts with NAVER Cloud on terms acceptable to us, or at all. Given this, along with the fact that we cannot easily switch our NAVER Cloud and AWS operations to another cloud provider, any disruption of or interference with our use of NAVER Cloud and AWS, whether temporary, regular, prolonged or permanent, could adversely affect our business and operations.

Moreover, we utilize distribution channels, such as Apple or Google, to receive cash proceeds from sales of our Coins through direct purchases on our platform. Any scheduled or unscheduled interruption in the ability of our users to transact with these distribution channels could adversely affect our payment collection and, in turn, our revenue and bookings. We do not directly process purchases of Coins on our platform, and, thus, any information about those purchases

(e.g., debit and credit card numbers and expiration dates, personal information and billing addresses) is disclosed only to the third-party online platform and service providers facilitating Coins purchases by users. We do not have control over the security measures of those providers, and their security measures may not be adequate. We could be exposed to litigation and possible liability if our users' personal information or other transaction information involving Coin purchases is compromised, which could harm our reputation and our ability to attract users and could adversely affect our business. We also rely on the stability of such distribution channels and their payment transmissions to ensure continued payment services are provided to our users. If any of these providers fail to process or ensure the security of users' payments for any reason, our reputation may be damaged, we may lose our paying users and users may be discouraged from purchasing Coins in the future, which could adversely affect our business, financial condition and results of operations.

Problematic content on our platform could affect the overall quality of our content, which could harm our reputation and deter our current and potential users from using our platform.

We, like others in the industry, face risk of violations of our content guidelines on our platform, including sophisticated attempts by bad actors to publish objectionable and offensive content on our platform. Although we have required our users to post appropriate content pursuant to our content guidelines and have set up screening procedures, our screening procedures may fail to screen out all potentially problematic content uploaded by creators and, even if properly screened, a third party may still find the content posted on our platform objectionable and offensive and take action against us in connection with the posting or dissemination of such content. For example, in the past, we had to remove content on our platform that was considered racially discriminatory and subjected us to negative publicity. Failure to identify or prevent objectionable and offensive content on our platform could hurt our reputation or reduce use of our platform, and adversely affect our business, financial condition and results of operations. It may also subject us to litigation and regulatory actions, which could result in monetary penalties and damages and divert management's time and attention.

If we, or our service providers, experience outages, constraints, disruptions or degradations in service, platform support or technological infrastructure, our ability to provide reliable services to our users and maintain the performance of our platform could be negatively impacted.

Our users expect fast, reliable and resilient systems to enhance their experience, which depends on the continuing operation and availability of our information technology systems from a global network of third-party data centers, including third-party "cloud" computing services. We also provide services to our creators through our platform, including with our content enablement technology toolkit. The technologies on our platform are complex software products, and maintaining the sophisticated internal and external technological infrastructure required to reliably deliver these experiences and technologies is expensive and complex. The reliable delivery and stability of our platform has been, and could in the future be, adversely impacted by outages, constraints, disruptions, failures, interruptions, delays or degradations in our network and related infrastructure or those of our partners or service providers. We have experienced outages from time to time since our inception, during which our platform was unavailable for all or some of our users and creators. Outages, constraints, disruptions, failures, interruptions, delays or degradations, to which our business may be subject, can be caused by a number of factors, including a move to a new technology, the demand on our platform exceeding the capabilities of our technological infrastructure, computer and telecommunication failures, delays or failures resulting from earthquakes, adverse weather conditions, other natural disasters, pandemics, power loss, terrorism, geopolitical conflict, other physical security threats, cyberattacks or other security incidents, or other catastrophic events, the migration of data among data centers and to third-party hosted environments and issues relating to our reliance on third-party software and third parties that host our platform. Global climate change could also result in natural disasters occurring more frequently or with more intense effects, which could cause business interruptions. The unavailability of our platform, particularly if outages should become more frequent or longer in duration, could cause our users to seek other entertainment options, including those provided by our competitors, which may adversely affect our financial results. We may also experience a negative impact to our financial results as a result of decreased usage on our platform or decrease of payouts to creators. We may not always have full redundancy for all of our systems and our disaster recovery planning may not be sufficient to address all aspects of any unanticipated consequence or incident or allow us to maintain business continuity at profitable levels or at all. Further, in the event of damage or service interruption, our business interruption insurance policies will not adequately compensate us for any losses that we may incur. We may be subject to increased energy and other costs to maintain the availability or performance of our products in connection with any such events. These factors in turn could further reduce our revenues, subject us to liability or otherwise adversely affect our business, financial condition or results of operations.

In addition to the events described above, the data centers may also be subject to local administrative actions, changes to legal or permitting requirements and litigation that could stop, limit or delay operations. Despite a reliability

program focused on anticipating and solving issues that may impact the availability of our platform and precautions taken at the data centers, such as disaster recovery and business continuity arrangements, the occurrence of spikes in usage volume, the occurrence of a natural disaster, hacking event or act of terrorism, cyberattacks or other security incidents, a decision to close the facilities without adequate notice, or our inability to secure additional or replacement data center capacity as needed or other unanticipated problems at the data centers could result in interruptions or delays on our platform, impede our ability to scale our operations or have other adverse impacts upon our business and adversely impact our ability to serve our creators and users.

Our creators or users may suffer a variety of outages or disruptions in accessing our platform for a variety of reasons, including issues with their technology providers. If we or our partners or third-party service providers experience outages and our platform is unavailable or if our creators and users are unable to access our platform within a reasonable amount of time or at all, as a result of any such events, our reputation and brands may be harmed, creator and user engagement with our platform may be reduced and our revenue and profitability could be negatively impacted. Customer support personnel and technologies are also critical to resolve issues and to allow creators and users to realize the full benefits that our platform provides. High-quality support is important for the retention of our existing creators and users and to encourage the expansion of their use of our platform. We must continue to invest in the infrastructure required to support our platform. If we do not help our creators and users quickly resolve issues and provide effective ongoing support, our ability to maintain and expand our platform to existing and new creators and users could suffer. In addition, if we do not make sufficient investments in servers, software or personnel in support of our infrastructure, and to scale effectively and accommodate increased demands placed on our infrastructure, the reliability of our underlying infrastructure will be harmed and our ability to provide a quality experience for our creators and users could be adversely affected. This would lead to a reduction in the number of creators and users on our platform, a reduction in our revenues and ability to compete and our reputation with existing or potential creators or users could suffer.

Our corporate culture has contributed to our success, and if we cannot maintain this culture as we grow, we could lose the innovative approach, creativity and teamwork fostered by our culture and our business could be harmed.

We believe that a critical component of our success has been our culture. We have invested substantial time and resources in building out our team with an emphasis on shared values and a commitment to diversity and inclusion. As we continue to grow and develop the infrastructure associated with being a public company, we will need to expend significant efforts to maintain our culture among a larger number of employees dispersed in various geographic regions. Any failure to preserve our culture could negatively affect our future success, including our ability to retain and recruit personnel and to effectively focus on and pursue our mission to build a leading story-based entertainment platform that engages and inspires creators and users globally.

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.

We regularly review metrics, such as our MAU, MPU, and ARPPU, to evaluate growth trends, analyze user demand, measure our performance, gauge transaction volume and make strategic decisions. We measure these metrics based on a combination of internal data gathered on our platform, which have not been validated by an independent third party, and data from third-party sources. Our internal data and the data from third-party sources have not necessarily been prepared on a consistent basis or with the same methodology and may therefore not necessarily be comparable. The methodologies used to measure these metrics require significant judgment and are susceptible to algorithm or other technical errors. In addition, we are continually seeking to improve the way we estimate our user base and demand, and such estimates may therefore change due to improvements or changes in our methodology. Our metrics and estimates may also differ from estimates published by third parties or from similarly titled metrics of our competitors due to differences in methodology or the assumptions on which we rely. If our estimates for these various metrics are inaccurate, then investors will have less confidence in our company and our prospects, which could cause the market price of our common stock to decline, and our reputation and brands could be harmed.

Further, while these metrics are based on what we believe to be reasonable estimates of our user base and demand for the applicable period of measurement, there are inherent challenges in measuring how our platform is used, and as a result, the metrics may overstate or understate, the number of MAU and ARPPU. For example, since users do not have to log into their accounts to access content on our platform (except Paid Content) and our system is not able to identify their identity without the user log-in information, our MAU may be inflated when the same user accesses our offerings from different devices or at different times without logging into his or her account. A single user may be counted as different users by our system if such user changes his or her geographic location. We continually seek to address technical issues in our ability to

record our user data and improve our accuracy, but given the complexity of the systems involved, the rapidly changing nature of mobile devices and operating systems, how our platform manages identity and the way our users access our platform, we expect these issues to continue. Moreover, there are users who have multiple accounts, fake user accounts or fraudulent accounts created by bots to inflate user activity for a particular creator on our platform, thus making the creator's content appear more popular than it really is. We cannot eliminate duplicate users that access our content through multiple devices, and as a result, may double-count users. We strive to detect and minimize fraud and unauthorized access to our platform, which practices are prohibited in our terms of service, and we implement measures to detect and suppress that behavior, but we may not be successful in doing so. In addition, some of our demographic data may be incomplete or inaccurate. For example, because users self-report their dates of birth, our age demographic data may differ from our users' actual ages. If our users provide us with incorrect or incomplete information regarding their age or other attributes, then our estimates may prove inaccurate.

Errors or inaccuracies in our metrics or data could result in incorrect business decisions and inefficiencies. For instance, if a significant understatement or overstatement of active users were to occur, we may expend resources to implement unnecessary business measures or fail to take required actions to attract a sufficient number of users to satisfy our growth strategies. If our creators do not perceive our user, geographic or other demographic metrics to be accurate representations of our user base, or if we discover material inaccuracies in our user, geographic or other demographic metrics, our reputation may be harmed. Our creators and partners may also be less willing to allocate their budgets or resources to our platform, which could adversely affect our business.

We focus our business on our creators and users, and acting in their interests in the long term may conflict with the short-term expectations of analysts and investors.

A significant part of our business strategy and culture is to focus on long-term growth and creator and user experience over short-term financial results. We expect our expenses to continue to increase in the future as we broaden our creator and user community, as our library grows, as we continue to seek ways to increase payments to our creators and as we develop and further enhance our platform, expand our technical infrastructure and data centers and hire additional employees to support our expanding operations. As a result, in the near- and medium-term, we may continue to operate at a loss, or our near- and medium-term profitability may be lower than it would be if our strategy were to maximize near- and medium-term profitability. We expect to continue making significant expenditures to grow our platform and develop new features, integrations, capabilities and enhancements to our platform for the benefit of our creators and users. Such expenditures may not result in improved business results or profitability over the long term. If we are ultimately unable to achieve or improve profitability at the level or during the time frame anticipated by securities or industry analysts, investors and our stockholders, the trading price of our common stock may decline.

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.

We intend to continue to make significant investments to support our business growth and may require additional funds to respond to business challenges, including the need for creators to develop engaging and immersive content, enhance our existing experiences, improve our operating infrastructure or acquire complementary businesses, personnel and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of our common stock. Any debt financing that we secure in the future could involve offering additional security interests and undertaking restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be impaired and our business, financial condition and results of operations could be adversely affected.

If the security of our platform is compromised, it could compromise our and our creators' and users' personal, sensitive, confidential and proprietary information, disrupt our internal operations and harm public perception of our platform, which could adversely affect our business and reputation.

We collect, store and otherwise process personal data and certain other sensitive and proprietary information in the operation of our business, including creator and user information, and other confidential data. While we have implemented measures designed to prevent unauthorized access to, or loss of, personal, sensitive, confidential or proprietary information,

mobile malware, viruses, hacking, social engineering, spam and phishing attacks have occurred and may occur on our systems in the future. Cybersecurity risks have increased in recent years in part because of the proliferation of new technologies, including artificial intelligence, and the increased sophistication and activities of organized crime, hackers, terrorists, nation-states, state-sponsored actors and other external parties. Cybersecurity risks also may derive from fraud or malice on the part of our employees or third parties, or may result from human error, software bugs, server malfunctions, software or hardware failure or other technological failure. Because of the popularity of our platform, we may be an attractive target for these sorts of cyberattacks and other security incidents.

Further, the techniques used to obtain unauthorized access to, or to disrupt, systems or networks, are constantly evolving, may see their effectiveness enhanced by threat actors' use of artificial intelligence and generally are not recognized until launched against a target. Consequently, we may be unable to anticipate these techniques, react in a timely manner or implement preventive measures, which could result in delays in our detection or remediation of, or other responses to, cyberattacks, security breaches and other security-related incidents. The wide availability of open-source software used in our solutions could also expose us to security vulnerabilities.

If any unauthorized access to our network, systems or data, including our sensitive and proprietary information, personal data from our users or creators, or other data, or any other security breach occurs, or is believed to have occurred, whether as a result of third-party action, employee negligence, error or malfeasance, defects, viruses, worms, malware, ransomware, denial of service attacks, credential stuffing, social engineering techniques, phishing or otherwise, our reputation, brands and competitive position could be damaged, our and our users' and creators' data and intellectual property could potentially be lost, disclosed, accessed or compromised, and we could be required to spend capital and other resources to alleviate problems caused by such actual or perceived breaches and remediate our systems, we could be exposed to a risk of loss, litigation, investigations or regulatory action and possible liability, and our ability to efficiently operate our business may be impaired. In the past, we have experienced cyberattacks and, if similar attacks occur and are successful, this could adversely affect our business or result in unfavorable publicity. For example, in July 2020, before Wattpad was acquired by NAVER in May 2021, Wattpad's database was accessed by unauthorized, malicious actors and approximately 270 million personal records were affected. As a result, Wattpad has been subject to claims, including a class action claim, and in July 2023, received a notice of intent to impose a £985,000 fine from the United Kingdom Information Commissioner's Office (the "ICO"). The ICO in December 2023 subsequently dismissed its claims against Wattpad regarding the incident and eliminated the fine. Additionally, we contract with certain third parties to store and process certain data for us, including our distribution channels, and these third parties face similar risks of actual and potential security breaches, which could present similar risks to our reputation, business, financial condition and results of operations. Our ability to monitor our third-party service providers' data security is limited. Some of our third-party service providers may store or have access to our data and, despite such contractual provisions, may not have effective controls, processes or practices to protect our information from loss, unauthorized disclosure, unauthorized use or misappropriation or other cyberattacks or security incidents. A vulnerability in our third-party service providers' software or systems, a failure of our third-party service providers' safeguards, policies or procedures, or a cyberattack or other security incident affecting any of these third parties could harm our business.

The economic costs to us to reduce or alleviate cyber or other security problems such as spammers, errors, bugs, flaws, "cheating" programs, defects or corrupted data, could be significant and may be difficult to anticipate or measure. These issues may cause creators and users to use our platform less or stop using it altogether, and the costs could divert our attention and resources, any of which could result in claims, demands and legal liability to us, regulatory investigations and other proceedings, harm our reputation and brands, and otherwise adversely affect our business, financial condition or results of operations. There could also be regulatory fines imposed for certain data breaches that take place around the world. For example, the California Consumer Privacy Act, as amended by the California Privacy Rights Act (collectively, the "CCPA"), also allows for a private right of action for certain data breaches that relate to a specified set of personal information.

Although we maintain cyber, privacy and network security liability insurance, subject to applicable deductibles and policy limits, such coverage may not extend to all types of privacy, data protection and cybersecurity incidents, and it may be insufficient to cover all costs and expenses associated with such incidents. We cannot ensure that such insurance will continue to be available to us on commercially reasonable terms, or at all, or that our insurers will not deny coverage with respect to any particular incident.

We anticipate that our ongoing efforts related to privacy, data protection and cybersecurity, and content review will identify instances of misuse of user data or other undesirable activity by third parties on our platform.

In addition to our efforts to mitigate cybersecurity risks, we have made and are continuing to make investments in privacy, data protection, cybersecurity, safety and content review efforts to combat misuse of our services and user data by third parties, including investigations of individuals we have determined to have attempted to access user data without authorization. Our internal teams also continually monitor and address any unauthorized attempts to access data stored on servers that we own or control or data available to our third-party customer service providers. As a result of these efforts, we have discovered and announced, and anticipate that we will continue to discover and announce, additional incidents of misuse of, or unauthorized access of, user data or other undesirable activity by third parties. We have taken steps to protect the data that we have access to, but despite these efforts, our security measures or those of our third-party service providers could be insufficient or breached as a result of third-party action, malfeasance, employee errors, service provider errors, technological limitations, defects or vulnerabilities in our platform or otherwise. We may not discover all such incidents or activity or be able to respond to or otherwise address them, promptly or at all. Such incidents and activities have in the past, and may in the future, include the use of user data or our systems in a manner inconsistent with our terms, contracts or policies, the existence of false or undesirable user accounts, theft of Coins or other virtual items in valid user accounts, activities that threaten people's safety on-or offline, or instances of spamming, scraping or spreading disinformation. Additionally, as artificial intelligence technologies, including generative artificial intelligence models, develop rapidly, threat actors are using these technologies to create sophisticated new attack methods that are increasingly automated, targeted, and coordinated and more difficult to defend against. We may also be unsuccessful in our efforts to enforce our policies or otherwise remediate any such incidents. Any of the foregoing developments, whether actual or perceived, may negatively affect user trust and engagement, harm our reputation and brands, require us to change our business practices in a manner adverse to our business and adversely affect our business and financial results. Any such developments may also subject us to future litigation and regulatory inquiries, investigations and proceedings, including from data protection authorities in countries where we offer services or have users, which could subject us to monetary penalties and damages, divert management's time and attention and lead to enhanced regulatory oversight.

Our business is affected by seasonal demands, and our quarterly operations results fluctuate as a result.

We experience seasonality in monetization on our platform. Historically, we experienced higher levels of user engagement and monetization in the third quarter of the calendar year due primarily to 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 revenues, and in particular increase revenues from advertising, the seasonal impacts may be more pronounced in the future or different altogether.

Our results of operations, which are reported in U.S. dollars, are affected by fluctuations in currency exchange rates.

As we continue to expand our international operations, we become more exposed to the effects of fluctuations in currency exchange rates. Particularly, we are exposed to fluctuations in the exchange rates of the Korean won ("KRW") and Japanese yen ("JPY") against the United States dollars (" USD"), since (i) a majority of our revenue is generated within Korea and Japan, and (ii) several of our primary operating subsidiaries, including NAVER WEBTOON and LDF, are located in Korea and Japan, using their respective local currency as the functional currency. Financial statements of these non-USD-denominated businesses are translated from their local currencies into USD, using exchange rates at the balance sheet date for assets and liabilities, and average exchange rates in effect during the period for revenue and expenses. Consequently, a stronger USD against these local currencies has the effect of lowering the value of certain financial metrics with respect to these businesses in the consolidated financial statements, even if their value has not changed in their local currencies. We incur expenses for employee compensation and other operating expenses at our non-U.S. locations in local currency as well. As such, a weaker USD against these local currencies could result in the dollar equivalent of our expenses being higher, which may not be offset by additional revenue earned in the local currency. Such fluctuations in exchange rates could have a negative impact on our reported results of operations. To date, we have not engaged in any hedging strategies, and any such strategies, such as forward contracts, options and foreign exchange swaps related to transaction exposures that we may implement in the future to mitigate this risk may not eliminate our exposure to foreign exchange fluctuations. Moreover, the use of hedging instruments may introduce additional risks if we are unable to structure effective hedges with such instruments.

Increasing scrutiny and changing stakeholder expectations with respect to ESG and sustainability practices may impose additional costs or risks.

Certain investors, customers, regulators and other stakeholders have increasingly focused on sustainability and ESG practices of companies, including, among other things, practices with respect to climate change, human capital resources, emissions, and environmental impact. Expectations and requirements of our investors, customers, regulators and other third parties (both in the United States and other jurisdictions) evolve rapidly, may diverge across jurisdictions and are largely out of our control, and our initiatives and disclosures in response to such expectations and requirements may result in increased costs or other adverse impacts to our business, financial condition and results of operations. We have established a long-term strategy intended to meet ESG-related objectives, which currently includes certain sustainability targets. However, we cannot guarantee that this long-term strategy will meet our ESG-related objectives and there is no assurance that our stakeholders will agree with our ESG-related strategies, and investors may decide to reallocate capital or to not commit capital as a result of their assessment of our practices. Such initiatives are voluntary, not binding on our business or management and subject to change. We may determine in our discretion that it is not feasible or practical to implement or complete certain of our ESG-related initiatives, or to meet previously set goals and targets based on cost, timing or other considerations. If we do not adapt to or comply with investor or other stakeholder expectations and standards on ESG matters (or meet ESG-related goals and targets that we have set), as they continue to evolve, if we are perceived to have not responded appropriately or quickly enough to growing concern for ESG and sustainability issues, regardless of whether there is a regulatory or legal requirement to do so, or if estimates, assumptions and/or third-party information we currently believe to be reasonable are subsequently considered erroneous or misinterpreted, we may suffer from reputational damage and our business, financial condition and/or stock price could be materially and adversely affected.

Further, our operations, projects and growth opportunities require us to have strong relationships with various key stakeholders, including our stockholders, employees, suppliers, customers, local communities and others. We may face pressures from stakeholders to prioritize sustainable energy practices, reduce our carbon footprint and promote sustainability while at the same time remaining a successfully operating public company. If we do not successfully manage expectations across these varied stakeholder interests, it could erode our stakeholder trust and thereby affect our brands and reputation. Such erosion of confidence could negatively impact our business through decreased demand and growth opportunities, increased legal action and regulatory oversight, adverse press coverage and other adverse public statements, difficulty hiring and retaining top talent, difficulty obtaining necessary approvals and permits from governments and regulatory agencies on a timely basis and on acceptable terms and difficulty securing investors and access to capital. The occurrence of any of the foregoing could have a material adverse effect on our business and financial condition. In addition, increased levels of regulation, disclosure-related and otherwise, with respect to ESG matters, may lead to increased compliance costs as well as scrutiny that could heighten all of the risks identified in this risk factor. Such ESG matters may also impact our suppliers or customers, which could augment existing or cause additional impacts to our business or operations.

Our business and reputation may be harmed by changes in business, economic or political conditions that impact global markets, or by a systemic market event.

Concerns over global economic or market conditions, a recession or economic slowdown, geopolitical issues, including continued hostilities in Europe and the Middle East, the availability and cost of credit and slowing economic growth have contributed to general economic uncertainty and diminished expectations for the global economy. Additionally, acts of protest and civil unrest have caused economic and political disruption in the U.S., and the occurrence or threat of terrorist attacks in the U.S. or other countries could adversely affect the economies of the U.S. and other countries. A deterioration in global economic or market conditions could adversely affect our business, financial condition or results of operations. Further, inflation has been an ongoing concern in the U.S. since 2021. Ongoing inflationary pressures have resulted in and may result in additional increases to the costs of goods, services and personnel, which in turn could cause our capital expenditures and operating costs to rise. For instance, as inflation increases, our costs related to web-comic production and software infrastructure maintenance may rise. In addition, as inflation rises, the U.S. Federal Reserve and other central banks may continue to increase interest rates in the future to combat inflation, which could have the effects of raising the cost of capital and depressing economic growth, either of which (or the combination thereof) could hurt the financial and operating results of our business. To the extent elevated inflation remains, we may experience further cost increases for our operations.

Risks Related to Government Regulations and Legal Proceedings

We are, and could become, subject to significant legal proceedings and regulatory investigations that may result in significant expenses, fines and reputational damage.

In the ordinary course of business, we may be subject to a wide variety of claims, lawsuits and regulatory and governmental investigations involving various issues such as intellectual property, commercial contracts, data privacy, cybersecurity, product liability, employment, class action, whistleblower and other litigation claims and governmental and other regulatory investigations and proceedings. These claims and lawsuits may result in significant expenses, fines and reputational damage. Litigation can be expensive and disruptive, regardless of the merit of the underlying claims. Some of these matters may involve parties seeking large or indeterminate amounts, including punitive or exemplary damages, and may remain unresolved for several years. It is not feasible to predict the ultimate outcome of a legal proceeding, and our assessment of a proceeding, including any accruals taken in connection therewith, may not be consistent with the ultimate outcome of the legal proceeding. We could, from time to time in the future, be required to pay significant amounts as a result of settlement or judgments in legal proceedings, potentially in excess of accruals, including proceedings where we could be held jointly and severally liable among other defendants. Also, we may directly or indirectly be adversely affected by claims, lawsuits and regulatory and governmental investigations and proceedings involving NAVER or LY Corporation given our relationship with NAVER and LY Corporation. In addition, our current estimates of the potential impact of legal proceedings on our reputation, business, financial condition or results of operations could change from time to time in the future. The resolution of, or increase in accruals for, a legal proceeding in a particular reporting period could adversely affect our financial condition, results of operations or cash flows for that period.

The success of our growth strategy depends on our ability to provide a safe online environment for children.

We have made significant efforts to provide a safe and enjoyable experience for users of all ages. We invest significant technical and human resources to prevent inappropriate content from being published on our platform. Notwithstanding our efforts, from time to time, inappropriate content is uploaded onto our platform and viewed by others prior to being identified and removed by us. This content could cause harm to our audience and to our reputation of providing a safe environment for children to play online. If we are unable to prevent or are perceived as not being able to sufficiently prevent, inappropriate content from appearing on our platform, parents of children will lose their trust in the safety of our platform, which would harm our overall acceptance by these audiences and would likely result in reduced revenue, a smaller user base and, ultimately, damage to our ability to continue to successfully operate our platform.

In addition to generally blocking inappropriate content, we have statutory obligations under U.S. federal law to block or remove child pornography and report offenses to the National Center for Missing and Exploited Children, or NCMEC. Notwithstanding our efforts, from time to time, sexual content involving cartoon characters that appear to be children are uploaded to our platform and viewed by others prior to being removed by us, and any future noncompliance by us or allegations of noncompliance by us with respect to U.S. federal laws on child pornography or the sexual exploitation of children could harm our reputation, create criminal liability and could be costly and time consuming to address or defend. We may also be subject to additional criminal liability related to child pornography or child sexual exploitation under other domestic and international laws and regulations.

The privacy of children's personal information collected online is also becoming increasingly scrutinized both in the U.S. and internationally. For example, the United Kingdom's Age Appropriate Design Code ("AADC") and incoming Online Safety Bill, focuses on online safety and protection of children's privacy online. A similar law, California's Age-Appropriate Design Code Act ("CAADCA"), was signed into law in California and went into effect on July 1, 2024. The CAADCA implements into law certain principles taken from the AADC, among other things, and imposes substantial new obligations upon companies. Passage of the CAADCA and similar laws may further complicate compliance efforts and may increase legal risk and compliance costs for us and our third-party partners. In the U.S., we may have obligations on the federal level under the Children's Online Privacy Protection Act ("COPPA"). Despite our efforts, no assurances can be given that the measures we have taken to address COPPA requirements will be sufficient to completely avoid allegations of COPPA violations, any of which could expose us to significant liability, penalties, reputational harm and loss of revenue, among other things. Additionally, new laws and regulations are being considered in various jurisdictions to require the monitoring of user content or the verification of users' identities and age and may restrict our ability to collect, use and otherwise process information, including personal information, about minors which may also result in limitations on our advertising services or our ability to offer products and services to minors in certain jurisdictions.

We are subject to complex and evolving federal, state and international laws, regulations, rules, standards and contractual obligations regarding privacy, data protection and cybersecurity, which could result in investigations,

claims, changes to our business practices, increased cost of operations and declines in user growth, retention or engagement, any of which could adversely affect our business.

We are subject to a variety of laws, regulations, rules, standards and contractual obligations in the U.S. and other countries that involve matters central to our business, including privacy, data protection and cybersecurity, including with respect to minors. The regulatory frameworks for privacy, data protection, cybersecurity and data transfers worldwide are rapidly evolving and are likely to remain uncertain for the foreseeable future. Certain privacy, data protection and cybersecurity laws and regulations have placed and will continue to place privacy, data protection and cybersecurity obligations and restrictions on organizations such as ours and may require us to continue to change our policies and procedures. Our approach with respect to such laws and regulations may be subject to further evaluation and change, our compliance measures may not be fully adequate and may require modification, we may expend significant time and cost in developing and maintaining a privacy governance program, data transfer or localization mechanisms, or other processes or measures to comply with such laws and regulations, and we may potentially face claims, litigation, investigations or other proceedings or liability regarding such laws and regulations and may incur liabilities, expenses, costs and other operational losses under such laws and regulations and any measures we take to comply with them, and result in changes to our business practices, increased cost of operations and declines in user growth, retention or engagement, any of which could adversely affect our business. Some countries also are considering or have passed legislation requiring local storage and processing of data, or similar requirements, which could increase the cost and complexity of operating our products and services and other aspects of our business.

It is possible that the obligations imposed on us by applicable privacy, data protection and cybersecurity laws and regulations, or industry codes of conduct or other actual or asserted obligations relating to privacy, data protection or cybersecurity, may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices in other jurisdictions. Significant fines and penalties may be imposed in connection with any violations of privacy, data protection or cybersecurity laws, regulations, rules, industry standards and other obligations depending on the severity of such violation, including recurring fines applicable for each violation. In addition, we may be subject to lawsuits, civil liability, sanctions, regulatory or government investigations, increased cost of operations and restrictions on our business practices. Additionally, due to the nature of our service, we are unable to maintain complete control over data security or the implementation of measures that reduce the risk of a cyberattack or other security incident. For example, our customers may accidentally disclose their passwords or store them on a mobile device that is "SIM swapped," lost or stolen, creating the perception that our systems are not secured against third-party access. Any failure or perceived failure by us to comply with our privacy policies, our obligations to users or other third parties relating to privacy, data protection or cybersecurity or our other policies or obligations relating to privacy, data protection or cybersecurity or any actual or perceived compromise of security, including any such compromise that results in the unauthorized release, transfer or other processing of personal information or other user or creator data, may result in governmental investigations and enforcement actions, litigation, claims or public statements against us by consumer advocacy groups or others and could cause our creators and users to lose trust in us, any or all of which could have an adverse effect on our business, financial condition or results of operations.

We make public statements about our use and disclosure of personal information through our privacy policies, information on our website and press statements. Although we endeavor to comply with our public statements and documentation, we may at times fail to do so or be alleged to have failed to do so. The publication of our privacy policies and other statements that provide promises and assurances about privacy, data protection and cybersecurity can subject us to potential government or legal action if they are found to be deceptive, unfair or misrepresentative of our actual practices. Any concerns about our privacy, data protection and cybersecurity practices, even if unfounded, could damage our reputation and adversely affect our business.

Governmental agencies may restrict access to our platform, mobile applications, website or the internet generally, which could lead to the loss or slower growth of our creators or users.

Our future success will depend in part on market acceptance and widespread adoption across demographics and geographies of our platform over other interactive entertainment offerings. The widespread availability of content generated by our creators on our platform is a new development, and the regulatory framework for broad dissemination of this content is new and evolving. We provide our creators with the ability to publish their content throughout the world, and each country is developing regulations and policies to regulate this new space, including with respect to privacy, data protection and cybersecurity, intellectual property, child protection, consumer protection, ratings and taxes. If we are unable to allow creators to comply with potentially conflicting regulations throughout the world, our ability to execute on our business model would be severely impacted, and our ability to grow our business could be harmed. Changes to these laws, regulations, rules, standards or obligations could require us to change our business strategy, take on more onerous

obligations and impact the functionality of our platform. If we are obligated to fundamentally change our business activities and practices or modify our platform, we may be unable to make these required changes and modifications in a commercially reasonable manner, or at all, and our ability to further develop and enhance our platform may be limited. The costs of compliance with, and other burdens imposed by, these laws, regulations, rules, standards and obligations, or any inability to adequately address these, may limit the use of our platform or reduce overall demand for our platform, which could adversely affect our business, financial condition or results of operations.

In addition, governmental agencies in the countries in which we, our users or creators are located have blocked, and could block in the future, access to or require a license for parts or all of our platform, our website, our application stores or the internet generally for a number of reasons, including privacy, data protection, cybersecurity, confidentiality or regulatory concerns which may include, among other things, governmental restrictions on certain content in a particular country and a requirement that user information be stored on servers in a country within which we operate. Governmental agencies could issue fines or penalties if there are instances where we are found not to have been in compliance with regulations in any of these areas. Users generally need to access the internet, including in geographically diverse areas, and also mobile platforms such as the Apple App Store and the Google Play Store, to access our content on our platform. If governmental or other entities block, limit or otherwise restrict creators and users from accessing our platform, or users from engaging with content on our platform, our business could be negatively impacted, we could be subject to additional fines and penalties, our creators and users could decline or grow more slowly and our business, financial condition or results of operations could be adversely affected.

In the EEA and United Kingdom, we are subject to the GDPR and UK GDPR, which impose stringent privacy, data protection and cybersecurity requirements on our business and could expose our business to considerable fines, penalties and other liabilities for noncompliance.

In the EEA, the GDPR imposes stringent privacy, data protection and cybersecurity requirements and carries considerable penalties for noncompliance, including fines up to €20 million or 4% of annual global revenues of the previous year, whichever is greater. Such fines would be in addition to (i) the rights of individuals to sue for damages in respect of any data privacy breach which causes them to suffer harm, (ii) the right of individual member states to impose additional sanctions over and above the administrative fines specified in the GDPR and (iii) the ability of supervisory authorities to impose orders requiring companies to modify their practices. If we are found not to be compliant with the GDPR or similar requirements, we may be subject to significant fines and the risk of civil litigation. Further, even the perception of such noncompliance may result in reputational damage and our business may be materially harmed.

Brexit has led to changes with regard to the regulation of privacy, data protection and cybersecurity in the United Kingdom. The United Kingdom maintains the Data Protection Act of 2018 and the United Kingdom General Data Protection Regulation (collectively, the "UK GDPR"), which together implement and complement the GDPR and provide for penalties for noncompliance of up to the greater of £17.5 million or four percent of worldwide revenues. The UK GDPR currently imposes the same obligations as the GDPR in most material respects, but we cannot fully predict how the Data Protection Act, the UK GDPR and other United Kingdom data protection laws or regulations may develop in the medium to longer term, nor the effects of divergent laws and guidance regarding how personal data will be regulated. We continue to monitor and review the impact of any changes to EU, United Kingdom or Swiss law or guidance that could affect our operations. For example, we are evaluating the United Kingdom's AADC, which focuses on online safety and protection of children's privacy online. The AADC became effective September 2, 2021, and noncompliance with the AADC may result in audits or other proceedings by the United Kingdom's Information Commissioner Office ("ICO"), the regulatory body set up to uphold information rights in the United Kingdom, and other regulators in the EEA or Switzerland, as noncompliance with the AADC may indicate noncompliance with other applicable data protection laws. In addition, we are monitoring developments with the EU's Digital Services Act ("DSA"), which came into force on November 16, 2022. The DSA imposes content moderation obligations, notice and transparency obligations, advertising restrictions and other requirements on digital platforms to protect consumers and their rights online. Noncompliance with the DSA could result in fines of up to 6% of annual global revenues, which are in addition to the ability of civil society organizations and non-governmental organizations to lodge class action lawsuits. We may incur liabilities, expenses, costs and other operational losses under the GDPR and laws and regulations of applicable member states of the European Union and the United Kingdom relating to privacy, data protection and cybersecurity in connection with any measures we take to comply with them.

In both the EEA and United Kingdom, we rely on data transfer mechanisms such as Standard Contractual Clauses ("SCCs") or UK SCCs to comply with data protection requirements when transferring personal data from the EEA or the United Kingdom to other countries. On June 4, 2021, the European Commission published two sets of new SCCs, which

took effect on June 27, 2021. On June 28, 2021, the European Commission announced a decision of "adequacy" concluding that the United Kingdom ensures an equivalent level of data protection to the GDPR, which provides some relief regarding the legality of continued personal data flows from the EEA to the United Kingdom. Such adequacy decision must, however, be renewed after four years and may be modified or revoked in the interim. Further, data protection authorities may require measures to be put in place in addition to SCCs or UK SCCs for transfers to countries outside of the EEA, as well as Switzerland and the United Kingdom. In July 2023, the European Commission adopted an adequacy decision concluding the new EU-U.S. data privacy framework (the "EU-U.S. DPF") constitutes a lawful data transfer mechanism under EU law for participating U.S. entities; however, the EU-U.S. DPF may be in flux as such adequacy decision has been challenged, and may face additional challenges, at the Court of Justice of the European Union. In addition, in June 2023, the U.S. and UK announced a commitment in principle to establish a "data bridge" to extend the EU-U.S. DPF to the flow of UK personal data under the UK GDPR to participating entities in the U.S. Such data bridge could not only be challenged, but also may be affected by any challenges to the EU-U.S. DPF. Our third-party service providers may be affected similarly by these changes. In addition to other impacts, we may experience additional costs associated with increased compliance burdens, and we and our creators and users face the potential for regulators in the EEA, Switzerland or the United Kingdom to apply different standards to the transfer of personal data from the EEA, Switzerland or the United Kingdom to the U.S. and other non-EEA, Switzerland or United Kingdom countries, and to block, or require ad hoc verification of measures taken with respect to, certain data flows from the EEA, Switzerland and the United Kingdom to the U.S. and other non-EEA, Switzerland or United Kingdom countries. We also may be required to engage in new contract negotiations with third parties that aid in processing data on our behalf, to the extent that any of our service providers or consultants have been relying on invalidated or insufficient contractual protections for compliance with evolving interpretations of, and guidance for, cross-border data transfers pursuant to the GDPR and UK GDPR. In such cases, we may not be able to find alternative service providers, which could limit our ability to process personal data from the EEA, Switzerland or the United Kingdom and increase our costs.

Our business could be subject to fines, penalties and administrative and criminal sanctions for failure to comply with privacy, data protection and cybersecurity laws in Korea.

We are subject to Korean laws, regulations and orders, including the Personal Information Protection Act ("PIPA"), the Act on the Promotion of Information and Communications Network Utilization and Protection of Information and the Credit Information Act, which specifically regulate the processing of certain personal information. PIPA requires us to seek and obtain consent from our consumers in Korea with respect to our use of their personal data and requires our officers and employees responsible for management of such personal data to take the necessary technological and managerial measures to prevent data breaches and, among other duties, notify the Personal Information Protection Commission of certain data breach incidents within 72 hours. Failure to comply with PIPA in any manner may subject such responsible officers and employees to certain administrative or criminal sanctions, ranging from a monetary penalty to imprisonment, for not having obtained such consent in an appropriate manner or for not having complied with such duties, including due to negligence. In case such officers and employees become subject to criminal liability as a result of such failure, we, as their employer, may become vicariously liable for their noncompliance with PIPA. Since PIPA and other Korean laws, regulations and orders in connection with personal information are complex and evolving and are subject to interpretation by government regulators which may change over time, we are subject to the risk of claims by regulators for our failure to comply with such laws, regulations and orders despite our efforts to comply with them.

We are subject to Japanese privacy, data protection and cybersecurity laws, including the Act on the Protection of Personal Information, and failure to comply with such laws may negatively affect our business, operations or financial conditions.

In Japan, we are subject to laws, regulations and guidelines regarding data privacy and security including those relating to the processing, safekeeping, and use of personal data, in respect of each of which the relevant regulators in Japan have broad discretion to interpret the relevant laws and regulations. The Act on the Protection of Personal Information (the "APPI") in Japan is to protect rights and interests of individuals, while balancing the usefulness of personal information. The APPI mainly concerns three situations: (i) acquisition and use; (ii) storage; and (iii) transfer of personal information. When personal information is acquired, the purpose of use must be notified to the relevant individuals or made public, except in cases where the purpose of use has been made public in advance. The purpose of use must be specified, and the acquired personal information must be used within the scope of such purpose of use. When storing personal information, it is necessary to manage it safely so that it will not be leaked. For the safe management, the APPI requires business operators holding personal information to establish a security management systems. It includes establishment of fundamental rules on personal information management, appointment of personnel responsible for personal information management, and provision of regular training courses on privacy and security breaches and

implementation of physical and technical security control measures. Additionally, when transferring personal data to a third party, it is necessary, in principle, to obtain the consent of the principal in advance. The APPI requires business operators to make reports to the Personal Information Protection Commission (the "PIPC") or other competent government entities and to notify to data subjects when certain data security incidents have occurred or may have occurred. In the event that an individual violates the above obligations under the APPI and also violates an associated improvement order issued by the PIPC, a criminal penalty of "imprisonment for not more than one year or a fine of not more than one million yen" could be imposed on the individual who violated the law. In addition, a criminal penalty of "a fine of up to 100 million yen" could be imposed on the violating entity. A victim may file a claim for damages based on torts against the offending entity for damages caused by the leakage and for compensation. Furthermore, if there is a contractual relationship between the victim and the entity, and the leakage of personal information is judged to constitute a breach of contract, damages may be claimed for breach of contract.

We may incur liabilities, expenses, costs and other operational losses under the APPI and other Japanese laws, regulations, guidelines and orders relating to privacy, data protection and cybersecurity. Also, since such laws, regulations, guidelines and orders are complex and evolving and are subject to interpretation by government regulators which may change over time, we are subject to the risk of claims by regulators for our failure to comply with such laws, regulations, guidelines and orders despite our efforts to strive to comply with them. Failure to comply with such laws, regulations, guidelines and orders may negatively affect our business, operations or financial conditions.

We are subject to a variety of federal and state laws in the U.S. that govern privacy, data protection and cybersecurity, which require us to expend considerable resources to ensure compliance and could subject us to fines, penalties and other liabilities for failure to comply.

In the U.S., although there is not yet a comprehensive federal data protection law equivalent to the GDPR, proposals for such comprehensive legislation are under constant consideration by Congress. In the meantime, we remain subject to existing federal regulation such as COPPA and the authority of the Federal Trade Commission (the "FTC") under the Federal Trade Commission Act (the "FTC Act"). At the state level, California has enacted the CCPA, which gives California residents expanded privacy rights and protections, requiring us to modify our data processing practices and policies and incur compliance related costs and expenses. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches, which may increase the likelihood and cost of data breach litigation. Further, the CCPA has prompted similar legislative developments in other states in the U.S. such as Virginia, which in March 2021 enacted a Consumer Data Protection Act that became effective as of January 1, 2023, Colorado, which in June 2021 enacted a Colorado Privacy Act that became effective July 1, 2023, Utah, which in March 2022 enacted the Utah Consumer Privacy Act that became effective as of December 31, 2023, and Connecticut, which in May 2022 enacted the Act Concerning Personal Data Privacy and Online Monitoring that became effective as of December 31, 2023. In addition, laws in all 50 U.S. states generally require businesses to provide notice under certain circumstances to individuals whose personal information has been disclosed as a result of a data breach. The potential effects of new and evolving legislation relating to privacy, data protection and cybersecurity are far-reaching, create the potential for a patchwork of overlapping but different laws, and may require us to modify practices and policies and, incur substantial costs and expenses in an effort to comply, or restrict our operations. Aspects of the CCPA and other federal and state laws and regulations relating to privacy, data protection and cybersecurity, as well as their enforcement, remain unclear, and we may be required to modify our practices in an effort to comply with them. New legislation or regulatory decisions that restrict our ability to collect and use information about minors may also result in limitations on our advertising services or our ability to offer products and services to minors in certain jurisdictions. See "Risk Factors—Risks Related to Our Business, Industry and Operations—The success of our growth strategy depends on our ability to provide a safe online environment for children."

There also has been increasing regulatory scrutiny from the SEC with respect to adequately disclosing risks concerning cybersecurity. On July 26, 2023, the SEC adopted new cybersecurity disclosure rules for public companies that require disclosure regarding cybersecurity risk management (including the corporate board's role in overseeing cybersecurity risks, management's role and expertise in assessing and managing cybersecurity risks, and processes for assessing, identifying and managing cybersecurity risks) in annual reports. These new cybersecurity disclosure rules also require the disclosure of material cybersecurity incidents in a Form 8-K generally within four days of determining an incident is material.

We are subject to laws and regulations worldwide, many of which are unsettled and still developing, and noncompliance with such laws and regulations could subject us to liability.

We are subject to a variety of laws in the U.S. and abroad that affect our business. As a global platform, we are subject to myriad regulations and laws regarding consumer protection, including the use of gift cards, advertising, electronic marketing, protection of minors, privacy, data protection and cybersecurity, data localization requirements, online services, anti-competition, freedom of speech, labor, real estate, taxation, intellectual property ownership and infringement, tax, export and national security, tariffs, anti-corruption and telecommunications, all of which are continuously evolving and developing. The scope and interpretation of the laws that are or may be applicable to us are often uncertain and may be conflicting, particularly laws outside the U.S., and compliance with laws, regulations and similar requirements may be burdensome and expensive. Laws and regulations may be inconsistent from jurisdiction to jurisdiction, which may increase the cost of compliance and doing business and expose us to possible litigation, penalties or fines. Any such costs, which may rise in the future as a result of changes in these laws and regulations or in their interpretation, could make our platform less attractive to our users or creators or cause us to change or limit the offerings in our platform. We have policies and procedures designed to ensure compliance with applicable laws and regulations, but we cannot assure you that we will not experience violations of such laws and regulations or our policies and procedures.

We are potentially subject to a number of foreign and domestic laws and regulations that affect the offering of certain types of content, such as that which depicts violence, many of which are ambiguous, still evolving and could be interpreted in ways that could adversely affect our business or expose us to liability. Foreign governments have in the past and may continue to censor parts or all of our platform in their countries, restrict access to parts or all of our platform from their countries entirely, impose other restrictions that may affect their citizens' ability to access parts or all of our platform for an extended period of time or even indefinitely, require data localization or impose other laws or regulations that we cannot comply with, would be difficult for us to comply with or would require us to rebuild parts or all of our platform or the related infrastructure. Numerous countries, including Germany, have regulations relating to this area and they may impose significant fines for failure to comply with certain content removal and disclosure obligations. Other countries, including Singapore, India, Turkey, Mexico, Australia and the United Kingdom, have implemented or are considering similar legislation imposing penalties for failure to remove certain types of content. On the other hand, some users and creators may choose not to use our platform if we actively police content.

In addition, new regulation by the U.S. federal government and its agencies, such as the U.S. FTC, state agencies or foreign jurisdictions, which may vary significantly, could require that certain content on our platform be modified or removed, increase the costs of operating or monitoring the content on our platform, impact user and creator engagement and thus the functionality and effectiveness of our platform or otherwise adversely affect our business. It is difficult to predict how existing or new laws may be applied. If we become liable, directly or indirectly, under these laws or regulations, we could be harmed, and we may be forced to implement new measures to reduce our exposure to this liability. This may require us to expend substantial resources or to modify our platform, which adversely affect our business, financial condition and results of operations. In addition, the increased attention focused upon liability issues as a result of lawsuits and legislative proposals could harm our reputation or brands or otherwise impact the growth of our business. Any costs incurred as a result of this potential liability could adversely affect our business, financial condition or results of operations.

It is also possible that a number of laws and regulations may be adopted or construed to apply to us or our users or our creators in the U.S. and elsewhere that could restrict the online and mobile industries, including creator and user privacy, data protection, cybersecurity, advertising, user acquisition practices, taxation, content suitability, intellectual property, distribution and antitrust, and our platform, content or components thereof may be deemed or perceived illegal or unfair practices. We anticipate that scrutiny and regulation of our industry will increase, and we will be required to devote legal and other resources to addressing such regulation. For example, existing laws or new laws regarding the marketing of in-app purchases, banking institutions, unclaimed property or money transmission may be interpreted to cover the revenue that we receive from our platform. If that were to occur, we may be required to maintain certain records and seek licenses, authorizations or approvals from relevant regulators, the granting of which may be dependent on us meeting certain capital and other requirements, and we may be subject to additional regulation and oversight and other operational requirements, all of which could significantly increase our operating costs. Changes in current laws or regulations or the imposition of new laws and regulations in the U.S. or elsewhere, or any withdrawal by us from certain countries because of such actions, could adversely affect our users, including by giving our competitors an opportunity to penetrate geographic markets that we cannot access. As a result, our user growth, retention and engagement could be harmed.

We are subject to various governmental export control, trade sanctions and import laws and regulations that require our compliance and could subject us to liability if we violate these controls.

We are subject to laws and regulations that could limit our ability to permit access to our platform and content or to engage with certain content creators or contractors. For example, certain U.S. laws and regulations administered and enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC"), in combination with other applicable export control and economic sanctions laws and regulations, collectively referred to as the Trade Control Laws and Regulations, may limit our ability to give certain users and creators access to certain aspects of our platform and experiences, to engage with certain creators or contractors, or to permit downloads of our applications because such persons appear on restricted party lists maintained by OFAC or other U.S. government agencies or are located in countries or territories that are comprehensively embargoed by OFAC. The Trade Control Laws and Regulations are complex and dynamic, and monitoring and ensuring compliance can be challenging. In certain instances, we rely on our payment processors for compliance with certain of these Trade Control Laws and Regulations. Specifically, our payment processors will not allow any paid activity by users and creators that attempt to access our platform from various jurisdictions specified by OFAC, such as the Crimea region Ukraine, the so-called Donetsk People's Republic of Ukraine, the so-called Luhansk People's Republic of Ukraine, Cuba, Iran, North Korea and Syria, or paid activity by users and creators that appear on various U.S. and foreign government restricted party lists. In addition, the mobile application stores through which our applications are available have implemented protocols to prevent downloads in these specified countries and territories. However, users and creators from certain of these countries and territories have access to our web-based platform and content and there may be users and creators elsewhere that may be subject to restrictions of which we are not aware. Accordingly, there can be no guarantee we will be found to have been in full compliance with Trade Control Laws and Regulations during all relevant periods. Any failure by us or our payment processors or the mobile application stores to comply with the Trade Control Laws and Regulations may lead to violations of the Trade Control Laws and Regulations that could expose us to liability. Any failure to comply with applicable laws and regulations also could have negative consequences for us, including reputational harm, government investigations and monetary penalties. In addition, various foreign governments may also impose controls, export license requirements and restrictions. Compliance with such applicable regulatory requirements may create delays in the introduction of our platform in some international markets or prevent our international users from accessing our platform.

We are subject to the Foreign Corrupt Practices Act and similar anti-corruption, anti-bribery and anti-money laundering laws, and noncompliance with such laws can subject us to criminal or civil liability.

We are subject to the Foreign Corrupt Practices Act, U.S. domestic bribery laws, the United Kingdom's Bribery Act 2010 and other anti-corruption and anti-money laundering laws in the countries in which we conduct activities. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years and are interpreted broadly to generally prohibit companies, their employees, agents, representatives, business partners and third-party intermediaries from authorizing, offering or providing, directly or indirectly, improper payments or benefits to recipients in the public or private sector in order to influence official action, direct business to any person, gain any improper advantage, or obtain or retain business. As we increase our international business, our risks under these laws may increase.

As we increase our international business, we may engage with business partners and third-party intermediaries to market our solutions and obtain necessary permits, licenses and other regulatory approvals. In addition, we or our employees, agents, representatives, business partners or third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities. We can be held liable for the corrupt or other illegal activities of our employees, agents, representatives, business partners or third-party intermediaries, even if we do not authorize such activities.

These laws also require that we keep accurate books and records and maintain internal controls and compliance procedures designed to prevent any such actions. While we have policies, training and procedures to address compliance with such laws, we cannot assure you that none of our employees, agents, representatives, business partners or third-party intermediaries will take actions in violation of our policies and applicable law, for which we may be ultimately held responsible.

Detecting, investigating and resolving actual or alleged violations of anti-corruption laws can require a significant diversion of time, resources and attention from senior management, as well as significant defense costs and other professional fees. In addition, noncompliance with anti-corruption, anti-bribery, or anti-money laundering laws could subject us to whistleblower complaints, investigations, sanctions, settlements, prosecution, enforcement actions, fines, damages, other civil or criminal penalties or injunctions against us, our officers or our employees, disgorgement of profits, suspension or debarment from contracting with the U.S. government or other persons, reputational harm, adverse media

coverage and other collateral consequences. If any subpoenas or investigations are launched, or governmental or other sanctions are imposed, or if we do not prevail in any possible civil or criminal proceeding, our reputation could be harmed and our business, financial condition, results of operations and the price of our common stock could be adversely affected.

Changes in tax laws could subject us to additional tax liabilities.

Changes in tax laws or regulations in jurisdictions in which we operate, including changing laws in the U.S. and other countries, could negatively impact our effective tax rate and adversely affect our business, results of operations or financial condition. A change in statutory tax rate or certain international tax provisions in any jurisdiction would result in the revaluation of our deferred tax assets and liabilities related to that particular jurisdiction in the period in which the new tax law is enacted. Any such change would result in an expense or benefit recorded to our consolidated statements of operations and comprehensive loss. We closely monitor these proposals as they arise in the jurisdictions where we operate. Changes to tax laws or regulations may occur at any time, and any related expense or benefit recorded may be material to the fiscal quarter and year in which the law change is enacted. We conduct business and file tax returns in numerous jurisdictions and are subject to regular reviews, examinations and audits by many tax authorities around the world (including with respect to transfer pricing). These reviews, examinations and audits can cover periods for several years prior to the date the review, examination or audit is undertaken and could result in the imposition of material tax liabilities, including interest and penalties, if our positions are not accepted by the applicable tax authority. In connection with various government initiatives, companies are required to disclose more information to tax authorities on operations around the world, which may lead to greater audit scrutiny of profits earned in other jurisdictions. We regularly assess the likely outcomes of our tax audits and disputes to determine the appropriateness of our tax reserves. However, any tax authority could take a position on tax treatment that is contrary to our expectations, which could result in tax liabilities, including interest and penalties, in excess of reserves.

Risks Related to Intellectual Property

Claims by others that we infringe, misappropriate or otherwise violate their intellectual property rights through the activities of our creators or users or the content on our platform could subject us to liability.

We have been and may in the future become subject to intellectual property disputes, and may become subject to liability, costs and awards of damages and injunctive relief as a result of these disputes. Our success depends, in part, on our ability to obtain and host content and develop our platform without infringing, misappropriating or otherwise violating the intellectual property rights of third parties. However, there is no assurance that our content or platform will not be found to infringe, misappropriate or otherwise violate the intellectual property rights of third parties. Lawsuits may be time-consuming and expensive to resolve, and they divert management's time and attention. Additionally, there can be no assurance that favorable outcomes will be obtained in any such litigation or disputes. Further, because of the substantial amount of discovery required in connection with intellectual property litigation, we risk compromising our confidential information during this type of litigation. Companies in the internet, technology and content industries typically own large numbers of copyrights, patents, trademarks, domain names and trade secrets and frequently enter into litigation based on allegations of infringement, misappropriation or other violations of intellectual property or other rights. As we expand in the global market and face increasing competition, the possibility of intellectual property rights and other claims against us grows. In addition, various "non-practicing entities," and other intellectual property rights holders may attempt to assert intellectual property claims against us or seek to monetize the intellectual property rights they own to extract value through licensing or other settlements. Our intellectual property rights may not be able to withstand any third-party claims challenging them.

If a third party is able to obtain an injunction preventing us from accessing such third-party intellectual property rights, or if we cannot license or develop alternative technology for any infringing aspect of our business, we would be forced to limit or cease access to our platform or cease business activities related to such intellectual property. Any failure to do so may subject us to civil or criminal liability in certain jurisdiction. In addition, we may need to settle litigation and disputes on terms that are unfavorable to us. We may be required to make substantial payments for legal fees, settlement fees, damages, royalties or other fees in connection with a claimant securing a judgment against us. For example, we could be found liable for significant monetary damages, including treble damages and attorneys' fees, if we are found to have willfully infringed a patent or other intellectual property right. To the extent we hire personnel from competitors, we may be subject to allegations that such personnel have divulged proprietary or other confidential information to us. Further, we may be unaware of the intellectual property rights of others that may cover some or all of our technology. Although we carry general liability insurance, our insurance may not cover potential claims of this type or may not be adequate to cover all liability that may be imposed. We cannot predict the outcome of lawsuits and cannot ensure that the results of any such actions will not have an adverse effect on our business, financial condition and results of operations. Any intellectual

property claim asserted against us, or for which we are required to provide indemnification, may require us to do one or more of the following:

- cease selling or using or recall products that incorporate the intellectual property rights that we allegedly infringe, misappropriate or otherwise violate;
- make substantial payments for legal fees, settlement payments or other costs or damages;
- obtain a license, which may not be available on reasonable terms or at all, to sell or use the relevant technology or content; or
- redesign or rebrand the allegedly infringing products to avoid infringement, misappropriation or other violation, which could be costly, time-consuming or impossible.

Our defenses to claims of infringement, misappropriation or other violations of third-party intellectual property rights are costly and may not be successful.

We rely on a variety of statutory and common-law frameworks and defenses relevant to the content available on our platform, including the U.S. Digital Millennium Copyright Act ("DMCA"), the Communications Decency Act, or CDA, the fair-use doctrine in the U.S., and the Electronic Commerce Directive in the EU, but those protections may change or disappear over time, increasing our exposure to claims of copyright or other intellectual property infringement, misappropriation or other violation. If we should lose or fail to qualify for statutory or other legal protections that immunize us from monetary damages for intellectual property infringement, misappropriation or other violation, the damages could be significant and have a material impact on our business.

In the U.S., the DMCA is intended, in part, to limit the liability of eligible service providers for caching, hosting, or linking to user content that includes materials that infringe copyrights or other rights. We rely on the protections provided by the DMCA in conducting our business. Similarly, Section 230 of the Communications Decency Act ("Section 230") protects online distribution platforms from actions taken under various laws that might otherwise impose liability on the platform provider for what content creators develop or the actions they take or inspire. However, the DMCA, Section 230 and similar statutes and doctrines that we may rely on in the future are subject to uncertain judicial interpretation, regulatory supplementation or modification and legislative amendments. Our current protections from liability for third-party content posted on our platform in the U.S. could decrease or change, potentially resulting in increased liability for third-party content posted on our platform.

The EU has enacted copyright laws such as the Directive on Copyright in the Digital Single Market (the "Copyright Directive") that came into effect on June 6, 2019, that require us to use best efforts in accordance with the high industry standards of professional diligence to exclude infringing content from our platform that may be uploaded by our users. Although we have set up certain procedures to enable copyright owners to provide us with notice of alleged infringement, it may not be possible to remove or disable all potentially infringing content that may exist. Similarly, although we have set up screening processes to try to filter out or disable access to content that we have previously been informed is subject to claims of copyright or other intellectual property protection, we may not be able to successfully filter out or disable access to all potentially infringing content available on our platform.

Each of these frameworks and defenses is subject to uncertain or evolving judicial interpretation, regulatory supplementation or modification and legislative amendments. In addition, pending or recently adopted legislation in the U.S., EU and UK may impose additional obligations or liability on us associated with content uploaded by users to our platform. If the rules, doctrines or currently available defenses change, if international jurisdictions refuse to apply protections similar to those that are currently available in the U.S., the EU or the UK if a court were to disagree with our application of those rules or doctrines to our services, we could be required to expend significant resources to try to comply with the new rules or incur liability, and our business, revenue and financial results could be adversely impacted.

While we have implemented measures to limit our exposure to claims of intellectual property infringement, intellectual property owners may allege that we failed to take appropriate measures, to prevent infringing activities on our systems, that we turned a blind eye to infringement, or that we facilitated, induced or contributed to infringement. We could be subject to an adverse judgment in any litigation relating to claims of infringement if a lawsuit were filed against us or be forced to settle any claims for an as-yet undetermined amount. Depending on how such claims are resolved, the impact on us could be material. Our insurance may not be adequate to cover these types of claims or any liability that may be imposed on us. Additionally, the risk of an adverse determination in any litigation or proceeding or an actual adverse determination in any litigation or proceeding may result in harm to our reputation or in adverse publicity. The risk of an

adverse result or the actual adverse result in litigation may also require us to seek licenses from third parties, which may or may not be available on commercially reasonable terms or at all, pay ongoing royalties or become subject to injunctions requiring us to remove content, limit access to our platform or take other steps to prevent infringement, each of which could prevent us from pursuing some or all of our business and result in our users deferring or limiting their use of our platform, which could adversely affect our financial condition and results of operations.

Even if third-party claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and harm our reputation, business and operating results. Moreover, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock. We expect that the occurrence of infringement claims is likely to grow as the market for our content and platform grows. Accordingly, our exposure to damages resulting from infringement claims could increase, and this could further exhaust our financial and management resources.

Failure to obtain, maintain, protect and enforce our proprietary and intellectual property rights could adversely affect our business.

Our success depends to a significant degree on our ability to obtain, maintain, protect and enforce our proprietary information, intellectual property and technology, including our content, proprietary software technology, trademarks, domain names, know-how, our brands and similar intellectual property. We rely on a combination of copyrights, trademarks, trade secret laws, patents, service marks, contractual restrictions and other intellectual property laws in the U.S. and certain other jurisdictions, as well as confidentiality procedures and invention assignment agreements, to establish and protect our proprietary rights. However, copyrights, patent, trademark and trade secret protection may not be available to us in every country in which our platform is available. Further, any copyrights, patents, trademarks or other intellectual property rights that we have or may obtain may be challenged or circumvented by others or invalidated, declared generic or held unenforceable through administrative processes, including re-examination, inter partes review, interference and derivation proceedings and equivalent proceedings in foreign jurisdictions, such as opposition proceedings, or litigation. Our trademark applications and patents arising from any patent applications we may file in the future may not be granted and, even if we are successful in obtaining effective protection, it may be expensive to maintain these rights, including application and maintenance costs, and the time and cost required to defend our rights could be substantial. Additionally, the process of obtaining patent protection may be expensive and time-consuming, and we may be unable to prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. Moreover, legal standards relating to the validity, enforceability, and scope of protection of intellectual property rights are uncertain.

We rely in part on trade secrets, proprietary know-how and other confidential information to maintain our competitive position. We attempt to protect our intellectual property, technology and confidential information by requiring our employees and other third parties who develop intellectual property on our behalf to enter into confidentiality and invention assignment agreements and third parties we share information with to enter into nondisclosure and confidentiality agreements or to be bound by professional, fiduciary or other contractual obligations requiring the applicable third party to protect our trade secrets, proprietary know-how and other confidential information. However, we cannot guarantee that we have entered into such agreements with each party who has developed intellectual property on our behalf and each party that has or may have had access to our confidential information, know-how or trade secrets, and such agreements may be insufficient or breached. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret or know-how is difficult, expensive and time-consuming, and the outcome is unpredictable. In addition, trade secrets and know-how can be difficult to protect and some courts inside and outside the U.S. are less willing or unwilling to protect trade secrets and know-how. Additionally, to the extent there are individuals not subject to invention assignment agreements, these individuals may make adverse ownership claims to our current and future intellectual property, and, to the extent that our employees, independent contractors or other third parties with whom we do business use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

Failure to adequately protect, enforce and defend our rights in our proprietary and intellectual property rights could adversely affect our business.

The protection of our intellectual property rights may require the expenditure of significant financial, managerial and operational resources. We utilize various means, including our proprietary technology Toon Radar, to prevent and monitor unauthorized use of our intellectual property. However, the steps we take to obtain, maintain, protect, defend and enforce our intellectual property rights may be inadequate. For example, it is possible that third parties, including our competitors, may obtain patents relating to technologies that overlap or compete with our platform and technology. If third parties

obtain patent protection with respect to such technologies, they may assert that our platform and technology infringes their patents and seek to charge us a licensing fee or otherwise preclude the use of our platform and technology. We may not be able to protect our intellectual property rights if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property rights, including unauthorized use by artificial intelligence. If we fail to protect our intellectual property rights adequately, unauthorized third parties could copy and distribute our content. In addition, enforcing and defending our intellectual property rights might entail significant expense and may not ultimately be successful. We also cannot be certain that others will not independently develop or otherwise acquire equivalent or superior technology or intellectual property rights.

The value of our intellectual property could diminish if others assert rights in or ownership of our copyrights, trademarks and other intellectual property rights, or use trademarks that are similar to our trademarks. We may be unable to successfully resolve these types of conflicts to our satisfaction. In some cases, litigation or other actions may be necessary to protect or enforce our copyrights, trademarks and other intellectual property rights. As we expand our global activities, our exposure to unauthorized copying and use of our content will likely increase. Moreover, policing unauthorized use of our content, technologies, trade secrets and intellectual property may be difficult, expensive and time-consuming. Accordingly, despite our efforts, we may be unable to prevent third parties from infringing upon, misappropriating or otherwise violating our intellectual property rights, which could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

We face risks associated with our "WEBTOON" trademark, trade name and service mark, which could adversely affect our business, including the value of our "WEBTOON" brand.

We face risks associated with our "WEBTOON" trademark, including the risk that the word "Webtoon" could become so commonly used that it becomes synonymous with the type of web-comics we display on our platform. In Korea, the "WEBTOON" wordmark has been declared generic and is not protectable as a registered trademark. In the U.S., although we have registered the "WEBTOON" wordmark and logo as trademarks in certain classes of goods and services in the U.S., we have not secured a wordmark registration in our key classes of goods and services. If we lose protection for the "WEBTOON" wordmark in the U.S., other parties could use the word "Webtoon" to refer to their own products, thus diminishing our "WEBTOON" brand. Further, if we lose protection for the "WEBTOON" wordmark, our competitors, such as KAKAO WEBTOON, may seek register trademarks or adopt service names similar to ours, or confusingly similar terms. If our efforts to oppose such registrations or use of names is unsuccessful, it could impede our ability to build brand identity and possibly lead to confusion in the marketplace. Over the long term, if we are unable to establish name recognition based on our trademarks, then we may not be able to compete effectively. Any claims or customer confusion related to our trademarks could damage our reputation and brands and substantially harm our business, financial condition and results of operation.

Our unregistered or future registered trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we need to build name recognition by potential users or creators in our markets of interest. Third parties may assert that we are using trademarks or trade names that are confusingly similar to their marks. If any third party were able to establish that our trademarks or trade names were infringing their marks, that third party may be able to block our ability to use the infringing trademark or trade name and we may be required to re-brand one or more of our products offered under the infringing trademark or trade name, which may require substantial time and monetary expenditure. In addition, if a third party were to bring such a claim, we would be required to dedicate time and resources to fight the claim, which time and resources could otherwise be used toward the maintenance of our own intellectual property.

Our intellectual property strategy may prove to be inadequate to protect our intellectual property rights.

We may choose not to pursue registrations in every jurisdiction or at all depending on the nature of the project to which the intellectual property rights pertain. For example, we make business decisions about when to seek copyright registrations for particular content and in what jurisdictions to seek trademark registrations, and the approach we select may ultimately prove to be inadequate. For example, we have chosen not to register copyrights in all of the content on our platform. In order to bring a copyright infringement lawsuit in the U.S., the applicable copyright must be registered and if a copyright is not registered within three months of the publication of the underlying work, there are limitations on the damages that the copyright owner may be awarded for infringement. Accordingly, the remedies and damages available to us for unauthorized use of certain content on our platform may be limited.

We may not be able to protect our intellectual property rights throughout the world.

We may be required to protect our intellectual property rights in an increasing number of jurisdictions, a process that is expensive and may not be successful, or which we may not pursue in every jurisdiction due to costs, complexities or other reasons. Filing, prosecuting, maintaining, defending and enforcing intellectual property rights in our platform and business in all countries throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside the U.S. can be less extensive than those in the U.S. Competitors may use our technologies in jurisdictions where we have not obtained intellectual property rights to develop their own technologies and services and, further, may export otherwise infringing, misappropriating or violating technologies and services to territories where we have intellectual property protection, but enforcement is not as strong as that in the U.S. These technologies and services may compete with our technologies and services, and our intellectual property rights may not be effective or sufficient to prevent them from competing.

In addition, the laws of some foreign countries may not be as protective of intellectual property rights as those in the U.S., and mechanisms for enforcement of intellectual property rights may be inadequate. Many companies have encountered significant challenges in establishing and enforcing their proprietary rights outside of the U.S. These challenges can be caused by the absence or inconsistency of the application of rules and methods for the establishment and enforcement of intellectual property rights outside of the U.S. In addition, the legal systems of some countries, particularly developing countries, do not favor the enforcement of intellectual property protection. This could make it difficult for us to stop the infringement, misappropriation or other violation of our intellectual property rights. Accordingly, we may choose not to seek protection in certain countries, and we will not have the benefit of protection in such countries. Proceedings to enforce our intellectual property rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business. Accordingly, our efforts to protect our intellectual property rights in such countries may be inadequate. In addition, changes in the law and legal decisions by U.S. courts and foreign countries may affect our ability to obtain adequate protection for our products, services and other technologies and the enforcement of intellectual property rights. Any of the foregoing could have a material adverse effect on our competitive position, business, financial condition and results of operations.

Digital piracy and the sale of counterfeit merchandise could adversely affect our business.

As the copying and distribution of content over the internet proliferates, the risk of piracy, grey market sales, illegal downloading, file-sharing or other infringement, misappropriation and other violation of our intellectual property is likely to continue to increase. We take various measures to prevent and monitor unauthorized use of our content, including developing proprietary technology to detect piracy and other technological measures. Despite our precautions, unauthorized third parties have copied and distributed our content and sold merchandise and products based on our content and may continue to do so in the future. If we fail to obtain appropriate relief through the judicial process or the complete enforcement of judicial decisions issued in our favor (or if judicial decisions are not in our favor) or if we fail to develop effective means of protecting and enforcing our intellectual property (whether copyrights or other intellectual property rights such as patents, trademarks and trade secrets), our results of operations, financial position, reputation and prospects may suffer. In addition, we supply a wide variety of merchandise based on our content to our users and counterfeit versions of these products may be offered by competitors. If a significant number of our users turn to counterfeit products for reasons such as lower prices, our revenue and growth could be adversely affected. In addition, the quality of counterfeit products cannot be guaranteed, and poor quality or defects in such products would affect our reputation, which may materially and adversely affect our business, financial condition and operating results.

Our intellectual property rights in content on our platform are limited by the terms of our agreements with content creators.

We enter into agreements with certain content creators who seek to monetize their content, which define our relationship with such creators and our rights to use and exploit the content they create. In accordance with the terms of such agreements, creators generally receive upfront fees and various revenue shares based on the creators' content, and we generally receive a certain period of exclusivity. However, once our exclusivity period ends, creators may be able to license their rights to third parties, including our competitors, which could diminish our brands and adversely affect our financial condition and competitive position. In addition, we may need the cooperation of a creator, as co-owner, to enforce our intellectual property rights against third parties and such cooperation may not be provided to us. For copyrights in which we retain partial ownership, we cannot be certain that activities such as the maintenance and prosecution of such copyrights by our creators, as co-owners, have been or will be conducted consistent with our best interests or in compliance with applicable laws and regulations. Although we attempt to protect our intellectual property by entering into such agreements with certain creators, such agreements may be insufficient or breached.

Disputes also may arise between us and creators regarding intellectual property subject to a content creator agreement, including:

- the scope of rights granted under the agreement and other interpretation-related issues;
- our financial and other obligations under the agreement;
- whether to accept opportunities to license or otherwise grant rights to the content to third parties;
- our right to negotiate independently with a potential licensee, studio, financier, distributor, producer and/or other potential purchaser of intellectual property rights in the content in our role as a publisher and/or producer; and
- the ownership of intellectual property resulting from the joint use of intellectual property by creators and us.

Any termination of or disputes over our agreements with creators could result in the loss of our ability to distribute certain content on our platform. Further, we have not entered into such agreements with each party who has developed content that we distribute on our platform. To the extent that we have not entered into such an agreement with a creator, we do not have rights in the intellectual property of the content distributed on our platform, including copyrights.

We use open-source software on our platform, which may pose particular intellectual property risks to, and could adversely affect, our business.

We have in the past and may in the future continue to use open-source software in our codebase and our platform. Some open-source software licenses require users who make available open-source software as part of their proprietary software to publicly disclose all or part of the source code to such proprietary software or make available any derivative works of such software free of charge, under open-source licensing terms. The terms of various open-source licenses have not been interpreted by courts, and there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our use of the open-source software. Enforcement activity for open-source licenses can also be unpredictable. Were it determined that our use was not in compliance with a particular license, we may be required to purchase a costly license, publicly release the affected portions of our proprietary source code, defend claims, pay damages for breach of contract or copyright infringement, grant licenses to our proprietary software, re-engineer our platform, discontinue certain services or product offerings in the event re-engineering cannot be accomplished on a timely basis, or take other remedial action that may divert resources away from our product development efforts, any of which could negatively impact our business. Public release of our proprietary source code could allow our competitors to create similar technology with less development time and effort. Open-source compliance problems can also result in damage to reputation and challenges in recruitment or retention of engineering personnel. In addition to risks related to license requirements, use of certain open-source software can lead to greater risks than use of third-party commercial software, as open-source licensors generally do not provide warranties, indemnities or other contractual protections with respect to the software (for example, noninfringement or functionality). There is typically no support available for open-source software, and we cannot ensure that the authors of such open-source software will implement or push updates to address security risks or will not abandon further development and maintenance. Our use of open-source software may also present additional security risks because the source code for open-source software is publicly available, which may make it easier for hackers and other third parties to determine how to breach our apps or websites and systems that rely on open-source software. While we monitor our use of open-source software and try to ensure that none is used in a manner that would require us to disclose our proprietary source code or that would otherwise breach the terms of an open-source agreement, such use could inadvertently occur, or could be alleged to have occurred, in part because open-source license terms are often ambiguous. Any of these risks could be difficult to eliminate or manage, and, if not addressed, could have an adverse effect on our business, financial condition and results of operations.

We utilize artificial intelligence, which could expose us to liability or adversely affect our business.

We utilize, and may continue to utilize in the future, artificial intelligence, machine learning, data analytics and similar tools that collect, aggregate and analyze data (collectively, "AI Tools") in connection with our business. Further, in the year ended December 31, 2025, we have expanded our usage of AI Tools by utilizing an artificial intelligence-driven personalized recommendation model and an AI-based chat feature that allows text-based conversations with characters in real-time. We may continue to expand such usage in the future. There are significant risks involved in utilizing AI Tools and no assurance can be provided that the usage of such AI Tools will enhance our business or assist our business in being more efficient or profitable. AI Tools may have errors or inadequacies that are not easily detectable. If AI Tools are incorrectly designed or the data used to train them is incomplete, inadequate or biased in some way, our use of AI Tools may inadvertently reduce our efficiency or cause unintentional or unexpected outputs that are incorrect, do not match our

business goals, do not comply with our policies or interfere with the performance of our platform, services, business and reputation. Additionally, our reliance on AI Tools could pose ethical concerns and lead to a lack of human oversight and control, which could have negative implications for our organization.

In addition, the use of AI Tools may enhance intellectual property, cybersecurity, operational and technological risks. Regulation of AI Tools is rapidly evolving worldwide as legislation and regulators are increasingly focusing on these powerful emerging technologies. The technologies underlying AI Tools and their use cases are subject to a variety of laws, including intellectual property, privacy, data protection and cybersecurity, consumer protection, competition and equal opportunity laws, and are expected to be subject to increased regulation in the near future. If we do not have sufficient rights to use the data or other material or content on which AI Tools rely, we may incur liability through the violation of such laws, third-party intellectual property, privacy or other rights, or contracts to which we are a party. See "Risk Factors —Risks Related to Intellectual Property—Failure to obtain, maintain, protect and enforce our proprietary and intellectual property rights could adversely affect our business." Furthermore, the technologies underlying AI Tools are complex and rapidly developing, and as a result, it is not possible to predict all of the legal, operational or technological risks related to the use of AI Tools. Moreover, AI Tools are the subject of evolving review by various governmental and regulatory agencies, including the SEC and the FTC, and changes in laws, rules, directives and regulations governing the use of AI Tools may adversely affect the ability of our business to use AI Tools. Further, we cannot guarantee that creators do not use artificial intelligence in connection with their creation of content distributed on our platform and such content may infringe, misappropriate or otherwise violate the rights of third parties.

Risks Related to Doing Business in Korea

There are special risks involved with investing in companies operating in Korea, including the possibility of restrictions being imposed by the Korean government in emergency circumstances, accounting and corporate disclosure standards that differ from those in other jurisdictions, and the risk of direct or vicarious criminal liability for executive officers of our Korean affiliates.

Our wholly-owned subsidiary, NAVER WEBTOON, is a Korean company, and NAVER WEBTOON and our other Korean subsidiaries, which represent a substantial portion of our total revenues, operate in a business and cultural environment that is different from that of other countries. For example, under the Foreign Exchange Transaction Act of Korea, if the Korean government determines that in certain emergency circumstances, including sudden fluctuations in interest rates or exchange rates, extreme difficulty in stabilizing the balance of payments or substantial disturbance in the Korean financial and capital markets are likely to occur, it may impose any necessary restriction such as requiring Korean or foreign investors to obtain prior approval from the Minister of Economy and Finance of Korea prior to entering into a capital markets transaction, repatriating interest, dividends or sales proceeds arising from Korean securities or from the disposition of such securities or other transactions involving foreign exchange. Although investors will hold shares of our common stock, our Korean affiliates may experience adverse risks, which and in turn could adversely affect our business, prospects, financial condition and results of operations and could lead to a decline in the value of our common stock.

In addition, under Korean law, there are circumstances in which certain executive officers of a company may be investigated or held criminally liable either directly or vicariously for the actions of the company and its executives and employees. For example, complaints alleging infringement, misappropriation or other violation of intellectual property rights, breaches of certain Korean laws (e.g., labor standards laws and fair-trade laws) and product-related claims may be investigated and prosecuted as criminal offenses with both the company and the company's executive officers being named as defendants in such proceedings. These risks change over time.

As a result of these current and changing risks, our Korean subsidiaries' executive officers have in the past been named, and may be named in the future, in criminal investigations or proceedings stemming from our operations. If our Korean affiliates' executive officers were to be named in such criminal proceedings or held either directly or vicariously criminally liable for the actions of the company and its executives and employees, our business, financial condition and results of operations could be adversely affected.

NAVER WEBTOON's transactions with its subsidiaries and affiliates may be restricted under Korean fair trade regulations.

NAVER WEBTOON enters into business relationships and transactions with its subsidiaries and affiliates, which are subject to scrutiny by the Korean Fair Trade Commission ("KFTC") as to, among other things, whether such relationships and transactions constitute undue financial support among companies in the same business group. If, in the future, the KFTC determines that NAVER WEBTOON has engaged in transactions that violate the fair trade laws and regulations, it

may be subject to an administrative and criminal fine, surcharge or other actions, which could adversely affect our business, financial condition and results of operations.

NAVER WEBTOON is subject to certain requirements and restrictions under Korean law that may, in certain circumstances, require it to act in a manner that may create conflicts of interest or the appearance of conflicts of interest with WEBTOON, as its parent, or our stockholders.

Under applicable Korean law, directors of a Korean company, such as NAVER WEBTOON, owe a fiduciary duty to the company as a whole rather than a certain group of stakeholders such as its shareholders. As a result, if circumstances arise in which the interests of NAVER WEBTOON may or appear to conflict with the interests of WEBTOON, as its parent, or our stockholders, NAVER WEBTOON may not be permitted under applicable Korean law to act in a manner that is in the best interest of WEBTOON, as its parent, or our stockholders. For example, providing guarantees or collateral by NAVER WEBTOON in favor of WEBTOON, as its parent without a justifiable cause and on other than an arm's length terms could be deemed a breach of a fiduciary duty by the directors of NAVER WEBTOON. Since a material portion of our operations are conducted by our Korean subsidiary, NAVER WEBTOON, any such occurrence with respect to NAVER WEBTOON or other Korean subsidiaries could adversely affect our business, financial condition and results of operations.

NAVER WEBTOON's transactions with related parties are subject to close scrutiny by the Korean tax authorities, which may result in adverse tax consequences.

Under Korean tax law, there is an inherent risk that any of NAVER WEBTOON's transactions with the Company as a parent company, any of its other affiliates or any other person or company that is related to NAVER WEBTOON may be challenged by the Korean tax authorities if such transaction is viewed as having been made on terms that were not on an arm's-length basis. If the Korean tax authorities determine that such transaction was not made on arm's-length terms, NAVER WEBTOON may not be permitted to deduct as expenses, or may be required to include as taxable income, any amount which is found to be undue financial support between related parties in such transaction, which may have adverse tax consequences for NAVER WEBTOON and, in turn, may adversely affect our business, financial condition and results of operations.

As NAVER WEBTOON and many of our affiliates are incorporated in Korea, it may be more difficult to enforce any judgments against such Korean subsidiaries or affiliates obtained in courts outside Korea.

Many of our subsidiaries and affiliates, including NAVER WEBTOON, are incorporated in Korea and most of their directors and executive officers reside in Korea. As a result, a substantial majority of their assets are located in Korea. As a result, it may be practically difficult for us or our stockholders to effect service of process in the U.S. upon NAVER WEBTOON or other Korean affiliates or any of their directors and executive officers or to enforce against those companies or their directors or executive officers any judgment obtained in a court in the U.S. which is predicated upon civil liability provisions of the federal or state securities laws of the U.S. or similar judgments obtained in other courts outside Korea.

Risks Related to Ownership of our Common Stock

NAVER controls a significant percentage of our voting power and may have interests that conflict with the interests of other stockholders.

NAVER beneficially owns a majority of the total voting power of our outstanding shares of common stock As such, other stockholders may be unable to affect the outcome of any matter submitted to our stockholders for approval and NAVER is generally able to control, whether directly or indirectly through its ability to elect and remove directors, and subject to applicable law, all matters affecting us without the approval of other stockholders, including:

- determinations with respect to our business direction and policies, including the election and removal of directors and the appointment and removal of officers;
- determinations with respect to corporate transactions, such as mergers, business combinations or dispositions of assets;
- our financing and dividend policies;
- our compensation and benefit programs and other human resources policy decisions;
- determinations with respect to tax matters; and

- changes to any other agreements that may adversely affect us.

If NAVER does not dispose of its remaining equity interest in our company, or if NAVER purchases shares of our common stock in the open market, it could remain our controlling stockholder for an extended period of time or indefinitely. Even if NAVER were to beneficially own less than a majority of the total voting power of our outstanding shares of common stock, NAVER may be able to influence the outcome of corporate actions requiring stockholder approval for as long as it owns a significant portion of our common stock. NAVER's interests may not be the same as, or may conflict with, the interests of our other stockholders. Actions that NAVER takes with respect to us, as a controlling or significant stockholder, may not be favorable to us or our other stockholders.

We are a "controlled company" and, as a result, qualify for exemptions from certain corporate governance requirements.

NAVER beneficially owns a majority of the total voting power of our outstanding shares of common stock. As a result, we are a "controlled company" and, therefore, qualify for exemptions from certain corporate governance requirements, including:

- the requirement that the board of directors be composed of a majority of independent directors;
- the requirement that the Nominating and Corporate Governance Committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities or, if no such committee exists, that our director nominees be selected or recommended by independent directors constituting a majority of the board of directors' independent directors in a vote in which only independent directors participate;
- the requirement that the Compensation Committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- the requirement for an annual performance evaluation of the Nominating and Governance Committee and the Compensation Committee.

We are utilizing these exemptions. Accordingly, our stockholders do not have the same protections afforded to stockholders of companies that are subject to all of the stock exchange corporate governance requirements.

We cannot be certain that an active trading market for our common stock will be sustained.

Prior to the completion of the initial public offering (the "IPO"), there was no public market for our common stock. Though an active trading market has developed following the completion of the IPO, we cannot assure you that such market will be sustained in the future. If an active and liquid trading market is not sustained, you may have difficulty selling or may not be able to sell any of your shares of our common stock at an attractive price or at all. An inactive trading market could also impair our ability to raise capital by selling shares of our common stock, our ability to attract and motivate our employees through equity incentive awards and our ability to acquire businesses, brands, assets or technologies by using shares of our common stock as consideration. Furthermore, the liquidity of the market for shares of our common stock may be constrained for as long as NAVER continues to own a significant portion of our common stock.

The stock price of our common stock may fluctuate significantly.

The market price of shares of our common stock has in the past, and may in the future, fluctuate significantly due to a number of factors, some of which may be beyond our control, including:

- changes in laws or regulations applicable to our industry or offerings;
- speculation about our business in the press or the investment community;
- price and volume fluctuations in the overall stock market;
- volatility in the market price and trading volume of companies in our industry or companies that investors consider comparable;
- share price and volume fluctuations attributable to inconsistent trading levels of our shares;

- our ability to protect our intellectual property and other proprietary rights and to operate our business without infringing, misappropriating or otherwise violating the intellectual property and other proprietary rights of others;
- sales of our common stock by us or our significant stockholders, officers and directors;
- the expiration of contractual lock-up agreements;
- the development and sustainability of an active trading market for our common stock;
- success of competitive products or services;
- the public's response to press releases or other public announcements by us or others, including our filings with the SEC, announcements relating to litigation or significant changes to our key personnel;
- the effectiveness of our internal controls over financial reporting;
- changes in our capital structure, such as future issuances of debt or equity securities;
- our entry into new markets;
- tax developments in the U.S., Europe or other markets;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- changes in accounting principles;
- litigation or governmental investigations initiated against us;
- reputational issues, including reputations issues involving our competitors and their products, NAVER and our third-party partners;
- overall market fluctuations and domestic and worldwide economic and political conditions, including related to geopolitical issues; and
- other factors described in this "Risk Factors" section and elsewhere in this Annual Report.

Stock markets in general have experienced volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations may adversely affect the trading price of our common stock. If any of the forgoing events occur, it could cause our stock price to fall and may expose us to lawsuits, including securities class action litigation, that, even if unsuccessful, could result in substantial costs and divert our management's attention and resources. For example, we are currently subject to a putative class action lawsuit in federal court alleging federal securities law violations in connection with our IPO. This litigation, any related litigation that may arise, and any securities litigation that may be instituted against us in the future, may adversely affect our business, results of operations, and financial condition. See the section titled "Legal Proceedings - Securities Litigation" for more information. You should consider an investment in shares of our common stock to be risky, and you should invest in shares of our common stock only if you can withstand a significant loss and wide fluctuations in the market value of your investment.

If we are unable to maintain effective internal control over financial reporting in the future, we may fail to prevent or detect material misstatements in our financial statements, in which case investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock may decline.

As a public company, we are required to maintain internal control over financial reporting. We are required to comply with the SEC's rules implementing Sections 302 and 404 of the Sarbanes-Oxley Act, which require management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of internal control over financial reporting, to which our independent registered public accounting firm will need to attest in accordance with guidelines set forth by the Public Company Accounting Oversight Board ("PCAOB"). We have previously identified material weaknesses in our internal controls, all of which have been remediated as of December 31, 2025, as described in Item 9A. "Controls and Procedures" of this Annual Report. We cannot assure you that additional material weaknesses will not be identified in the future. Further, our current internal control over financial reporting and any additional internal control over financial reporting that we develop may become inadequate because of changes in conditions in our business. Additionally, weaknesses in our disclosure controls and procedures and internal control over financial reporting may be discovered in the future. Further, completion of remediation does not provide assurance that our remediation or other controls will continue to operate properly or remain adequate. If we are unable to assert that our internal control over financial reporting is effective, or when required in the future, if our independent registered public accounting firm is unable to express an unqualified opinion as to the effectiveness of our internal control over financial

reporting, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our common stock could be adversely affected, and we could become subject to litigation or investigations by the stock exchange on which our common stock is listed, the SEC, or other regulatory authorities, which could require additional financial and management resources.

The obligations associated with being a standalone public company require significant resources and management attention.

As a public company, we are directly subject to reporting and other obligations under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules and regulations of the SEC and the applicable stock exchange. As a standalone public company, we are required to:

- prepare and distribute periodic reports, proxy statements and other stockholder communications in compliance with the federal securities laws and rules;
- have our own board of directors and committees thereof, which comply with federal securities laws and rules and applicable stock exchange requirements;
- maintain an internal audit function;
- institute our own financial reporting and disclosure compliance functions;
- establish an investor relations function; and
- establish internal policies, including those relating to trading in our securities and disclosure controls and procedures.

These reporting and other obligations place, and will continue to place, significant demands on our management, diverting their time and attention from sales-generating activities to compliance activities, and require increased administrative and operational costs and expenses that we did not incur as a private company, prior to the completion of the IPO, which could adversely affect our business, financial condition or results of operations.

We are a holding company and our only material assets are our equity interests in our subsidiaries. As a consequence, we depend on the ability of our subsidiaries to pay dividends and make other payments and distributions to us in order to meet our obligations.

We are a holding company with limited direct business operations. Our subsidiaries own substantially all of our assets and conduct substantially all of our operations. As a consequence, we depend on, among other things, dividends from our subsidiaries and permitted payments to us under arrangements with our subsidiaries to meet our obligations. These obligations include operating expenses and interest and principal on current and any future borrowings. Our subsidiaries, including certain subsidiaries organized outside the U.S., may not be able to, or may not be permitted under the applicable laws of the jurisdiction of their organization to, pay dividends or make distributions or loans to enable us to meet our obligations. Each subsidiary is a distinct legal entity and, under certain circumstances, legal, tax and contractual restrictions may limit our ability to obtain cash from our subsidiaries. If the cash we receive from our subsidiaries pursuant to dividends and other arrangements is insufficient to fund any of our obligations, or if a subsidiary is unable to pay future dividends or distributions to us to meet our obligations, we may be required to raise cash through, among other things, the incurrence of debt (including convertible or exchangeable debt), the sale of assets or the issuance of equity. Our liquidity and capital position are highly dependent on the performance of our subsidiaries and their ability to pay future dividends and distributions to us as anticipated. The evaluation of future dividend sources and our overall liquidity plans are subject to a variety of factors, including current and future market conditions, which are subject to change.

We do not intend to pay any cash distributions or dividends on our common stock in the foreseeable future.

We currently intend to retain any future earnings and do not expect to pay any cash distributions or dividends in the foreseeable future. Any future determination to declare cash distributions or dividends will be made at the discretion of our Board, subject to applicable laws and provisions of our organizational documents, after taking into account our financial condition, results of operations, capital requirements, general business conditions and other factors that our Board may deem relevant. As a result, capital appreciation in the price of our common stock, if any, may be your only source of gain on an investment in our common stock.

Future sales of our common stock, or the perception that such sales may occur, could depress our common stock price.

Sales of a substantial number of shares of our common stock in the public market, or the perception that such sales may occur, including sales by the cornerstone investor, could depress the market price of our common stock.

Furthermore, certain holders of our common stock or their transferees, are entitled to rights with respect to the registration of their shares under the Securities Act of 1933, as amended (the "Securities Act"). In addition, on June 26, 2024, we filed a registration statement on Form S-8 registering under the Securities Act the shares of common stock reserved for issuance under the 2020 Stock Option Plan, Amended and Restated 2020 Stock Option Plan, Second Amended and Restated 2020 Stock Option Plan, Third Amended and Restated 2020 Stock Option Plan and the 2024 Omnibus Incentive Plan. Shares registered on the Form S-8 are eligible for sale in the public markets, subject to vesting restrictions, and Rule 144 limitations applicable to affiliates. Sales of our common stock pursuant to these registration rights or the registration statement on Form S-8 may make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. These sales also could cause our stock price to fall and make it more difficult for you to sell shares of our common stock.

The price of our common stock could decline if securities analysts do not publish research or if securities analysts or other third parties publish inaccurate or unfavorable research about us.

The trading of our common stock is likely to be influenced by the reports and research that industry or securities analysts publish about us, our business, our market or our competitors. As a new public company, we may be slow to attract research coverage and the analysts who publish information on our common stock will have had relatively little experience with us, which could affect their ability to accurately forecast our results and make it more likely that we fail to meet their estimates. If any of the analysts who cover us issues an inaccurate or unfavorable opinion regarding the market price of our common stock or downgrade our common stock, the trading price for our common stock would be negatively affected. If we obtain securities or industry analyst coverage but one or more analysts downgrade our common stock or publish inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more securities or industry analysts cease to cover the Company or fail to regularly publish reports on us, we could lose visibility in the financial markets which, in turn, could cause our stock price or trading volume to decline.

If our estimates or judgments relating to our critical accounting policies prove to be incorrect, our results of operations could be adversely affected.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes appearing in this Annual Report. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates." The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities and equity, and the amount of revenue and expenses. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the market price of our common stock.

Anti-takeover provisions in our governing documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove our current management and limit the market price of our common stock.

Our Amended Charter, amended and restated by-laws (the "Amended Bylaws") and Delaware law contain provisions that could have the effect of rendering more difficult, delaying or preventing an acquisition deemed undesirable by our Board. Among other things, our Amended Charter or Amended Bylaws includes the following provisions:

- authorizing "blank check" preferred stock that our Board could issue to increase the number of outstanding shares to discourage a takeover attempt;
- providing for a classified board of directors with staggered, three-year terms, which could delay the ability of stockholders to change the membership of a majority of our Board;
- not providing for cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;

- limiting the ability of stockholders to call a special stockholder meeting;
- prohibiting stockholders from acting by written consent at any time when NAVER beneficially owns, in the aggregate, less than 35% in voting power of our common stock;
- establishing advance notice requirements for nominations for election to our Board or for proposing matters that can be acted upon by stockholders at stockholder meetings;
- at any time when NAVER owns, in the aggregate, less than 35% in voting power of our stock entitled to vote generally in the election of directors, the removal of directors other than NAVER Group Directors and LY Group Directors (as each of these terms is defined in our Amended Charter) only for cause and only upon the affirmative vote of the holders of at least 66 2/3% in voting power of all the then-outstanding shares of common stock of the Company entitled to vote thereon;
- providing that our Board is expressly authorized to amend, alter, rescind or repeal our Amended Bylaws; and
- at any time when NAVER beneficially owns, in the aggregate, less than 50% in our voting power entitled to vote generally in the election of directors (the "Trigger Event"), requiring the affirmative vote of holders of at least 66 2/3% of the voting power of all of the then outstanding shares of common stock to amend provisions of our Amended Charter relating to the management of our business, our Board, stockholder action by written consent, calling special meetings of stockholders, competition and corporate opportunities, Section 203 of the Delaware General Corporation Law (the "DGCL"), forum selection and the liability of our directors, or to amend, alter, rescind or repeal our Amended Bylaws.

These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our management. We have opted out of Section 203 of the DGCL. However, our Amended Charter contains similar provisions providing that, subject to certain exceptions, we may not engage in certain "business combinations" with any "interested stockholder" for a three-year period following the time that the stockholder became an interested stockholder, unless (i) prior to the time such stockholder became an interested stockholder, the Board approved the transaction that resulted in such stockholder becoming an interested stockholder, (ii) upon consummation of the transaction that resulted in such stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of our voting stock outstanding at the time the transaction commenced, excluding certain shares, or (iii) following the Board's approval, the business combination receives the approval of the holders of at least 66 2/3% of our outstanding voting stock not held by such interested stockholder at an annual or special meeting of stockholders. Our Amended Charter provides that NAVER or LY Corporation or any of their current or future affiliates, any direct or indirect transferees of NAVER or any of their current or future affiliates, or any group as to which such persons are a party, do not constitute "interested stockholders" for purposes of this provision.

Any provision of our Amended Charter, Amended Bylaws or Delaware law that has the effect of delaying, preventing or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock and could also affect the price that some investors are willing to pay for our common stock.

Our Amended Charter designates specific courts as the exclusive forum for certain litigation that may be initiated by our stockholders, which may limit our stockholders' abilities to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our Amended Charter provides that, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum, to the fullest extent permitted by law, for (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a duty (including any fiduciary duty) by, or other wrongdoing by, any of our current or former director, officer, employee, agent or stockholder to us or to our stockholders, (3) any action asserting a claim against us or any of our current or former director, officer, employee, agent, or stockholder arising out of or relating to any provision of the DGCL, our Amended Charter or our Amended Bylaws (as either may be amended and/or restated from time to time), (4) any action to interpret, apply, enforce or determine the validity of our Amended Charter or our Amended Bylaws, (5) any action asserting a claim against us or any of our current or former director, officer, employee, agent or stockholder governed by the internal affairs doctrine or (6) any action asserting an "internal corporate claim" as that term is defined in Section 115 of the DGCL shall be the Court of Chancery of the State of Delaware (or, if and only if the Court of Chancery of the State of Delaware lacks subject matter jurisdiction, any state court located within the State of Delaware or, if and only if all such state courts lack subject matter jurisdiction, the federal district court for the District of Delaware) and any appellate court therefrom (the "Delaware Forum Provision"). Notwithstanding the foregoing, our Amended Charter provides that the Delaware Forum Provision will not apply to any action or proceeding asserting a claim under the Securities Act. Further, our Amended Charter provides that, unless we consent in writing to the selection of

an alternative forum, to the fullest extent permitted by law, the federal district courts of the United States shall be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act against us or any of our director, officer, employee or agent (the "Federal Forum Provision").

The Delaware Forum Provision and the Federal Forum Provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage lawsuits against us and our directors, officers and other employees. Alternatively, if a court were to find the Delaware Forum Provision or the Federal Forum Provision to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could adversely affect our business, financial condition or results of operations. Any person or entity purchasing or otherwise acquiring any interest in our shares of capital stock shall be deemed to have notice of and consented to the Delaware Forum Provision and the Federal Forum Provision, but will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Risk Management and Strategy

We collect, store, process and use data necessary to conduct our business, including information regarding our customers and employees in digital form. Data maintained in digital form is subject to unauthorized access, modification, theft, misuse or other cybersecurity risks.

We maintain comprehensive processes to assess, identify, and manage material risks from internal and external cybersecurity threats, and have integrated such processes into our overall enterprise risk management systems and processes. We regularly assess our cybersecurity threats based on industry leading frameworks, including ISO27001, ISO27701 and National Institute of Standards and Technology Cybersecurity Framework (NIST CSF). Assessments are performed by dedicated cybersecurity teams led by our Chief Information Security Officer and Data Protection Officer (CISO and DPO) to identify risks related to data loss, theft, misuse and other cybersecurity risks. Following such risk assessments, we design and implement safeguards to prevent and mitigate identified risks based on our risk management methodology. Additionally, we regularly conduct cybersecurity/privacy awareness training, phishing attack simulation training, disaster recovery training and other tabletop exercises to improve our practices.

To maintain the highest levels of cybersecurity, we engage independent third-party experts to assess and audit our cybersecurity and obtain cybersecurity certifications, including ISO27001, ISO27701 and/or SOC2 on our key services. Our insurance coverage addresses certain financial exposures related to cybersecurity incidents. Although, we have not experienced any material cybersecurity incidents, we face risks from cybersecurity threats that could have a material adverse effect on our business, financial condition, results of operations, cash flows or reputation. Despite our efforts, the risk of unauthorized access, modification, theft, misuse and other cybersecurity attacks cannot be eliminated entirely. We have experienced, and may continue to experience, cybersecurity incidents in our normal course of business. See "Risk Factors — Risks Related to Our Business, Industry and Operations — If the security of our platform is compromised, it could compromise our and our creators' and users' personal, sensitive, confidential and proprietary information, disrupt our internal operations and harm public perception of our platform, which could adversely affect our business and reputation."

We use third party systems and software and provide personal information about customers and employees to third parties in certain cases. We assess the cybersecurity of third party service providers and regularly conduct access review. We may decline or terminate the engagement with certain third party service providers if we determine that the use of their services would increase our exposure to cybersecurity risks.

Governance

Our CISO and DPO serves as the chair of the IT Compliance Committee, which directly reports to our CEO. The IT Compliance Committee also includes key representatives from management, and is responsible for reviewing IT planning, cybersecurity and privacy, and managing our cybersecurity teams. The IT Compliance Committee, upon reviewing assessment results regularly reported by cybersecurity teams, provides periodic updates to the Audit Committee on the effectiveness of our cybersecurity processes, and the Audit Committee reviews cybersecurity risks as part of the Company's enterprise risk management system. The Audit Committee periodically reports the results of its review to the Board. When a cybersecurity incident occurs, information is escalated to the CISO and DPO who may convene IT

Compliance Committee meetings to discuss findings, actions taken, potential disclosure obligations, impact and recurrence prevention plan depending on the severity of the incident.

The IT Compliance Committee members rely on the cybersecurity experience of our CISO and DPO, which includes more than 20 years of directing privacy policies at public companies that provide web portal and instant messenger services, and managing cybersecurity and privacy policies at a game developer company. All IT Compliance Committee members have robust experience in their respective fields as well as a general familiarity with cybersecurity matters and an understanding of the potential financial impacts, disclosure obligations, and enterprise risks to the Company as they relate to cybersecurity.

Item 2. Properties

Our corporate headquarters, consisting of approximately 22,296 square feet of office space in Los Angeles, California, is leased through the second quarter of 2026. Upon expiration of the current lease, we expect to relocate to a new facility in the area consisting of approximately 25,000 square feet of office space. We lease additional office space in Korea, Japan and Canada. We also operate several data centers in Korea, Singapore, Germany and the U.S. pursuant to various lease agreements.

We intend to lease additional space as we add employees and expand geographically. We believe our facilities are adequate and suitable for our current needs and that, should it be needed, suitable additional or alternative space will be available to accommodate any expansion of our operations.

Item 3. Legal Proceedings

We are involved in a number of claims pending with various courts, or otherwise unresolved as of December 31, 2025. Adverse results in these claims may include awards of damages and may also result in, or even compel a change in our business practices, which could materially impact our future financial results. We 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. The outcome of pending lawsuits and claims cannot be anticipated with certainty and the timing and outcome of ongoing legal proceedings are uncertain by nature. Therefore, the resolution of one or more of these legal matters against us during the same reporting period in excess of management's projections could negatively impact our Consolidated Financial Statements for that reporting period. 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. For additional information about our legal proceedings, see Note 10. *Commitments and Contingencies* to our audited consolidated financial statements included in this Annual Report.

Securities Litigation

On September 5, 2024, a purported stockholder filed a putative class action lawsuit against the Company, its directors, and the underwriters of 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 the 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. On October 10, 2024, the court ordered that the defendants are not required to answer or otherwise respond to the complaint, deferring any response until after the court rules on any motion by a purported class member to serve as lead plaintiff. On December 12, 2024, the court appointed a lead plaintiff and lead counsel. On February 3, 2025, the lead plaintiff filed an amended complaint, and on March 4, 2025, the Company, its directors, and the underwriters of the IPO moved to dismiss the amended complaint. On March 11, 2025, the lead plaintiff filed an opposition to this motion to dismiss, and on March 18, 2025, the Company, its directors, and the underwriters filed a reply in support of the motion to dismiss. On November 14, 2025, the court issued an order granting in part and deny in part the motion to dismiss. On December 2, 2025, the court issued an amended order granting in part and denying in part the motion to dismiss. On January 9, 2026, the WEBTOON defendants and underwriter defendants filed answers to the operative complaint. The Company intends to defend this case vigorously. At this early state of the proceedings, the Company can neither predict the ultimate outcome of the litigation nor estimate any range of possible losses.

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, and the Section 31D of the Exchange Act. 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 December 9, 2025, by stipulation of the parties, the court ordered the shareholder derivative lawsuit stayed until the court in the putative securities class action holds a scheduling conference and issues a scheduling order. At this early stage of the proceedings, the Company can neither predict the ultimate outcome of the litigation nor estimate any range of possible losses.

Item 4. Mine Safety Disclosures

Not applicable.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is traded on the Nasdaq Global Select Market ("Nasdaq") under the symbol "WBTN".

As of the close of business on February 27, 2026, there were 13 stockholders of record of our common stock (excluding beneficial owners whose shares are held in the name of Cede & Co.).

Dividends

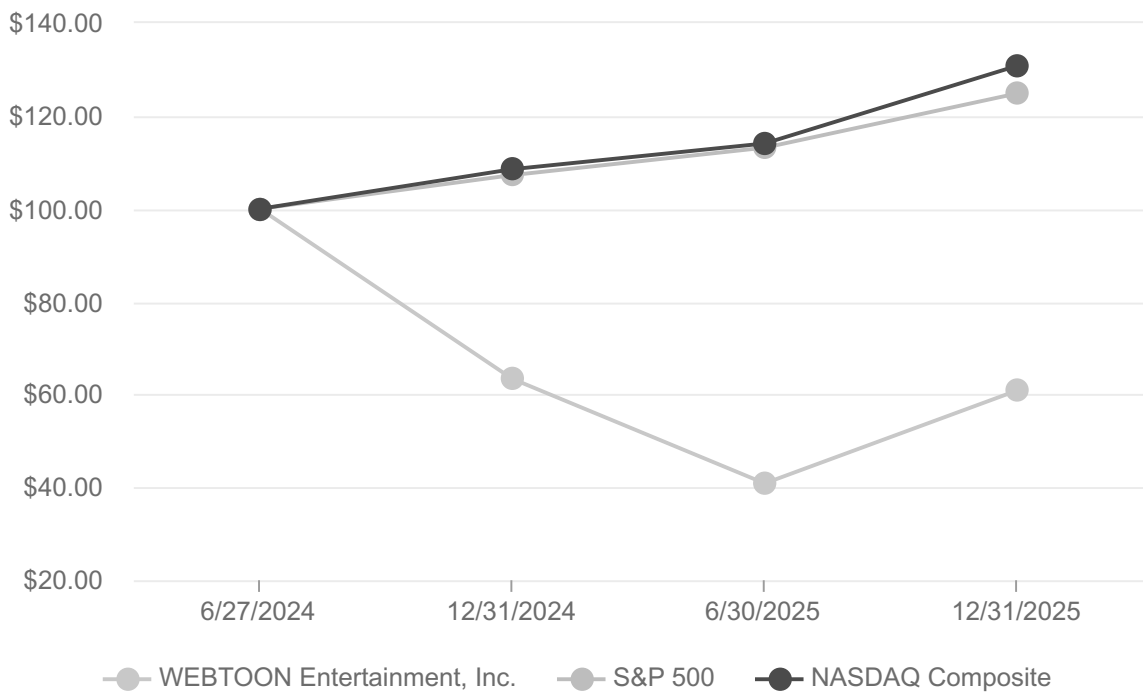
We currently do not anticipate paying any cash dividends, and anticipate that all of our earnings in the foreseeable future will be used for working capital, to support our operations and to finance the growth and development of our business. Any future determination relating to dividend policy will be made at the discretion of our Board and will depend on a number of factors, including, restrictions in our future debt instruments, our future earnings, capital requirements, financial condition, prospects and applicable Delaware law, which provides that dividends are only payable out of surplus or current net profits.

Unregistered Sale of Equity Securities

None.

Total Stockholder Return Graph

The graph below compares the cumulative total stockholder return on our common stock with the cumulative return on the S&P 500 Index ("S&P 500") and the NASDAQ Composite Index. The graph assumes $100 was invested at the market close on June 27, 2024, which was the first day our common stock began trading. Data for the S&P 500 and the NASDAQ Composite assume reinvestment of dividends. The graph uses the closing price on June 27, 2024, of $21.30 per share as the initial value of our common stock. The comparisons in the graph below are based upon historical data and are not indicative of, nor intended to forecast, future performance of our common stock.



Repurchases of Equity Securities by Issuer and Affiliated Purchases

None.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis contains forward-looking statements, including, without limitation, statements relating to the Company's plans, strategies, objectives, expectations, intentions and resources. Such forward-looking statements should be read in conjunction with our disclosures under "Cautionary Note Regarding Forward-Looking Statements" and under "Item 1A. Risk Factors" of this Annual Report.

This section of this Annual Report generally discusses 2025 and 2024 items and year-to-year comparisons between 2025 and 2024. Discussions of 2024 items and year-to-year comparisons between 2024 and 2023 that are not included in this Annual Report can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Form 10-K which was filed with the SEC on March 11, 2025. The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and related notes included in this Annual Report on Form 10-K.

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; monthly paying users, or MPU; 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.

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.

Starting January 1, 2025, NAVER adjusted their methodology for measuring MAU in Korea. Korea is the only region where NAVER serves as a source of our MAU data. NAVER adjusted their methodology for identifying and counting web users for all of NAVER's services. This change only affected MAU in Korea. All the other regions are continuing to report their metrics in the same way as previous quarters. A table reconciling previously reported MAU in Korea for fiscal quarters in 2024 to MAU in Korea using the new methodology was provided in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2025, filed with the SEC on May 14, 2025. Accordingly, MAU in Korea presented in this Annual Report reflects the new methodology for all periods shown to ensure comparability.

As of the year ended December 31, 2025, our global MAU was approximately 157 million. The global MAU decreased by approximately 7.1% compared to December 31, 2024, primarily due to decreases in Korea MAU. These decreases were offset by continued growth in Japan. By geographic regions, Korea, Japan, and Rest of World contributed 15.3%, 14.7%, and 70.0% of global MAU, respectively. We estimate that global MAU benefited from a roughly 2.7% increase in Wattpad activity resulting from automated web traffic in certain non-core markets. While we saw a small increase starting late in the third quarter of 2025, the web traffic peaked in the fourth quarter of 2025. We expect to see reduced impact in the first quarter of 2026. For risks related to user metrics, 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."

- In Korea, our MAU was approximately 24 million as of the year ended December 31, 2025, compared to MAU of 27 million as of the year ended December 31, 2024. Our decrease in MAU for the year ended December 31, 2025, was driven largely by the impact of political turbulence in Korea during the fourth quarter of 2024, which did not fully recover during the year ended December 31, 2025.
- In Japan, our MAU reached 23 million as of the year ended December 31, 2025, compared to MAU of 22 million as of the year ended December 31, 2024, largely attributable to growth in eBookJapan and increased investments in marketing. In addition, we continued to optimize and improve our existing AI-based personalized content recommendation capabilities. We expect to complete our infrastructure investments by the end of the first quarter of 2026, and redeploy engineering resources to support improvements across our personalized recommendation tools.
- In Rest of World, our MAU was approximately 110 million as of the year ended December 31, 2025, which declined from 120 million as of December 31, 2024. The MAU for the Rest of World is a relatively larger portion compared to Korea and Japan as it includes Wattpad, which has a large global user base. The decrease was primarily attributable to government bans on Wattpad in certain countries, as well as the impact of a Wattpad security upgrade which unintentionally affected search engine indexing, causing a dip in search traffic. The search engine indexing issue, as described above, was fully resolved as of the year ended December 31, 2025; however, we expect to see a period of time for search traffic to fully stabilize and return to historical levels.

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.

As of the year ended December 31, 2025, our global MPU reached 7.5 million with a paying ratio of 4.8%, which is a slight increase compared to the paying ratio for the year ended December 31, 2024. By geographic regions, Korea, Japan, and Rest of World contributed 47.4%, 29.9% and 22.7% 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 decreased to around 3.6 million with a paying ratio of 14.8%, compared to MPU of 3.7 million and a paying ratio of 13.9% as of the year ended December 31, 2024.
- In Japan, our MPU was 2.2 million with a paying ratio of 9.7%, compared to MPU of 2.2 million and a paying ratio of 10.2% as of the year ended December 31, 2024.
- In Rest of World, our MPU was 1.7 million with a paying ratio of 1.5%, which has remained similar to the year ended December 31, 2024, reflecting our current strategic plans and marketing discipline to focus on select markets for long-term value creation. The paying ratio for the Rest of World is relatively lower as compared to Korea or Japan due to the inclusion of Wattpad. Wattpad has a different monetization model that primarily focuses on advertising and the business is in its early stage of monetizing its content.

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. dollar.

Engagement is a key aspect to drive our monetization. For the year ended December 31, 2025, our ARPPU has increased to $12.1, or 3.5% growth compared to December 31, 2024. The growth in ARPPU was driven primarily by our strategic effort to shift users from web to the app, as app users are more engaged and present better monetization opportunities. 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 year ended December 31, 2025, has decreased to $7.8, or 0.8% decrease compared to the year ended December 31, 2024.
- In Japan, our ARPPU for the year ended December 31, 2025, has increased to $23.2, or 4.7% increase compared to the year ended December 31, 2024.
- In Rest of World, our ARPPU for the year ended December 31, 2025, has increased to $6.6, or 0.4% growth compared to the year ended December 31, 2024, primarily driven by reader habituation in paying to view content.

Seasonality

Historically, while the magnitude and timing varies across regions, we experienced 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 audited consolidated financial statements included in this Annual 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 application (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, stock-based compensation, 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 11. *Stock-Based Compensation* in the accompanying notes to our audited consolidated financial statements included in this Annual 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. See Note 9. *Debt* in the accompanying notes to our audited consolidated financial statements included in this Annual Report for more information.

Impairment Losses on Goodwill

Impairment losses on goodwill primarily consist of recognized losses resulting from our annual goodwill impairment test. See Note 7. *Goodwill, net and Intangible Assets, net*, in the accompanying notes to our audited consolidated financial statements included in this Annual Report for more information.

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 18. *Equity Method Investments* in the accompanying notes to our audited consolidated financial statements included in this Annual 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 Expense

Income tax 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 12. *Income Taxes* in the accompanying notes to our audited consolidated financial statements included in this Annual Report for more information.

Results of Operations

Consolidated Statements of Operations and Comprehensive Loss

The following table sets forth our consolidated statement of operations for 2025 and 2024. This data should be read in conjunction with our audited consolidated financial statements. Historical results are not necessarily indicative of the results that may be expected in the future.

	Year Ended December 31,		
(in thousands of USD)	2025	2024	% Change
Revenue	$ 1,382,705	$ 1,348,478	2.5%
Cost of revenue	(1,060,524)	(1,009,410)	5.1%
Marketing	(126,149)	(107,783)	17.0 %
General and administrative expenses	(259,543)	(331,984)	(21.8%)
Operating loss	(63,511)	(100,699)	(36.9)%
Interest income	19,170	15,820	21.2%
Interest expense	(56)	(45)	24.4 %
Impairment losses on goodwill and other intangible assets	(336,486)	(69,743)	382.5 %
Gain (loss) on equity method investments, net	1,282	(1,123)	(214.2%)
Other income (loss), net	(9,808)	6,482	(251.3)%
Loss before income tax	(389,409)	(149,308)	160.8%
Income tax benefit (expense)	16,022	(3,604)	(544.6%)
Net loss	(373,387)	(152,912)	144.2%
Net income (loss) attributable to non-controlling interests and redeemable non-controlling interests	(27,460)	(9,007)	204.9%
Total comprehensive loss attributable to WEBTOON Entertainment Inc.	$ (345,927)	$ (143,905)	140.4 %

Comparison of the Years Ended December 31, 2025 and December 31, 2024

Revenue

	Year Ended December 31,		
(in thousands of USD)	2025	2024	% Change
Revenue	$ 1,382,705	$ 1,348,478	2.5%
Paid Content	1,087,496	1,083,026	0.4%
Advertising	164,257	166,087	(1.1%)
IP Adaptations	130,952	99,365	31.8%

Revenue increased by $34.2 million, or 2.5%, for the year ended December 31, 2025, as compared to the year ended December 31, 2024, primarily related to strong growth in IP Adaptations. The decrease of $1.8 million, or 1.1%, in advertising revenue was driven by declines in Korea and Rest of World, largely offset by double-digit growth in Japan.

Cost of Revenue

	Year Ended December 31,		
(in thousands of USD)	2025	2024	% Change
Cost of revenue	$ (1,060,524)	$ (1,009,410)	5.1%

Our cost of revenue increased by $51.1 million, or 5.1%, for the year ended December 31, 2025, as compared to the year ended December 31, 2024. The increase was primarily driven by higher sales commissions and content fees paid to creators, which were commensurate with the growth in revenue. In addition, we have invested in labor to further improve our platform and drive growth.

Marketing

(in thousands of USD)	Year Ended December 31, 2025	2024	% Change
Marketing	$ (126,149)	$ (107,783)	17.0 %

Marketing expenses increased by $18.4 million, or 17.0%, for the year ended December 31, 2025, as compared to the year ended December 31, 2024. The increase was a result of our continued investment in marketing to drive growth in converting users to paid users.

General and Administrative Expenses

(in thousands of USD)	Year Ended December 31, 2025	2024	% Change
General and administrative expenses	$ (259,543)	$ (331,984)	(21.8%)

General and administrative expenses decreased by $72.4 million, or 21.8%, for the year ended December 31, 2025, as compared to the year ended December 31, 2024. The decrease was primarily driven by lower stock-based compensation expense of $30.9 million, compared to $75.2 million for the year ended December 31, 2024. In addition, the decrease was due to the base effect of a one-time bonus of $30.0 million granted to the CEO for a successful IPO and other non-recurring costs associated with our initial public offering incurred in 2024. (See Note. 11 *Stock-Based Compensation* for more information about our stock-based compensation expense).

Interest Income

(in thousands of USD)	Year Ended December 31, 2025	2024	% Change
Interest income	$ 19,170	$ 15,820	21.2%

Interest income increased by $3.4 million, or 21.2%, for the year ended December 31, 2025, as compared to the year ended December 31, 2024. The increase was primarily driven by higher balances due to proceeds from the IPO and higher interest rates compared to the prior year.

Interest Expense

(in thousands of USD)	Year Ended December 31, 2025	2024	% Change
Interest expense	$ (56)	$ (45)	24.4 %

Interest expense was immaterial for the years ended December 31, 2025, and December 31, 2024.

Impairment Losses on Goodwill and Other Intangible Assets, Net

(in thousands of USD)	Year Ended December 31, 2025	2024	% Change
Impairment losses on goodwill and other intangible assets, net	$ (336,486)	$ (69,743)	382.5 %

Impairment losses on goodwill and other intangible assets, net increased by $266.7 million, or 382.5%, for the year ended December 31, 2025, as compared to the year ended December 31, 2024. The increase was primarily driven by downward revisions in projected cash flows and long-term operating results due to operational challenges and strategic shifts at Wattpad and WWS, slower-than-expected IP synergies at Munpia, which caused the carrying values of these units to exceed their fair values. For the years ended December 31, 2025, and December 31, 2024, we elected to bypass a qualitative assessment and performed a quantitative assessment to fulfill our annual goodwill impairment testing requirements under U.S. GAAP. See Note 7. *Goodwill, net and Intangible Assets, net* and *Critical Accounting Policies and Estimates - Goodwill and Intangible Assets* for further details on our impairment losses on goodwill.

Gain (Loss) on Equity Method Investment, Net

(in thousands of USD)	Year Ended December 31, 2025	2024	% Change
Gain (loss) on equity method investments, net	$ 1,282	$ (1,123)	214.2 %

Gain (loss) on equity method investment, net, increased by $2.4 million, or 214.2%, for the year ended December 31, 2025, compared to the year ended December 31, 2024. This increase resulted from better performance of certain of the companies equity method investments during the year ended December 31, 2025, as compared to the prior year. See Note 18. *Equity Method Investments* for more information.

Other Income (Loss), Net

(in thousands of USD)	Year Ended December 31, 2025	2024	% Change
Other income (loss), net	$ (9,808)	$ 6,482	(251.3)%

Other income (loss), net, decreased by $16.3 million, or 251.3%, for the year ended December 31, 2025, compared to the year ended December 31, 2024. This decrease was primarily due to losses during the year ended December 31, 2025, related to valuation of financial assets measured at fair value of approximately $7.7 million and $0.8 million related to Contents First Inc. and Bifrost Co., Ltd respectively. The decrease was further impacted by net retirement benefit losses of approximately $0.6 million during the year ended December 31, 2025.

Income Tax Expense

(in thousands of USD)	Year Ended December 31, 2025	2024	% Change
Income tax benefit (expense)	$ 16,022	$ (3,604)	(544.6)%

Income tax benefit (expense) increased by $19.6 million, or 544.6%, for the year ended December 31, 2025, compared to the year ended December 31, 2024. This increase was primarily attributable to a decrease in current income tax expense as certain of the Company's subsidiaries shifted to a net operating loss position. The Company also realized deferred tax benefits, primarily driven by changes in the valuation allowance, resulting from the utilization of foreign tax credits and net operating losses..

Non-GAAP Financial Measures

In addition to our results determined in accordance with GAAP, our management and the Board 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 expense and depreciation and amortization. Starting with the third quarter of 2024, our calculation of EBITDA has been revised to adjust for interest income in addition to interest expense. Prior comparable period has been recast to conform to the current presentation. Likewise, EBITDA margin is calculated by adjusting for interest income in addition to interest expense and prior comparable period has been recast to conform to the current presentation. We define Adjusted EBITDA as EBITDA

with further adjustments to eliminate the effects of 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.

	Year Ended December 31,		
(in thousands of USD, except percentages)	**2025**	**2024**	**2023**
Net Loss	$ (373,387)	$ (152,912)	$ (144,759)
Plus:			
Interest income	(19,170)	(15,820)	(3,009)
Interest expense	56	45	79
Income tax (benefit) expense	(16,022)	3,604	12,006
Depreciation and amortization	35,431	40,074	38,359
EBITDA	**$ (373,092)**	**$ (125,009)**	**$ (97,324)**
Impairment losses on goodwill and other intangible assets[(1)]	336,486	69,743	63,412
Stock-based compensation expense[(2)]	41,907	82,321	3,220
Loss (gain) on fair value instruments, net[(3)]	8,604	(2,263)	22,677
Restructuring and IPO-related costs[(4)]	6,816	42,050	4,330
Loss (gain) on equity method investments, net[(5)]	(1,282)	1,123	12,339
Adjusted EBITDA	**$ 19,439**	**$ 67,965**	**$ 8,654**
Net loss margin	(27.0)%	(11.3)%	(11.3)%
Adjusted EBITDA Margin	1.4%	5.0 %	0.7 %

(1) Represents impairment losses on goodwill for Wattpad Corp., Wattpad WEBTOON Studios Corp, Munpia Inc., Purple Duck and Jakga Company Inc. The amounts also include a $1.0 million impairment of the definite lived intangible assets for Bootcamp Limited Partnership for the year ended December 31, 2025.

(2) 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 11. *Stock-Based Compensation* in the accompanying notes to our audited Consolidated Financial Statements in this Annual Report for further details on the amounts included within.

(3) Represents unrealized net loss (gain) of financial assets measured at FVPL, which include the Company's equity investments.

(4) Represents expenses that we do not consider representative of the operating performance of the business. For the year ended December 31, 2025, these amounts include legal fees and advisory fees. For the year ended December 31, 2024, these amounts were comprised of a $30.0 million one-time CEO bonus and legal and advisory fees related to the IPO.

(5) Represents our proportionate share of recognized losses associated with our investments accounted for using the equity method. See Note 18. *Equity Method Investments* in the accompanying notes to our audited Consolidated Financial Statements included in this Annual Report.

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. In addition to adjustments for foreign currency exchange fluctuations, we have also adjusted revenue to exclude the impact of deconsolidation of Jakga to improve comparability between the two periods. 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. See Note 17. *Disposition and Business Combinations* in the accompanying notes to our audited consolidated financial statements included in this Annual Report for more information.

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.

	Year Ended December 31,					
(in thousands of USD, except percentages)	**2025**	**2024**	**Change**	**2024**	**2023**	**Change**
Total Revenue	$ 1,382,705	$ 1,348,478	2.5%	$ 1,348,478	$ 1,282,748	5.1%
Effect of deconsolidated and transferred operations	-	(147)	(100.0%)	(147)	(12,406)	(98.8%)
Effects of foreign currency rate fluctuations	17,682	-	N/A	86,861	-	N/A
Revenue on a Constant Currency Basis	$ 1,400,387	$ 1,348,331	3.9%	1,435,192	1,270,342	13.0%
Paid Content Revenue	1,087,496	1,083,026	0.4%	1,083,026	1,028,960	5.3%
Effect of deconsolidated and transferred operations	-	(122)	(100.0%)	(122)	(6,042)	(98.0%)
Effects of foreign currency rate fluctuations	11,491	-	N/A	69,237	-	N/A
Paid Content Revenue on a Constant Currency Basis	$ 1,098,987	$ 1,082,904	1.5%	1,152,141	1,022,918	12.6%
Advertising Revenue	164,257	166,087	(1.1%)	166,087	145,452	14.2%
Effects of foreign currency rate fluctuations	2,510	-	N/A	8,129	-	N/A
Advertising Revenue on a Constant Currency Basis	$ 166,767	$ 166,087	0.4%	174,216	145,452	19.8%
IP Adaptations Revenue	130,952	99,365	31.8%	99,365	108,336	(8.3%)
Effect of deconsolidated and transferred operations	-	(25)	(100.0%)	(25)	(6,364)	(99.6%)
Effects of foreign currency rate fluctuations	3,682	-	N/A	9,495	-	N/A
IP Adaptations Revenue on a Constant Currency Basis	$ 134,634	$ 99,340	35.5%	$ 108,835	$ 101,972	6.7%
Paid Content Average Revenue Per Paying User ("ARPPU")						
Korea Paid Content Revenue	**$ 331,158**	**$ 352,521**	(6.1%)	**$ 352,521**	**$ 386,193**	(8.7%)
Korea ARPPU	7.77	7.84	(0.9%)	7.84	7.93	(1.1%)
Effect of deconsolidated and transferred operations	-	-	N/A	-	(0.12)	(100.0%)
Effects of foreign currency rate fluctuations	0.44	-	N/A	0.45	-	N/A
Korea ARPPU on a Constant Currency Basis	$ 8.21	$ 7.84	4.7%	$ 8.29	$ 7.81	6.1%
Japan Paid Content Revenue	**621,540**	**594,302**	4.6%	**594,302**	**527,489**	12.7%
Japan ARPPU	23.16	22.12	4.7%	22.12	22.50	(1.7%)
Effects of foreign currency rate fluctuations	(0.28)	-	N/A	1.80	-	N/A
Japan ARPPU on a Constant Currency Basis	$ 22.88	$ 22.12	3.4%	$ 23.92	$ 22.50	6.3%
Rest of World Paid Content Revenue	**134,799**	**136,203**	(1.0%)	**136,203**	**115,277**	18.2%
Rest of World ARPPU	6.60	6.57	0.5%	6.57	5.40	21.7%
Effects of foreign currency rate fluctuations	-	-	N/A	-	-	N/A
Rest of World ARPPU on a Constant Currency Basis	$ 6.60	$ 6.57	0.5%	$ 6.57	$ 5.40	21.7%

Liquidity and Capital Resources

On June 28, 2024, we completed our initial public offering ("IPO") in which we issued and sold 15,000,000 shares of common stock at a public offering price of $21.00 per share. We received net proceeds of approximately $281.7 million from the IPO, after deducting underwriting discounts and commissions and offering expenses payable by us.

Also, immediately subsequent to the closing of the IPO, we issued and sold 2,380,952 shares of common stock to NAVER U.Hub Inc., a wholly-owned subsidiary of NAVER, in a private placement at $21.00 per share and received $50 million in proceeds.

On July 26, 2024, the underwriters partially exercised the over-allotment option to purchase 1,371,549 shares of common stock at $21.00 per share, which was closed on July 30, 2024. We received net proceeds of approximately $26.8 million therefrom, after deducting underwriting discounts and commissions and offering expenses payable by us.

Historically, we have relied primarily upon cash generated from operations and cash provided by NAVER through capital contributions to finance our operations, repay or repurchase indebtedness, finance acquisitions and fund our capital expenditures. NAVER does not have any contractual obligation to provide additional capital to us and therefore there can be no assurance that NAVER will continue to provide additional capital in the form of debt or equity investment in the future to enable us to operate our business. As of December 31, 2025, we had $581.8 million of cash and cash equivalents, which were primarily invested in short-term, highly liquid investments with original maturities of three months or less from the date of purchase and are mainly comprised of bank deposits. We believe that our existing cash and cash equivalent balances will be sufficient to support our working capital requirements for at least the next 12 months based on our current operating plans. However, our future capital requirements will depend on many factors, including our growth rate, sales and marketing activities and other factors affecting our business, including those described in the section entitled "Risk Factors" in this Annual Report. Our expected primary uses of our capital on short-and long-term bases are for repayment of debt, interest payments, working capital, capital expenditures, geographic expansion and other general corporate purposes.

We may, in the future, enter into arrangements to acquire or invest in complementary businesses, products and technologies, including intellectual property rights, which may require us to seek additional financing. To the extent additional funds are necessary to meet our liquidity needs as we continue to execute our business strategy, we anticipate that they will be obtained through the incurrence of indebtedness, the issuance of additional equity or a combination of these potential sources of funds. Such financing, may however, not be available to us on favorable terms, or at all. In particular, high inflation and interest rates have resulted, and may continue to result, in significant disruption of global financial markets, reducing our ability to access capital. If we are unable to raise additional funds on commercially reasonable terms or at all, our business, financial condition and results of operations could be adversely affected. 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."

Consolidated Statements of Cash Flows

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

	Year Ended December 31,	
(in thousands of USD)	**2025**	**2024**
Net cash provided by operating activities	$ 11,216	$ 17,883
Net cash used in investing activities	(7,498)	(17,276)
Net cash provided by (used in) financing activities	1,466	353,867
Effect of exchange rate changes on cash and cash equivalents	4,220	(13,817)
Net increase (decrease) in cash and cash equivalents	$ 9,404	$ 340,657

Operating Activities

For the year ended December 31, 2025, net cash provided by operating activities was $11.2 million, which primarily consisted of a net loss of $373.4 million, adjusted for certain non-cash items of $410.6 million. The non-cash items primarily consisted of impairment losses of $336.5 million, stock-based compensation of $41.9 million, and depreciation and amortization of approximately $35.4 million, which was offset by a decrease of $29.0 million in a deferred tax benefit. The net cash outflow from changes in our operating assets and liabilities was primarily due to cash outflows related to income taxes payable, operating lease liabilities, and other liabilities, partly offset by cash inflows from an increase in accrued expenses and accounts payable.

Investing Activities

For the year ended December 31, 2025, net cash used in investing activities was $7.5 million, primarily due to payments made for short-term investments of $26.4 million, and purchases of intangible assets of $10.3 million, which was offset by proceeds received from maturities of short-term investments of approximately $42.5 million.

Financing Activities

For the year ended December 31, 2025, net cash provided by financing activities was $1.5 million, consisting primarily of $1.3 million in proceeds from the exercise of stock options.

Critical Accounting Policies and Estimates

We believe that the following accounting policies and estimates involve a high degree of judgment and complexity. Accordingly, these are the policies and estimates we believe are the most critical to aid in fully understanding and evaluating our financial condition and results of our operations. See Note 1. *Description of Business and Summary of Significant Accounting Policies* to our audited consolidated financial statements included elsewhere in this Annual Report for a description of our other significant accounting policies. The preparation of our consolidated financial statements in conformity with GAAP requires us to make estimates and judgments that affect the amounts reported in those 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.

Revenue Recognition

We generate revenue primarily by Paid Content, advertising and IP Adaptations. We recognize revenue when services are transferred to customers at the transaction price.

Paid Content revenue

We recognize revenue of Paid Content when we provide users with access to content on our platform in exchange for a purchase fee. On most of our platforms, users purchase access to content by first purchasing Coins and then redeeming such Coins for access to particular content. We recognize Paid Content revenue over the estimated service period upon redemption of Coins, which we determine based on the weighted average number of days between the first day the user is provided access to the content and the last day the user views the content. We believe this provides a reasonable depiction of the transfer of services. We recognize most of our Paid Content revenue on a gross basis, which means before deducting creator revenue share (commissions payable to the creator). In certain cases where we have determined that we act as an agent in such transfer of services, we recognize revenue net of the creator revenue share or other amounts remitted to the creator or publisher.

Advertising revenue

Advertising revenue is recognized at the point in time the advertisement is displayed or based on clicks, impressions or end-user activity. When the customer is an advertising agency, advertising revenue is comprised of the commission the Company earns for lending advertisement space to the advertising agency.

IP Adaptations revenue

We recognize revenue of IP Adaptations based on the terms of the contractual arrangement with our creators. In an arrangement where a creator has authority to make key creative decisions on the output, we recognize revenue over time on a percentage-of-completion basis. If we control the key creative decisions, we recognize revenue as fixed payments for the content upon delivery to and acceptance by the creator or as sales-based royalties when the sell-through sales of the content occur. Similarly, we serve as a principal and recognize revenue on a gross basis when we directly sell licensed merchandise to customers through digital storefronts while controlling the revenue stream, from inventory to distribution. When we serve as an agent through brokering licensing arrangements between creators or publishers and third-party platforms or through licensing IP to third parties that operate all aspects of the revenue stream, we recognize revenue on a net commission basis when we broker such arrangements or as net of the amounts remitted to the third-party merchant when control transfers to the customer, generally at the time of product shipment from its facilities.

Income Taxes

Income taxes are accounted for under the asset and liability method. Under this method, deferred tax assets and liabilities are determined based upon the difference between the financial statement carrying amounts and the tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. Our deferred tax assets are recorded net of valuation allowances when, based on the weight of available evidence, it is more likely than not that all or some portion of the recorded deferred tax assets will not be realized in future periods.

Business Combinations

From time to time, we may enter into business combinations. In accordance with ASC 805, Business Combinations, we generally recognize the identifiable assets acquired and the liabilities assumed at their fair values as of the date of acquisition. We measure goodwill as the excess of consideration transferred over the net of the acquisition date fair values of the identifiable assets acquired and liabilities assumed. The acquisition method of accounting requires us to make significant estimates and assumptions regarding the fair values of the elements of a business combination as of the date of acquisition, including the selection of valuation methodologies, estimates of future revenue and cash flows, discount rates and selection of comparable companies.

We describe our accounting policy for business combinations in Note 1. *Description of Business and Summary of Significant Accounting Policies* in the accompanying notes to our consolidated financial statements.

Goodwill and Intangible Assets

In addition to intangible assets acquired individually, we have identified intangible assets and generated significant goodwill through our acquisitions. Brand, software, trademarks, copyrights and patents are amortized to cost of revenue and general and administrative expenses to operating expense on a straight-line basis over their estimated useful lives. Intellectual property rights with definite lives are amortized to operating expense over their estimated economic useful lives or the period over which we have exclusive and unrestricted rights to the content under the contract.

We evaluate goodwill and indefinite-lived intangible assets such as membership and publishing rights for impairment annually as of October 1, or earlier if an event or other circumstance indicates that it may not recover the carrying value of the asset. If we believe that, as a result of its qualitative assessment, it is more likely than not that the fair value of a reporting unit or other indefinite-lived intangible asset is greater than its carrying amount, a quantitative impairment test is not required. Reporting units are businesses for which individual financial information is available. If a qualitative assessment indicates that it is more likely than not that the carrying value of a reporting unit goodwill or other indefinite-lived intangible asset exceeds its fair value, a quantitative impairment test is performed. The Company may elect to bypass this qualitative assessment for annual impairment evaluations as of October 1 for some or all of its reporting units and perform a quantitative test. If the carrying amount of the reporting unit exceeds the fair value of the reporting unit, an impairment charge is recorded for the amount by which the carrying amount exceeds the fair value, not to exceed the amount of goodwill recorded for that reporting unit. Application of the goodwill impairment test requires judgment based on market and operational conditions at the time of the evaluation, including management's best estimates of the reporting unit's future business activity and the related estimates and assumptions of future cash flows from the assets that include the associated goodwill.

As discussed above, there is an inherent degree of uncertainty in preparing any forecast of future results, and the key inputs require significant judgments to be made. Any significant changes in these underlying assumptions may significantly affect our impairment conclusions and net book value of our corresponding assets in our consolidated financial statements. During the fourth quarter of the year ended December 31, 2025, there was a material change in the cash flow assumptions that led to the impairment of goodwill for the Wattpad, Munpia, Wattpad WEBTOON Studios Corp. ("Wattpad WEBTOON Studios"), and Purple Duck reporting units as of October 1, 2025. These impairments were primarily driven by a sustained decrease in traffic at Wattpad resulting from prolonged service bans in certain countries combined with technical issues affecting search engine functionality, lower-than-expected realization of synergies from IP expansion at Munpia, a shift in business strategy from content production to providing scripts at Wattpad WEBTOON Studios, and lower-than-expected operating profits and cash flows at Purple Duck.

As of the October 1, 2025, annual impairment testing date, five reporting units had goodwill – Wattpad, Munpia, Wattpad WEBTOON Studios, Purple Duck and LDF. On October 1, 2025, we performed a quantitative annual impairment test for all reporting units, which resulted in $257.2 million, $74.0 million, $2.9 million, and $1.4 million impairment of goodwill at Wattpad, Munpia, Wattpad WEBTOON Studios, and Purple Duck reporting units, respectively. The remaining goodwill at the Wattpad, Munpia, Wattpad WEBTOON Studios, Purple Duck, and LDF reporting units following impairment were $179.9 million, $85.6 million, $0.0 million, $0.01 million and $71.3 million, respectively. No goodwill impairment was recorded for the LDF reporting unit given as its fair value substantially exceeded its respective carrying value.

The fair value of each reporting unit was estimated using a discounted cash flow method with significant inputs such as projected future cash flows, discount rate and terminal growth rate. Our cash flow assumptions are based on detailed, multi-year forecasts performed by each of our operating reporting units that reflect our business plans and market outlook information. The discount rates are determined based on each reporting unit's cost of capital proportionately weighted between each type of capital (i.e., debt and equity). Terminal growth rates are based on historical industry growth patterns, the reporting unit's sustainable growth rate, and macroeconomic factors such as GDP growth and inflation rates. The carrying values were based on each respective reporting unit's net asset balance as of October 1, 2025, and included directly attributable assets and liabilities, including goodwill.

Recent Accounting Pronouncements

See Note 1. *Description of Business and Summary of Significant Accounting Policies* in the accompanying notes to our audited consolidated financial statements included elsewhere in this Annual Report for more information.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of foreign currency exchange rates and fluctuations in interest rates.

Foreign Currency Exchange Risk

Our revenue is generated globally in multiple currencies, primarily KRW, JPY and USD. Our results of current and future operations and cash flows are therefore subject to fluctuations due to changes in foreign currency exchange rates. Particularly, we are exposed to fluctuations in the exchange rates of KRW and JPY against USD, since (i) a majority of our revenue is generated within Korea and Japan, and (ii) several of our primary operating subsidiaries, including NAVER WEBTOON and LDF, are located in Korea and Japan, using their respective local currency as the functional currency. Financial statements of these non-USD-denominated businesses are translated from their local currencies into USD, using exchange rates at the balance sheet date for assets and liabilities, and average exchange rates in effect during the period for revenue and expenses. Consequently, increases or decreases in the value of USD affect the value of certain financial metrics with respect to these businesses in the consolidated financial statements, even if their value has not changed in their local currencies. For example, with a stronger USD against KRW and JPY, for the year ended December 31, 2025, our revenue was $17.7 million, or 1.3%, lower than our revenue on a constant currency basis. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Financial Measures—Use of Constant Currency” for further information regarding our non-GAAP financial measure of revenue on a constant currency basis.

We have not entered into derivative or hedging transactions, but we may do so in the future if our exposure to foreign currency exchange rate fluctuations becomes more significant.

Interest Rate Risk

Our cash and cash equivalents primarily consist of cash on hand and short-term, highly liquid investments with original maturities of three months or less from the date of purchase and are mainly comprised of bank deposits. As of December 31, 2025, we had $581.8 million of cash and cash equivalents. Our investments are exposed to market risk due to fluctuations in interest rates, which may affect our interest income and fair market value of our investments. However, due to the short-term nature of our investment portfolio, we do not believe an immediate 10% increase or decrease in interest rates would have a material effect on the fair value of our portfolio. We therefore do not expect our operating results or cash flows to be materially affected by a sudden change in market interest rates. We do not enter into investments for trading or speculative purposes.

Item 8. Financial Statements and Supplementary Data

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Audited Financial Statements

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of WEBTOON Entertainment Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of WEBTOON Entertainment Inc. and its subsidiaries (the "Company") as of December 31, 2025 and 2024, and the related consolidated statements of operations and comprehensive loss, of stockholders' equity and group equity and of cash flows for each of the three years in the period ended December 31, 2025, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill Impairment Assessments for Certain Reporting Units

As described in Notes 1 and 7 to the consolidated financial statements, the Company's goodwill balance (net) was $336.8 million as of December 31, 2025, of which the reporting units Wattpad, Munpia and LDF comprise the significant portion. Management conducts an impairment test as of October 1 of each year, or more frequently if events or circumstances result in it being more likely than not that the fair value of a reporting unit is less than its carrying amount. Reporting units are tested for impairment by comparing the estimated fair value of each reporting unit with its carrying amount. If the carrying amount of a reporting unit exceeds its estimated fair value, an impairment loss is recorded based on the difference between the fair value and carrying amount, not to exceed the associated carrying amount of goodwill. Management utilizes the discounted cash flow method under the income approach to estimate the fair value of reporting units. Management's cash flow projections included significant assumptions related to revenue growth rates, discount rates, and terminal growth rates.

The principal considerations for our determination that performing procedures relating to the goodwill impairment assessments of certain reporting units is a critical audit matter are (i) the significant judgment by management when developing the fair value of the reporting units; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to revenue growth rates, discount rates, and terminal growth rates; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge. As previously disclosed by management, a material weakness existed during the year that impacted this matter.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill impairment assessment, including controls over the valuation of the Wattpad, Munpia, and LDF reporting units. These procedures also included, among others, (i) testing management's process for developing the fair value of the reporting units; (ii) evaluating the appropriateness of the discounted cash flow method used by management; (iii) testing the completeness and accuracy of underlying data used in the discounted cash flow method; and (iv) evaluating the reasonableness of the significant assumptions used by management related to revenue growth rates, discount rates, and terminal growth rates. Evaluating management's assumptions related to revenue growth rates, discount rates, and terminal growth rates involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the reporting unit; (ii) the consistency with external market and industry data; and (iii) whether the assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating (i) the appropriateness of the discounted cash flow model and (ii) the reasonableness of the discount rates and terminal growth rates assumptions.

/s/ Samil PricewaterhouseCoopers

Seoul, Korea
March 5, 2026

We have served as the Company's auditor since 2023.

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

	As of December 31,	
	2025	**2024**
Assets		
Current assets:		
Cash and cash equivalents	$ 581,806	$ 572,402
Receivables[1], net of allowance for credit losses of $3,378 and $3,418 at December 31, 2025 and December 31, 2024, respectively	176,779	169,187
Prepaid expenses and other current assets, net[2]	72,647	94,783
Total current assets	**831,232**	**836,372**
Property and equipment, net	8,339	3,782
Operating lease right-of-use assets	23,705	16,649
Debt and equity securities	69,669	70,178
Intangible assets, net	157,804	180,912
Goodwill, net	336,825	665,275
Equity method investments	80,440	78,668
Deferred tax assets	22,302	17,592
Other non-current assets, net[3]	65,194	65,906
Total assets	**$ 1,595,510**	**$ 1,935,334**
Liabilities and equity		
Current liabilities:		
Accounts payable[4]	$ 136,962	$ 127,306
Accrued expenses[5]	66,690	62,209
Current portion of operating lease liabilities[6]	9,617	6,053
Contract liabilities	89,994	85,860
Income tax payables – corporate tax	1,236	10,093
Consumption taxes payables	2,900	8,339
Provisions and defined pension benefits	8,766	11,133
Other current liabilities	2,457	2,231
Total current liabilities	**318,622**	**313,224**
Non-current liabilities:		
Long-term operating lease liabilities[7]	14,055	11,187
Defined severance benefits	25,069	22,030
Deferred tax liabilities	5,755	30,271
Other non-current liabilities	3,737	2,161
Total liabilities	**$ 367,238**	**$ 378,873**
Commitments and Contingencies (Note 10)		
Redeemable non-controlling interest in subsidiary	**24,540**	**36,580**

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

	As of December 31,	
	2025	**2024**
Stockholders' equity:		
Preferred stock, $0.0001 par value 100,000,000 authorized and no shares issued and outstanding as of December 31, 2025 and December 31, 2024, respectively	$ —	$ —
Common stock, $0.0001 par value 2,000,000,000 authorized, 130,776,161 shares and 128,587,944 shares issued and outstanding as of December 31, 2025, and December 31, 2024, respectively	$ 13	$ 13
Additional paid-in capital	2,137,926	2,103,931
Accumulated other comprehensive loss	(114,363)	(124,620)
Accumulated deficit	(853,124)	(507,197)
Total stockholders' equity attributable to WEBTOON Entertainment Inc.	**1,170,452**	**1,472,127**
Non-controlling interests in consolidated subsidiaries	33,280	47,754
Total equity	**1,203,732**	**1,519,881**
Total liabilities, redeemable non-controlling interest, and equity	**$ 1,595,510**	**$ 1,935,334**

1. Includes amounts due from related parties of $55,156 and $59,495 as of December 31, 2025, and December 31, 2024, respectively. (See Note 16. *Related Parties and Variable Interest Entity*)
2. Includes amounts due from related parties of $4,730 and $9,258 as of December 31, 2025, and December 31, 2024, respectively. (See Note 16. *Related Parties and Variable Interest Entity*)
3. Includes amounts due from related parties of $33,913 and $32,072 as of December 31, 2025, and December 31, 2024, respectively. (See Note 16. *Related Parties and Variable Interest Entity*)
4. Includes amounts due to related parties of $18,765 and $17,173 as of December 31, 2025, and December 31, 2024, respectively. (See Note 16. *Related Parties and Variable Interest Entity*)
5. Includes amounts due to related parties of $6,849 and $5,562 as of December 31, 2025, and December 31, 2024, respectively. (See Note 16. *Related Parties and Variable Interest Entity*)
6. Includes amounts due to related parties of $5,221 and $3,506 as of December 31, 2025, and December 31, 2024, respectively. (See Note 16. *Related Parties and Variable Interest Entity*)
7. Includes amounts due to related parties of $5,371 and $9,519 as of December 31, 2025, and December 31, 2024, respectively. (See Note 16. *Related Parties and Variable Interest Entity*)

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

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

	Year Ended December 31,		
	2025	**2024**	**2023**
Revenue[1]	$ 1,382,705	$ 1,348,478	$ 1,282,748
Cost of revenue[2]	(1,060,524)	(1,009,410)	(987,258)
Marketing[3]	(126,149)	(107,783)	(121,086)
General and administrative expenses[4]	(259,543)	(331,984)	(210,762)
Operating Loss	**(63,511)**	**(100,699)**	**(36,358)**
Interest income	19,170	15,820	3,009
Interest expense	(56)	(45)	(79)
Impairment losses on goodwill and other intangible assets, net	(336,486)	(69,743)	(63,412)
Gain (loss) on equity method investments, net	1,282	(1,123)	(12,339)
Other income (loss), net[5]	(9,808)	6,482	(23,574)
Loss before income tax	**(389,409)**	**(149,308)**	**(132,753)**
Income tax benefit (expense)	16,022	(3,604)	(12,006)
Net loss	**(373,387)**	**(152,912)**	**(144,759)**
Net income (loss) attributable to WEBTOON Entertainment Inc.	(345,927)	(143,905)	(116,455)
Net income (loss) attributable to non-controlling interests and redeemable non-controlling interests	(27,460)	(9,007)	(28,304)
Other comprehensive income (loss):			
Foreign currency translation adjustments, net of tax	9,792	(71,935)	(17,251)
Share of other comprehensive income (loss) of equity method investments, net of tax	896	(94)	(906)
Total other comprehensive loss, net of tax	**10,688**	**(72,029)**	**(18,157)**
Total comprehensive loss	**$ (362,699)**	**$ (224,941)**	**$ (162,916)**
Total comprehensive loss attributable to WEBTOON Entertainment Inc.	(335,669)	(213,704)	(134,612)
Total comprehensive loss attributable to non-controlling interests and redeemable non-controlling interests	(27,030)	(11,237)	(28,304)
Weighted average shares outstanding			
Basic	130,177,475	119,231,997	109,505,150
Diluted	130,177,475	119,231,997	109,505,150
Income (loss) per share attributable to WEBTOON Entertainment Inc.			
Basic	(2.66)	(1.21)	(1.06)
Diluted	(2.66)	(1.21)	(1.06)

1. Includes amounts earned from related parties of $74,297, $72,228 and $78,698 for the years ended December 31, 2025, December 31, 2024, and December 31, 2023, respectively. (See Note 16. *Related Parties and Variable Interest Entity*)
2. Includes amounts incurred from related parties of $111,254, $96,498 and $22,412 for the years ended December 31, 2025, December 31, 2024, and December 31, 2023, respectively. (See Note 16. *Related Parties and Variable Interest Entity*)
3. Includes amounts incurred from related parties of $(9,339), $(7,691) and $203 for the years ended December 31, 2025, December 31, 2024, and December 31, 2023, respectively. (See Note 16. *Related Parties and Variable Interest Entity*)
4. Includes amounts incurred from related parties of $31,249, $32,478 and $30,945 for the years ended December 31, 2025, December 31, 2024, and December 31, 2023, respectively. (See Note 16. *Related Parties and Variable Interest Entity*)
5. Includes amounts earned from related parties of $1,687, $3,592 and $4,761 for the years ended December 31, 2025, December 31, 2024, and December 31, 2023, respectively. (See Note 16. *Related Parties and Variable Interest Entity*)

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

WEBTOON Entertainment Inc.
Consolidated Statements of Stockholders' Equity and Group Equity
(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	Group Equity	Total equity
	Shares	Amount							
Balance as of December 31, 2022	**97,091,692**	**$ 10**	**$ 1,038,262**	**$ (36,667)**	**$ (212,033)**	**$ 789,594**	**$ 85,395**	**$593,513**	**$ 1,468,502**
Net loss	—	—	—	—	(102,818)	(102,818)	(22,769)	(13,637)	(139,225)
Foreign currency translation adjustments, net of tax[1]	—	—	—	(17,251)	—	(17,251)	—	—	(17,251)
Equity in income of equity method investees	—	—	—	(906)	—	(906)	—	—	(906)
Equity-based compensation and others[2]	—	—	646	—	—	646	2,155	—	2,801
Changes in scope of consolidation	—	—	—	—	—	—	(7,875)	—	(7,875)
Common control transaction	12,413,458	1	628,338	—	(48,441)	579,876	—	(579,876)	—
Balance as of December 31, 2023	**109,505,150**	**11**	**1,667,246**	**(54,824)**	**(363,292)**	**1,249,141**	**56,906**	**—**	**1,306,047**
Net loss	—	—	—	—	(143,905)	(143,905)	(5,153)	—	(149,058)
Foreign currency translation adjustments, net of tax[1]	—	—	—	(69,702)	—	(69,702)	(1,236)	—	(70,938)
Issuance of common stock through initial public offering	15,000,000	2	281,735	—	—	281,737	—	—	281,737
Issuance of common stock through private placement	2,380,952	—	50,000	—	—	50,000	—	—	50,000
Issuance of common stock for exercise of over-allotment	1,371,549	—	26,576	—	—	26,576	—	—	26,576
Equity in income of equity method investees	—	—	—	(94)	—	(94)	—	—	(94)
Equity-based compensation and others[2]	330,293	—	78,374	—	—	78,374	1,098	—	79,472
Changes in scope of consolidation	—	—	—	—	—	—	(3,861)	—	(3,861)
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 loss	—	—	—	—	(345,927)	(345,927)	(15,227)	—	(361,154)
Foreign currency translation adjustments, net of tax[1]	—	—	—	9,361	—	9,361	238	—	9,599
Equity in income of equity method investees	—	—	—	896	—	896	—	—	896
Equity-based compensation and others[2]	2,188,217	—	33,995	—	—	33,995	515	—	34,510
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**

1. As of December 31, 2025, December 31, 2024, and December 31, 2023, the ending balance in accumulated other comprehensive loss related to foreign currency translation adjustments was $111.5 million, $120.9 million, and $51.2 million, respectively.

2. The Company recorded dividends of $0.3 million, $17.4 million and $0.0 million for the years ended December 31, 2025, December 31, 2024, and December 31, 2023, respectively, as a reduction in additional paid-in capital for stock options granted to NAVER's employees who did not provide services to the Company (See Note 1. Description of Business and Summary of Significant Accounting Policies for the definitions of the Company and NAVER).

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

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

	For the Year Ended December 31,		
	2025	**2024**	**2023**
Operating activities:			
Net loss	$ (373,387)	$ (152,912)	$ (144,759)
Adjustments to reconcile net loss to cash used in operating activities:			
Allowance for credit losses	4,772	6,034	3,481
Depreciation and amortization	35,431	40,074	38,359
Impairment losses on goodwill and other intangible assets	336,486	69,743	63,412
Operating lease expense	9,690	10,446	11,965
Loss (Gain) on foreign currency, net	(1,605)	(2,519)	5,533
Deferred tax benefit	(28,965)	(24,535)	(15,573)
Loss (Gain) on debt and equity securities, net	8,605	(2,263)	22,585
Loss (Gain) on equity method investment	(1,282)	1,123	12,339
Contingent consideration liability	—	(3,712)	(789)
Stock-based compensation	41,907	87,379	3,220
Gain on disposal of right-of-use assets, net	—	(1,899)	(62)
Change in severance benefit, net	5,584	3,725	(737)
Loss on investments in subsidiaries, net	—	2,713	884
Other non-cash items	14	(707)	(3,411)
Changes in operating assets and liabilities			
Changes in receivables	(873)	(24,063)	30,919
Changes in other assets	1,219	(35,928)	(6,523)
Changes in accounts payable	3,421	26,177	(7,583)
Changes in accrued expenses	6,216	1,869	3,083
Changes in consumption taxes payables	(5,725)	3,287	3,213
Changes in contract liabilities	2,400	21,584	1,088
Changes in withholdings	(6,122)	(8)	1,262
Changes in income tax payable - corporate tax	(8,857)	634	1,081
Changes in other liabilities	(6,540)	(812)	4,907
Changes in operating lease liabilities	(8,062)	(9,035)	(10,193)
Changes in deposits	(294)	2,444	(260)
Transfer of severance benefits	(2,817)	(956)	(2,637)
Net cash provided by operating activities	**$ 11,216**	**$ 17,883**	**$ 14,804**
Investing activities:			
Proceeds from maturities of short-term investments	$ 42,538	$ 68,018	$ 15,321
Proceeds from sale of debt and equity securities	—	2,970	2,428
Proceeds from sale of property and equipment	297	6,495	659
Proceeds from sale of equity method investments	—	5,938	5,439
Proceeds from loan receivable	1,684	—	311
Payment from maturities of short-term investments	(26,372)	(77,371)	(35,100)
Payment made for loan receivable	(904)	(264)	(11,491)
Purchases of debt and equity securities	(6,801)	(1,000)	(8,700)
Purchases of property and equipment	(7,619)	(2,404)	(10,199)
Purchases of intangible assets	(10,292)	(10,745)	(12,143)
Purchases of equity method investments	—	(9,068)	(682)
Acquisition of businesses, net of cash	(148)	—	—
Disposal of businesses, net of cash	—	(315)	1,988
Other investing activities	119	470	187
Net cash used in investing activities	**$ (7,498)**	**$ (17,276)**	**$ (51,982)**
Financing activities:			
Proceeds from issuance of common stock upon initial public offering, net of underwriting discounts and commissions	—	292,950	—
Proceeds from issuance of common stock related to private placement	$ —	50,000	$ —
Capital contribution to a non-wholly owned subsidiary from a limited partner	—	—	3,257

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

	For the Year Ended December 31,		
Payments of initial public offering costs	—	(11,154)	—
Proceeds from exercise of over-allotment, net of underwriting discounts and commissions	—	26,786	—
Proceeds from stock option exercise	1,327	746	—
Proceeds from short-term borrowings	139	—	383
Repayments of short-term borrowings	—	(3,597)	(6,279)
Repayments of long-term borrowings	—	(15)	(64)
Payment of contingent consideration related to business acquisition	—	(1,849)	(3,796)
Net cash provided by (used in) financing activities	**$ 1,466**	**$ 353,867**	**$ (6,499)**
Effect of exchange rate changes on cash and cash equivalents	$ 4,220	$ (13,817)	$ (4,287)
Net increase (decrease) in cash and cash equivalents	9,404	340,657	(47,964)
Cash and cash equivalents at beginning of the year	**572,402**	**231,745**	**279,709**
Cash and cash equivalents at end of the year	**$ 581,806**	**$ 572,402**	**$ 231,745**
Supplemental disclosure:			
Income taxes paid	$ 24,702	$ 25,675	$ 26,644
Interest paid	$ 1	$ 85	$ 92
Non-cash transactions:			
Reclassification of debt and equity securities to equity method investments	$ —	$ 18,701	$ —
Reclassification of deferred offering costs to additional paid-in capital upon IPO	$ —	$ 11,215	$ —
Share exchange with NAVER upon issuance of new WEBTOON Entertainment Inc. shares[1]	$ —	$ —	$ 579,876
Purchase of property and equipment included in accounts payable	—	2	11

[1] Refer to Organization and Description of Business in Note 1. Description of Business and Summary of Significant Accounting Policies.

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

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"), and 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

On June 1, 2023, the Parent entered into a stock contribution agreement with NAVER pursuant to which the Parent acquired 100% of the common shares of Wattpad in exchange for 413,482 shares of the common stock of the Parent (the "Wattpad Transfer").

The Wattpad Transfer was accounted for as a common control transaction in a manner similar to the pooling-of-interest method. Thus, the financial statements of Wattpad were combined, retrospectively, as if the transaction had occurred as of January 1, 2022.

For the period after June 1, 2023, Wattpad is presented as part of the Company consolidated financial information. These financial statements and footnotes are therefore referred to as "Consolidated Financial Statements" throughout. NAVER's equity interest in Wattpad during the period preceding the Wattpad Transfer is reflected within "Group Equity" within the Consolidated Statements of Stockholders' Equity and Group Equity. Upon completion of the Wattpad Transfer, the Company acquired NAVER's equity interest in Wattpad and the Group Equity is no longer applicable.

On June 26, 2024, the Company filed an Amended and Restated Certificate of Incorporation (the "Amended Charter") which effectuated a 30-for-1 forward stock split of its common stock and adjusted the par value of its common stock from $0.01 to $0.0001 on such date. Accordingly, all share and per share amounts presented in the Consolidated Financial Statements have been retroactively adjusted to reflect the stock split and change in par value for all periods presented. In lieu of issuing fractional shares, the Company opted to pay the holder thereof an amount in cash equal to the fair market value of such fractional share. The Amended Charter authorized 2,100,000,000 shares of capital stock, consisting of 2,000,000,000 shares of common stock, par value $0.0001 per share, and 100,000,000 shares of undesignated preferred stock, par value $0.0001 per share. No preferred stock was issued and outstanding as of December 31, 2024 and December 31, 2023.

On June 28, 2024, the Company completed its initial public offering (the "IPO") in which it issued and sold 15,000,000 shares of its common stock at a public offering price of $21.00 per share. The Company received proceeds of approximately $281.7 million from the IPO, net of underwriting discounts and commissions of $22.1 million and offering costs of $11.2 million. Additionally, the underwriters have the option, for a period of 30 days, to purchase up to an additional 2,250,000 common shares at the public offering price, less the underwriting discount and commissions to cover over-allotment. On July 26, 2024, the underwriters exercised the over-allotment option to purchase 1,371,549 shares of common stock for proceeds of $26.8 million, net of underwriting discounts and commissions.

Substantially concurrently with the closing of the IPO, the Company issued 2,380,952 shares of common stock to NAVER U.Hub Inc., a wholly-owned subsidiary of NAVER, at the public offering price of $21.00 per share for aggregate proceeds of $50.0 million. The sale of such shares to U.Hub is not registered under the Securities Act and these shares were subject to a 180-day lock-up agreement with the underwriters in connection with the offering. The underwriters did not receive any fees in connection with the sale of such shares.

Prior to the IPO, deferred offering costs, which consist of direct incremental legal, accounting, and other fees relating to the IPO, were capitalized in Other non-current assets on the Consolidated Balance Sheets. Upon completion of the IPO, all deferred offering costs were reclassified into stockholders' equity as an offset against proceeds from the IPO. In addition, as of June 30, 2024, the Company had accrued a $30.0 million cash bonus that became due to the chief executive

officer upon completion of the IPO. The bonus was paid out, less applicable payroll related taxes and expenses, in July 2024.

The following Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Our fiscal year ends on December 31. Dollar amounts presented in tables are shown in thousands of United States Dollars *(in thousands of USD)*.

Changes in a parent's ownership interest while the parent retains its controlling financial interest in its subsidiary are accounted for as equity transactions (investments by owners and distributions to owners acting in their capacity as owners) with no gain or loss recognized in net loss or comprehensive loss. The carrying amount of any non-controlling interest is adjusted to reflect the change in a parent's ownership interest in the subsidiary. Any difference between the fair value of the consideration received or paid and the amount by which the non-controlling interest is adjusted is recognized in equity attributable to the parent. All intercompany and intra-entity transactions and balances have been eliminated. The Consolidated Financial Statements for all periods presented include all the costs of doing business, including the expenses that represent services provided by NAVER to the Company and its subsidiaries. Such services under certain agreements are charged to the Company and its subsidiaries based on estimated cost allocation plus mark-up methodology, which management believes is approximating arm's length costs. The Company believes the charges are reasonably calculated in accordance with SAB Topic 1 Q2. The amounts are billed to and paid for by the Company or its subsidiaries on a regular basis.

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.

Use of Estimates

The preparation of Consolidated Financial Statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting periods. Significant estimates relate primarily to determining the fair value of assets and liabilities acquired in business combinations, acquired intangible assets and goodwill, unit price of virtual currency in revenue recognition, deferred revenue, allowance for credit losses, evaluation of contingencies, deferred tax assets net of a valuation allowance, uncertain tax positions, the fair value of stock-based awards, the fair value of debt and equity securities and the fair value of reporting units for goodwill impairment testing. We based our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ materially from these estimates.

Segment Information

The Company operates as one operating segment which is also its reportable segment. Our Chief Executive Officer ("CEO") is our Chief Operating Decision Maker ("CODM"), who assesses performance and makes resource allocations based on financial data presented on a consolidated basis. See Note 14. *Segment and Geographic Information* for more information related to the Company's segment.

Foreign Currency

The functional currency of the Parent and reporting currency for the Company is U.S. dollars. The Korean won and the Japanese yen are the functional currencies of our major operating subsidiaries. The other subsidiaries predominantly utilize their local currencies as their functional currencies. Assets and liabilities of each subsidiary are translated into U.S. dollars at the exchange rate in effect at the end of each period. Revenue and expenses for these subsidiaries are translated into U.S. dollars using average rates that approximate those in effect during the period. Translation adjustments are included in Accumulated other comprehensive loss as a separate component of the Consolidated Statements of Stockholders' Equity and Group Equity and in the effect of exchange rate changes on cash and cash equivalents in the Consolidated Statements of Cash Flows.

Revenue Recognition

The Company primarily generates revenue through its platform by providing users with access to Paid Content, and by providing advertising services on the platform. We recognize revenue when services are transferred to customers at the transaction price which considers estimated returns on promotional discounts and earned loyalty rewards. Revenue excludes amounts collected on behalf of third parties, such as value added taxes. Historical data is used to estimate returns, promotional discounts, and earned loyalty rewards using the expected value method. We include these amounts in the transaction price to the extent it is probable that a significant reversal of revenue will not occur and update our estimate of transaction price as additional information becomes available. For revenue contracts with multiple performance obligations, the transaction price is allocated to each performance obligation using the relative stand-alone selling price which is primarily determined based on the price charged to customers for sales on a stand-alone basis.

Paid Content Revenue

Paid Content revenue is recognized when the Company provides services that provide content to users through the platform. Content provided by the platform includes, but is not limited to, web-comics, movies, web-novels, and e-books. We have an obligation to upload and maintain content on the platform by contracting with creators and publishers to make the content available to our customers. On most of our offering, customers purchase access to content by first purchasing a virtual currency (such as Coins or Cookies) then redeeming such virtual currency for access to particular content. There are other offerings where content can be purchased directly with cash. For the majority of transactions, we have determined that we are the principal for services provided to users and recognize revenue gross of commissions payable to the creator or publisher. In cases where we have determined that we are an agent in the transaction, we recognize revenue net of amounts remitted to the creator or publisher. The determination of whether the Company is a principal or as an agent in Paid Content revenue transactions requires significant judgment and is based on an assessment of relevant accounting guidance and the arrangements the Company has in place with creators or publishers and end users. Key considerations in this determination include the Company's ability to control access to, monetization of, and promotion of the content, as well as its responsibility for resolution of end user inquiries and complaints and its ability to establish the price of the content on the platform. The period of time the user can view the content varies depending on the platform and the terms of the arrangement with the user. We recognize Paid Content revenue over the estimated service period, which we determine based on the weighted average number of days between the first day the user can access the content and last day the user views the content, which varies by platform and is typically within one week. We believe this provides a reasonable depiction of the transfer of services.

Paid Content revenue also includes the sale of physical books from other publishers. The Company earns commissions on the sales of books to end users from merchants that sell their products through the Company's offerings. For the majority of these transactions, the Company is not the seller of record, nor does it take control of the related inventory, which has led the Company to determine that it is an agent in these transactions. Accordingly, although the Company processes and collects the full payment on these transactions, it records revenue net of amounts remitted to the third party merchant when control transfers to the customer, generally at the time of product shipment from its facilities.

Advertising Revenue

We post advertisements on our websites and mobile applications and recognize revenue for advertising services. Advertising revenue is recognized at the point in time the advertisement is displayed or based on clicks, impressions, or end-user activity, which represents the point in time that control is transferred to the customer thereby completing our performance obligation. When the customer is an advertising agency, advertising revenue is comprised of the commission the Company earns for lending advertisement space to the advertising agency.

IP Adaptations

We internally develop IP Adaptations for films, streaming series, or other rich media format adaptations, the majority of which are commissioned for production by third party studios or streaming platforms. IP Adaptations revenue is recognized based on the terms of the contract with the customer and the determination of the Company's performance obligation is dependent on which party has authority to make key creative decisions on the produced content. For IP Adaptations where the content is made to an individual customer specification such that the customer controls the output during the production process, the Company's performance obligation is production services. Revenue and the associated

costs of such contracts are recognized over time on a percentage of completion basis. For IP Adaptations where the Company controls the key creative decisions and output of the production process, its performance obligation is the sale of content to third-party studios and video-streaming platforms. Fixed payments for the content are recognized as revenue on a gross basis upon delivery and acceptance of the content or as sales-based royalties when sell-through sales of the content occur. IP Adaptations revenue also includes license fees generated from sub-licensing content to third parties for secondary media such as video game production. Content sub-licensing revenue is recognized when the Company brokers licensing arrangements between creators or publishers and other third-party platforms on a net commission basis as the Company is acting as an agent in these transactions.

IP Adaptations also include the sale of licensed merchandise under two types of arrangements. In one type of arrangement the Company acts as a principal in the sale of licensed merchandise, while in the other, the Company serves as an agent.

In Korea, the Company directly sells licensed merchandise to customers through digital storefronts, including the related-party NAVER platform and other e-commerce websites. The merchandise is manufactured by third parties in small batches to meet estimated demand or fulfill preorders. As the seller of record, the Company takes control of the relevant inventory prior to distribution, sets the merchandise price, and manages any after-sale issues including refund claims. Thus, the Company is considered a principal in this type of arrangement and recognizes revenues on a gross basis.

In other countries, the Company generates merchandise revenues by licensing IP to third parties who operate all aspects of the revenue stream, from manufacturing the products to maintaining the online merchandise store which operates under the WEBTOON brand. Licensing fees are determined by the contractual commission rate or fixed fee applied to the underlying sales of merchandise. In this type of arrangement, the Company is considered an agent as it is not the seller of record, nor does it take control of the related inventory. Accordingly, although the Company processes and collects the full payments on these transactions, the Company recognizes revenues net of the amounts remitted to the third-party merchant when control transfers to the customer, generally at the time of product shipment from its facilities.

Cost of Revenue

Cost of revenue primarily consists of the commission fees payable to content rights holders as well as other costs directly associated with the acquisition, licensing and production of content, such as payroll and related personnel expenses, amortization and production related costs. Cost of revenue also includes fees charged by payment gateway companies for processing payments on the offerings as well as platform fees payable to companies that provide consumers with the ability to download the mobile app through app stores (such as Google and Apple) or to third parties providing a platform hosting service.

Marketing

Marketing expenses primarily consist of online and offline advertising and marketing program costs. Marketing expenses also include market research and public relations related expenses that support marketing activities. Advertising costs are expensed as incurred and total advertising expenses were $67.0 million, $36.6 million, and $28.3 million for the years ended December 31, 2025, December 31, 2024, and December 31, 2023, respectively.

General and Administrative Expenses

General and administrative expenses include all our operating costs, excluding cost of revenue and marketing, as described above. More specifically, these expenses include costs related to operating and maintenance of our platform, general corporate function costs, and depreciation and amortization of non-operating assets.

Stock-Based Compensation

The Company accounts for stock-based employee compensation arrangements in accordance with U.S. GAAP which requires compensation expense for the grant-date fair value of equity-based awards to be recognized over the requisite service period. The Company determines the fair value of equity-based awards granted on the grant date using appropriate valuation techniques. Forfeitures are estimated using historical experience at the time of grant and revised in subsequent periods if actual forfeitures differ from initial estimate. See Note 11. *Stock-Based Compensation* for more information on the Company's stock compensation plans.

Stock-Based Awards Issued to Employees of NAVER

The Company issues stock-based awards to employees of NAVER that do not render services to the Company. The Company measures the award based on the grant-date fair value and accounts for the awards as a dividend distribution to NAVER following the attribution principles of ASC 718.

Forward Stock Split, Change in Par Value

On June 26, 2024, the Company filed an Amended and Restated Certificate of Incorporation which effectuated a 30-for-1 forward stock split of its common stock and adjusted the par value of its common stock from $0.01 to $0.0001 on such date. Accordingly, all share and per share amounts presented in the audited Consolidated Financial Statements have been retroactively adjusted to reflect the stock split and change in par value for all periods presented.

Phantom Units

During the twelve months ended December 31, 2025, the Company granted awards in the form of "Phantom Units", which provide recipients with the right to receive cash payments, less applicable withholding, equivalent to the fair market value of one share of the Company's common stock on the applicable vesting date, multiplied by the number of Phantom Units that vest. While these Phantom Units do not confer ownership rights, they are also entitled to dividends, if declared, equivalent in an amount in cash and form equal to the dividend that would have been paid on the shares underlying the Phantom Unit had such shares been outstanding on such record date. Any such dividend equivalents shall be subject to the same vesting conditions applicable to the underlying Phantom Unit with respect to which they accrue.

Phantom Units are recorded as an expense based on the fair value of the units on the balance sheet date. The fair value of these awards is updated at each balance sheet date and changes in the fair value of the vested portions of the awards are recorded as increases or decreases to compensation expense in the Consolidated Statements of Operations and Comprehensive Loss. All of the outstanding Phantom Units at December 31, 2025 met the criteria to be treated under liability classification in accordance with ASC 718, given that these awards will settle in cash on the vesting date. See Note 11. *Stock-Based Compensation* for more information on the Company's Phantom Units.

Defined severance benefits

We accrue severance benefits for employees of our Korean subsidiaries. Pursuant to the Employee Retirement Benefit Security Act of Korea, eligible employees with one or more years of service are entitled to severance payments upon the termination of their employment based on their length of service and pay rate. We recognize the defined severance benefits in the Consolidated Balance Sheets with a corresponding adjustment to Consolidated Statements of Operations and Comprehensive Loss. The obligations are measured annually, or more frequently if there is a remeasurement event, based on our measurement date utilizing various actuarial assumptions and methodologies. We use certain assumptions including, but not limited to, the discount rates, salary growth rates, and certain employee-related factors, such as turnover, retirement age and mortality. We review our actuarial assumptions and make modifications to the assumptions based on current rates and trends when appropriate. We have adopted a policy of immediate recognition of actuarial gains and losses where any differences arising from the annual remeasurement is immediately charged in the period of the remeasurement within the Consolidated Statements of Operations and Comprehensive Loss as Other income (loss), net.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the expected future tax consequences of events that have been recognized in our financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based upon the difference between the financial statement carrying amounts and the tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. Our deferred tax assets are recorded net of valuation allowances when, based on the weight of available evidence, it is more likely than not that all or some portion of the recorded deferred tax assets will not be realized in future periods. The consolidated financial statements reflect the jurisdictional netting of deferred tax assets and liabilities within each tax jurisdiction. However, the tax footnote disclosures are presented on a gross basis, without netting across jurisdictions, to provide a detailed breakdown of deferred tax balances as required by the applicable

accounting standards. Realization of our deferred tax assets is dependent on the generation of future taxable income. In considering the need for a valuation allowance, we consider our historical, as well as future projected taxable income, along with other positive and negative evidence in assessing the realizability of our deferred tax assets. Decreases to valuation allowances are recorded as reductions to our income tax expense and increases to valuation allowances result in additional expense for income taxes. We recognize and measure uncertain tax positions taken or expected to be taken in a tax return utilizing a two-step process. In the first step, recognition, we determine whether it is more-likely-than-not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The second step addresses measurement of a tax position that meets the more-likely-than-not criteria. The tax position is measured at the largest amount of benefit that has a likelihood of greater than 50 percent of being realized upon ultimate settlement.

The Company does not record a deferred tax liability for the excess of the book basis over the tax basis of its investments in foreign subsidiaries to the extent that the basis difference meets the indefinite reversal criteria. These criteria are met if the Company has invested or will invest the undistributed earnings on the foreign subsidiaries indefinitely. The management's intention is to invest the undistributed earnings on the foreign subsidiaries indefinitely. The decision as to the amount of undistributed earnings that the Company intends to maintain in non-U.S. subsidiaries takes into account various items, including, but not limited to, forecasts and budgets of financial needs of cash for working capital, liquidity plans, capital improvement programs, merger and acquisition plans, and planned loans to other non-U.S. subsidiaries.

Cash and Cash Equivalents

Cash and cash equivalents are short-term, highly liquid investments with original maturities of three months or less from the date of purchase and are mainly comprised of bank deposits.

Receivables, net of allowance for credit losses

Receivables, net of allowance for credit losses, are stated at their carrying value, net of allowance for credit losses based on lifetime expected losses. Receivable balances are primarily receivables due from payment gateway providers relating to sales processed for the Company's online platform service business, as well as receivables from advertising activities, net of estimated allowances for credit losses. The Company estimates the allowance for credit losses based upon historical experience, the age and delinquency rates of receivables and the credit quality of the customers, as well as economic and regulatory conditions combined with reasonable and supportable management forecasts of collectibility and other economic factors over the lifetime of the receivables. The Company writes off accounts against the allowance for credit losses when they are deemed to be uncollectible. The total allowances for credit losses as of December 31, 2025, and December 31, 2024, were $3.4 million and $3.4 million, respectively. Credit loss expense is included in General and administrative expenses.

Property and Equipment, net

Property and equipment, net is stated at historical cost, less accumulated depreciation. Property and equipment primarily include buildings, land, leasehold improvements, and information technology equipment. Depreciation expense is classified within General and administrative expenses in the Consolidated Statements of Operations and Comprehensive Loss. We compute depreciation using the straight-line method over the estimated useful lives of the assets. Maintenance and repairs are expensed as incurred.

Leases

We determine whether an arrangement is or contains a lease at contract inception. Leases with contractual terms greater than twelve months are classified as either operating or finance leases. Operating leases are recorded as operating lease right-of-use assets and operating lease liabilities on the Consolidated Balance Sheets. We elected to account for lease and non-lease components as a single lease component for all classes of assets and elected to not record leases with an initial term of twelve months or less on the Consolidated Balance Sheets. If the rate implicit in the Company's leases is not readily determinable, we use our incremental borrowing rate based on the information available at the lease commencement date to determine the present value of lease payments over the lease term. When the Company has the option to extend the term or terminate the lease before the contractual expiration date, and it is reasonably certain that it will exercise the option, the Company considers these options in determining the lease term. The Company's operating leases are comprised of leases of real estate and equipment that are typically entered into for a fixed term that may contain

extension and termination options. Certain agreements have free rent periods or escalating rent payment provisions. Rent expense is recognized on a straight-line basis over the lease term. The Company subleases its properties, which are all classified as operating leases. Any sub-leasing revenue is classified as Other income (loss), net. The Company does not have any finance leases. See Note 8. *Leases* for further information.

Impairment of Long-lived Assets

Long-lived assets include property and equipment, trademarks, copyrights, patents, software, brand and other intangible assets with finite lives. Long-lived assets are not required to be tested for impairment annually, but rather whenever circumstances indicate that the carrying amount of the asset may not be recoverable. Conditions that may necessitate an impairment assessment include a significant decline in the observable market value of an asset, a significant change in the extent or manner in which an asset is used, or any other significant adverse change that would indicate that the carrying amount of an asset or group of assets may indicate potential impairment. When the undiscounted future cash flows indicate the long-lived asset or asset group is not recoverable, any potential impairment loss is measured and recognized at the amount by which the carrying value exceeds its fair value.

Change in Estimated Useful Lives of Intangible Assets

The Company conducts an annual review, at a minimum, of the estimated useful lives of its finite-lived intangible assets. This review indicates that the actual lives of certain intangible assets were shorter than the estimated useful lives over which such assets are amortized due to the abandonment of certain intangible assets that cease to be used. As a result, the Company recognized accelerated amortization expense for these intangible assets of $1.6 million, $3.9 million and $2.5 million for the years ended December 31, 2025, December 31, 2024, and December 31, 2023, respectively.

Fair Value Measurements

Certain financial instruments are required to be recorded at fair value. Other financial instruments, including cash and cash equivalents, are recorded at cost, which approximates fair value. Additionally, receivables, term deposits, accounts payable, and accrued expenses approximate fair value because of the short-term nature of these financial instruments. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. To increase the comparability of fair value measures, the following hierarchy prioritizes the inputs to valuation methodologies used to measure fair value:

Level 1 — Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 — Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 — Valuations based on unobservable inputs reflecting our own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

We measure the fair value of certain equity securities based on quoted prices in active markets for identical assets or liabilities. Other debt and equity securities are valued either based on recent trades of securities in inactive markets or based on quoted market prices of similar instruments and other significant inputs derived from or corroborated by observable market data.

Fair Value Option

The Company elects to account for debt securities under the fair value option in accordance with ASC 825, Financial Instruments, ("ASC 825"). Under the fair value option, these debt securities are recognized at fair value at inception and change in fair value at each subsequent reporting date is recognized as a component of Other income (loss), net in the Consolidated Statements of Operations and Comprehensive Loss.

Equity Securities without Readily Determinable Fair Value

For equity securities without readily determinable fair value, securities are recorded at cost less impairment, and adjusted for subsequent observable price changes as of the date that an observable transaction takes place. The Company

performs a qualitative assessment on a quarterly basis to determine if any observable price changes have occurred. If the qualitative assessment indicates that an observable price change has occurred for the same or similar security of the issuer, a gain or loss is recorded equal to the difference between the fair value and carrying value in the current period as a component of Other income (loss), net.

Loans

Typically, loans that do not meet the definition of a debt security, are stated at amortized cost, net of allowance for credit losses. We write off loans against the allowance for credit losses when they are deemed to be uncollectible. Refer to *Receivables, net of allowance for credit losses* in Note 1. *Description of Business and Summary of Significant Accounting Policies* for additional information on estimated credit losses for loan receivables.

Accrued interest receivable on loans is recorded in the Consolidated Balance Sheets in Other current assets, net. As of December 31, 2025, and December 31, 2024, accrued interest receivable was $0.7 million and $0.7 million, respectively.

Equity Method Investments

We apply the equity method to account for investments in which we have the ability to exercise significant influence, but not control, over the investee. There is a rebuttable presumption that an investor has significant influence when it owns more than 20% of the common stock of a corporation and more than 3% partnership interest in a partnership. This presumption may be overcome based on specific facts and circumstances that demonstrate the ability to exercise significant influence is restricted. We apply the equity method to investments in common stock. We record the investment at cost and subsequently increase or decrease the carrying amount of the investment by our proportionate share of the net earnings or losses and other comprehensive income of the investee. Basis differences between the cost of an equity method investment and the underlying equity in the intangible assets are amortized over the estimated economic useful life of the underlying intangible asset. We record dividends or other equity distributions as reductions in the carrying value of the investment. If net losses reduce our carrying amount to zero, additional net losses may reduce other investments in the same investee, if they exist. Such additional equity method losses, if any, are based upon the change in our claim on the investee's book value.

Equity method investments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company may estimate the fair value of its equity method investments by considering recent investee equity transactions, discounted cash flow analysis, recent operating results, comparable public company operating cash flow multiples and, in certain situations, balance sheet liquidation values. If the fair value of the investment has dropped below its carrying amount, management considers several factors when determining whether an other-than-temporary decline has occurred, such as the length of the time and the extent to which the estimated fair value or market value has been below the carrying value, the financial condition and the near-term prospects of the investee, the intent and ability of the Company to retain its investment in the investee for a period of time sufficient to allow for any anticipated recovery in market value, and general market conditions. The estimation of fair value and whether an other-than-temporary impairment has occurred requires the application of significant judgment and future results may vary from current assumptions. If declines in the value of the equity method investments are determined to be other-than-temporary, a loss is recorded in earnings in the current period as a component of Loss on equity method investment, net on the Consolidated Statements of Operations and Comprehensive Loss.

Concentrations of Credit Risk

Financial instruments that potentially subject us to significant concentrations of credit risk consist principally of cash, cash equivalents, term deposits, receivables and loan receivables. We maintain cash deposits, cash equivalent balances with several financial institutions. Cash and cash equivalents may be withdrawn or redeemed on demand. We believe that these financial institutions that hold our cash, cash equivalents and term deposits are financially sound and, accordingly, minimal credit risk exists with respect to these balances. We extend credit to our customers, payment gateway companies and borrowers based on an evaluation of their ability to pay amounts due under contractual arrangement and generally do not obtain or require collateral.

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 55.3% and 54.9% of the total receivables balance as of December 31, 2025 and December 31, 2024, respectively. Three borrowers represent 88.9% and 89.0% of the total loan receivables balance as of December 31, 2025 and December 31, 2024, respectively.

There are no individual customers who account for more than 10% of total revenue for the years ended December 31, 2025, December 31, 2024, and December 31, 2023, or 10% or more of its receivables balance as of December 31, 2025 or December 31, 2024.

Business Combinations

We include the results of operations of the businesses that we acquire from the date of acquisition. We determine the fair value of the assets acquired and liabilities assumed based on their estimated fair values as of the respective date of acquisition. The excess purchase price over the fair values of identifiable assets and liabilities is recorded as goodwill. Determining the fair value of assets acquired and liabilities assumed requires management to use significant judgment and estimates including the selection of valuation methodologies, estimates of future revenue and cash flows, discount rates, and selection of comparable companies. Our estimates of fair value are based on assumptions believed to be reasonable, but which are inherently uncertain and unpredictable. As a result, actual results may differ from estimates. During the measurement period, not to exceed one year from the date of acquisition, we may record adjustments to the assets acquired and liabilities assumed, with a corresponding offset to goodwill. At the conclusion of the measurement period, any subsequent adjustments are reflected in the Consolidated Statements of Operations and Comprehensive Loss. When we issue payments or grants of equity to selling stockholders in connection with an acquisition, we evaluate whether the payments or awards are compensatory. This evaluation includes whether cash payments or stock award vesting is contingent on the continued employment of the selling stockholder beyond the acquisition date. If continued employment is required for the cash to be paid or stock awards to vest, the award is treated as compensation for post-acquisition services and is recognized as compensation expense. Transaction costs associated with business combinations are expensed as incurred and are included in General and administrative expenses in our Consolidated Statements of Operations and Comprehensive Loss.

Variable Interest Entity

We determine at the inception of each arrangement whether an entity in which we have made an investment or in which we have other variable interests is considered a variable interest entity ("VIE"). We consolidate a VIE when we are the primary beneficiary (see Note 16. *Related Parties and Variable Interest Entity*). We are the primary beneficiary of a VIE when we have the power to direct activities that most significantly affect the economic performance of the VIE and have the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. If we are not the primary beneficiary in a VIE, we account for the investment or other variable interests in a VIE in accordance with applicable GAAP.

Periodically, we assess whether any changes in our interest or relationship with the entity affect our determination of whether the entity is a VIE and, if so, whether we are the primary beneficiary.

Non-Controlling Interest and Redeemable Non-Controlling Interest in Subsidiary

A non-controlling interest in a consolidated subsidiary represents the portion of the equity in a subsidiary not attributable, directly or indirectly, to the Company. Non-controlling interests are presented as a separate component of equity in the consolidated balance sheets and the presentation of net income is modified to present earnings attributed to controlling and non-controlling interests.

Redeemable non-controlling interests are presented as a component of temporary equity in the mezzanine section of the consolidated balance sheet and the presentation of net income is modified to present earnings attributed to the controlling and redeemable non-controlling interest. The redeemable non-controlling interest is initially recorded at the acquisition date fair value. Subsequently, if it is probable that redeemable non-controlling interest will become redeemable, they are recorded at the higher of (1) the cumulative amount that would result from applying the measurement guidance in ASC 810-10 (i.e., initial carrying amount, increased or decreased for the non-controlling interest's share of net income or loss, OCI or other comprehensive loss, and dividends) or (2) the redemption price. If it is not probable that redeemable

non-controlling interest will become redeemable, they are recorded at the amount based on step (1) and when the redemption becomes probable, the Group recognizes changes in the redemption price immediately.

The Company does not consider the redemption of the redeemable non-controlling interest probable of being redeemable. Accordingly, the redeemable non-controlling interest will not be remeasured until the redeemable non-controlling interest is probable of becoming redeemable. See Note 20. *Redeemable Non-Controlling Interest in Subsidiary* Note 21. *Non-Controlling Interest in Subsidiaries* for more information on the Company's redeemable and nonredeemable non-controlling interests.

Common Control Transactions

Assets and liabilities transferred in common control transactions are recognized at the historical cost of the ultimate parent of the entities under common control. In determining the receiving entity in common control transactions, the entity that first came under control of the ultimate parent is presented as the accounting receiving entity regardless of the legal form of the transaction. Any difference in the amount paid by the receiving entity versus the assets and liabilities transferred at the historical cost of the ultimate parent to the receiving entity is recorded as an adjustment to equity. Business combinations between entities under common control that result in a change in reporting entity are accounted for retrospectively for all periods presented as if the combination had been in effect since the inception of common control. Assets acquisitions between entities under common control are accounted for prospectively. When performing goodwill impairment testing during the period when common control transactions are retrospectively presented, we use the historical reporting unit structures of each of the respective common control entities. The reporting units are reassessed for goodwill impairment testing purposes at the time of the common control transaction to the extent any changes are made to the reporting units as a result of such common control transaction.

Goodwill and Indefinite-Lived Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in a business combination. The Company evaluates goodwill and indefinite-lived intangible assets such as membership and intellectual property rights for impairment annually as of October 1, or earlier if an event or other circumstance indicates that it may not recover the carrying value of the asset. If the Company believes that, as a result of its qualitative assessment, it is more likely than not that the fair value of a reporting unit or other indefinite-lived intangible asset is greater than its carrying amount, a quantitative impairment test is not required.

Reporting units are businesses for which individual financial information is available. If a qualitative assessment indicates that it is more likely than not that the carrying value of a reporting unit goodwill or other indefinite-lived intangible asset exceeds its fair value, a quantitative impairment test is performed. The Company may elect to bypass this qualitative assessment for annual impairment evaluations as of October 1 for some or all of its reporting units and perform a quantitative test. If the carrying amount of the reporting unit exceeds the fair value of the reporting unit, an impairment charge is recorded for the amount by which the carrying amount exceeds the fair value, not to exceed the amount of goodwill recorded for that reporting unit. Application of the goodwill impairment test requires judgment based on market and operational conditions at the time of the evaluation, including management's best estimates of the reporting unit's future business activity and the related estimates and assumptions of future cash flows from the assets that include the associated goodwill.

In determining the fair value of the reporting units, management considers both the income approach and the market approach. Fair value is estimated using a discounted cash flow model (income valuation approach) based on projections of future years' operating results and associated cash flows combined with comparable trading and transaction multiples based on guideline public companies. The calculated estimated fair value of the reporting unit reflects a number of significant management assumptions and estimates including the forecast of revenue growth, terminal growth rates, and discount rates. Changes in these assumptions could materially impact the estimated fair value.

The Company's projections incorporate management's best estimates of the expected future results, which include expectations related to new and retained business and future operating margins. Projected future cash flows are then discounted to present value using a discount rate management believes is commensurate with the risks inherent in the cash flows.

Basic and Diluted Losses per Share

The share numbers are retroactively stated for purposes of calculating weighted average number of shares outstanding for loss per share to reflect the outstanding shares of Wattpad as if the equity structure of the Parent (the accounting acquirer) was stated to reflect the number of shares of Wattpad (the accounting acquiree) issued in the common control transactions. Basic loss per share available to common stockholders is computed by dividing the net loss available to common stockholders by the weighted average number of common stock outstanding for the period. Diluted loss per share is computed using the weighted-average number of shares of common stock and potentially dilutive potential common shares outstanding during the period. The dilutive loss per share impact of the subsidiaries is included in our numerator when calculating loss per share.

Each reporting period, a measurement period adjustment is recorded to adjust the redeemable non-controlling interest to its maximum redemption amount with changes recorded in retained earnings (or Additional paid-in capital if the Company has an accumulated deficit) if such non-controlling interest is probable of being redeemed. Changes to redemption value will be reflected as a corresponding adjustment to the numerator for earnings (loss) per share. As of December 31, 2025, December 31, 2024, and December 31, 2023, no adjustments were made to redemption value or loss per share as the redeemable non-controlling interest was not probable of being redeemed.

Recent Accounting Pronouncements Adopted

In December 2023, the FASB issued ASU 2023-09, Income Taxes - Improvements to Income Tax Disclosures, which requires enhancements and further transparency to certain income tax disclosures, most notably the tax rate reconciliation and income taxes paid. This update is effective for fiscal years beginning after December 15, 2024, on a prospective basis and retrospective application is permitted. The Company adopted ASU 2023-09 prospectively during the year ended December 31, 2025. See Note 12. *Income Taxes*" for more information about the impact of the adoption of ASU 2023-09.

Recent Accounting Pronouncements Yet to Be Adopted

In November 2024, the FASB issued ASU No. 2024-03, Income Statement (Topic 220): Disaggregation of Income Statement Expenses, which requires additional disclosures of certain amounts included in the expense captions presented on the Statement of Operations as well as disclosures about selling expenses. The ASU is effective on a prospective basis, with the option for retrospective application, for annual periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027, and early adoption is permitted. The Company is currently evaluating the impacts of adopting this guidance on its financial statement disclosures.

In July 2025, the FASB issued ASU No. 2025-05, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets, which provides an expedient for measuring expected credit losses on current trade receivables and contract assets by assuming that current conditions remain unchanged over the life of the asset, and for non-public business entities, an accounting policy election to consider subsequent cash collections. The amendments are effective for annual and interim periods beginning after December 15, 2025, with early adoption permitted. We do not expect the adoption of this standard to have a material impact on our Consolidated Financial Statements.

In September 2025, the FASB issued ASU No. 2025-06, Intangibles - Goodwill and Other Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software, which modernizes the accounting for software costs by removing all references to prescriptive and sequential software development stages (referred to as "project stages") throughout Subtopic 350-40. The amendments are effective for annual and interim periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impacts of adopting this guidance on its financial statement disclosures.

Note 2. Revenue

Disaggregation of Revenue

The following table shows revenues disaggregated by revenue stream for the years ended December 31, 2025, December 31, 2024, and December 31, 2023:

	Year Ended December 31,		
	2025	2024	2023
	(in thousands of USD)		
Paid Content	$ 1,087,496	$ 1,083,026	$ 1,028,960
Advertising	164,257	166,087	145,452
IP Adaptations	130,952	99,365	108,336
Total	**$ 1,382,705**	**$ 1,348,478**	**$ 1,282,748**

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 $11.2 million, $10.9 million and $7.5 million of physical book sales through the platform for the years ended December 31, 2025, December 31, 2024, and December 31, 2023, respectively. Advertising revenue represents amounts earned for the display of advertisements on our offerings or product placement within content. IP Adaptations include the internal development of film, streaming series, or other rich media format adaptations commissioned by third party studios or streaming platforms; the license fees generated by sublicensing content to third parties are $13.6 million, $12.9 million and $11.5 million in 2025, 2024 and 2023, respectively; as well as $5.7 million, $15.1 million and $14.0 million of merchandise sales generated through external platforms, IP royalties, and pop-up stores for the years ended December 31, 2025, December 31, 2024, and December 31, 2023, respectively.

The following table shows disaggregation of revenue by geography for the years ended December 31, 2025, December 31, 2024, and December 31, 2023:

	Year Ended December 31,		
	2025	2024	2023
		(in thousands of USD)	
Korea	$ 522,033	$ 517,534	$ 566,368
Japan	681,821	648,247	557,349
Rest of World	178,851	182,697	159,031
Total	**$ 1,382,705**	**$ 1,348,478**	**$ 1,282,748**

Paid Content revenue in the revenue disaggregation by geography above is based on the location of the Company's customers at the time of sign-up as determined by the Company's internal systems utilizing standard geolocation technology.

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 $81.6 million, $70.4 million and $66.3 million in 2025, 2024, and 2023, respectively, that were included within Contract liabilities on the Consolidated Balance Sheets as of the beginning of the respective year.

As of December 31, 2025, December 31, 2024, and December 31, 2023, our remaining performance obligations were $90.0 million, $85.9 million, and $76.7 million, respectively, and we expect to recognize the entire amounts within one year of the respective year-end.

Note 3. Loss per Share

For the years ended December 31, 2025, December 31, 2024, and December 31, 2023, for the purpose of calculating loss per share and as a result of the common control transaction as described in Note 1. *Description of Business and Summary of Significant Accounting Policies* the weighted-average number of shares used in the calculation reflects the outstanding shares of Wattpad as if the equity structure of the Parent (the accounting acquirer) was retroactively stated to reflect the number of shares issued in the Wattpad Transfer.

Basic loss per share is computed using the weighted-average number of outstanding shares of common stock during the period. Diluted 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 RSUs. For the years ended December 31, 2025, December 31, 2024, and December 31, 2023, the Company's Korean subsidiaries and equity method investees each had outstanding stock options that will be settled in each respective subsidiary or equity method investee's common shares. The numerator of the Company's loss per share includes the Parent's proportionate share of the diluted loss per share impact of outstanding subsidiaries and equity method investees' stock options.

The following table sets forth the computation of basic and diluted loss per share for the years ended December 31, 2025, December 31, 2024, and December 31, 2023:

	Year Ended December 31,		
	2025	2024	2023
	(in thousands of USD, except share and per share data)		
Basic loss per share:			
Net loss attributable to WEBTOON Entertainment Inc.	$ (345,927)	$ (143,905)	$ (116,455)
Add: allocation to subsidiary/equity method investee participating security[1]	(207)	123	210
Net loss available to WEBTOON Entertainment Inc.	$ (346,134)	$ (143,782)	$ (116,245)
Shares used in computation:			
Weighted-average common shares outstanding	130,177,475	119,231,997	109,505,150
Basic loss per share	**$ (2.66)**	**$ (1.21)**	**$ (1.06)**
Diluted loss per share:			
Net loss available to WEBTOON Entertainment Inc.	$ (346,134)	$ (143,782)	$ (116,245)
Add: dilutive impact of subsidiary/equity method investee stock options	(8)	(9)	—
Diluted net loss available to WEBTOON Entertainment Inc.	$ (346,142)	$ (143,791)	$ (116,245)
Shares used in computation:			
Weighted-average common shares outstanding	130,177,475	119,231,997	109,505,150
Diluted weighted-average common shares outstanding	130,177,475	119,231,997	109,505,150
Diluted loss per share	**$ (2.66)**	**$ (1.21)**	**$ (1.06)**

1. Represents net loss allocable to Jakga Company Inc. ("Jakga") redeemable convertible preferred stock which is a participating security per ASC 260. Jakga became an equity method investee from a subsidiary when it was deconsolidated on March 28, 2024 (Refer to Note 17. *Disposition and Business Combinations* for additional information for Jakga disposition).

The following potentially dilutive outstanding securities were excluded from the computation of diluted net 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:

	Year Ended December 31,		
	2025	2024	2023
Stock options	10,577,848	10,932,250	10,883,310
Unvested RSUs	3,298,513	2,635,775	509,190
Subsidiary / equity method investee stock options	441,297	332,597	610,897
Total	14,317,658	13,900,622	12,003,397

Note 4. Other Income (Loss), net

The following table summarizes Other income (loss), net for the years ended December 31, 2025, December 31, 2024, and December 31, 2023:

	Year Ended December 31,		
	2025	2024	2023
	(in thousands of USD)		
Gain (loss) on debt and equity securities, net	$ (8,605)	$ 2,263	$ (22,585)
Loss on foreign currency, net	(625)	(2,103)	(7,590)
Retirement benefit (loss), net	(601)	2,807	8,763
Dividend income	—	2,640	—
Other	23	1,689	(1,341)
Loss on disposal of investment in subsidiaries, net	—	(2,713)	(884)
Gain on right of use asset disposal, net	—	1,899	63
Total other income (loss), net	**$ (9,808)**	**$ 6,482**	**$ (23,574)**

Note 5. Balance Sheet Components

Prepaid Expenses and Other Current Assets, net

	As of December 31,	
	2025	2024
	(in thousands of USD)	
Advance payments, net	$ 38,138	$ 47,545
Prepaid expenses	14,635	14,008
Other current assets, net	9,100	6,902
Term deposits	10,774	26,328
Total other current assets, net	**$ 72,647**	**$ 94,783**

Advance payments are primarily comprised of 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. The Company's balance of advance payments due to film

production contracts are $29.0 million and $35.1 million, as of December 31, 2025, and December 31, 2024, respectively. 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 of $10.2 million, $11.5 million ,and $8.0 million during the years ended December 31, 2025, December 31, 2024, and December 31, 2023 respectively.

The advance payments for minimum guarantee are amortized as the 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. The Company charged advance payments to expense due to such determination in the amounts of $0.2 million, $0.2 million, and $1.2 million for the years ended December 31, 2025, December 31, 2024, and December 31, 2023 respectively.

Other current assets, net, consist primarily of inventories, the current portion of leasehold deposits and contract asset. The allowances on short-term loans were immaterial to the Company's consolidated balance sheets as of December 31, 2025, and December 31, 2024, respectively.

Term deposits are bank deposits held by Korean and Japanese subsidiaries of the Company with maturities of less than one year but more than three months. As of December 31, 2025, and December 31, 2024, the term deposit balance of $8.7 million and $8.0 million 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 December 31,	
	2025	2024
	(in thousands of USD)	
Advance payments, net	$ 25,486	$ 29,222
Long-term loans, net	30,890	31,859
Other non-current assets, net	8,818	4,825
Total other non-current assets, net	**$ 65,194**	**$ 65,906**

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 due to film production contracts are $7.3 million and $8.5 million as of December 31, 2025 and December 31, 2024, respectively, and charged long-term advance payments to expense due to such determination in the amounts of $11.9 million, $6.9 million and $4.4 million, for the years ended December 31, 2025, December 31, 2024, and December 31, 2023, respectively. The Company recorded amortization expense of $65.3 million, $36.3 million, and $64.2 million, and impairment loss of $0.7 million, $0.4 million and $0.5 million during the years ended December 31, 2025, and December 31, 2024, and December 31, 2023, respectively, for contracts related to film products.

Accrued Expenses

Accrued expenses as of December 31, 2025, and December 31, 2024, consisted of:

	As of December 31,	
	2025	2024
	(in thousands of USD)	
Accrued royalties	$ 26,126	$ 21,201
Accrued allowances	10,959	8,531
Accrued bonuses	16,070	14,987
Accrued other expenses	13,535	17,490
Total Accrued Expenses	**$ 66,690**	**$ 62,209**

Accrued royalties are liabilities recorded on an accrual basis for amounts to be paid to the content providers by the Company, and Accrued other expenses are liabilities recorded on an accrual basis for marketing and advertising expenses. Accrued allowances and Accrued bonuses are liabilities recorded on an accrual basis for labor expenses.

Note 6. Property and Equipment, net

Property and equipment, net consists of the following:

		As of December 31,	
	Estimated Useful Lives (in years)	2025	2024
		(in thousands of USD)	
Land	Indefinite	$ 110	$ 108
Buildings	40	174	170
Equipment	3-5	13,775	10,457
Leasehold improvements	Lesser of lease term or useful life	3,280	652
Construction in progress		295	82
Property and equipment		**17,634**	**11,469**
Less: Accumulated depreciation		(9,295)	(7,687)
Property and equipment, net		**$ 8,339**	**$ 3,782**

Depreciation expenses on property and equipment were $2.1 million, $3.4 million and $3.8 million for the years ended December 31, 2025, December 31, 2024, and December 31, 2023, respectively and were recorded within General and administrative expenses.

Note 7. Goodwill, net and Intangible Assets, net

Intangible assets, net as of December 31, 2025 and December 31, 2024 consist of the following:

	As of December 31, 2025				
	Estimated Useful Lives (in years)	Gross amount	Accumulated Amortization	Impairment	Carrying amount
		(in thousands of USD)			
Intangible assets with definite lives:					
Brand	15	$ 133,164	$ (36,354)	$ —	$ 96,810
Intellectual property rights	4-14	120,165	(66,481)	(978)	52,706
Software	5	55,120	(47,484)	—	7,636
Trademarks, copyrights, and patents	4.32-15	98	(57)	—	41
Intangible assets with indefinite lives:					—
Intellectual property rights	Indefinite	346	—	—	346
Membership	Indefinite	265	—	—	265
Total intangible assets		**$ 309,158**	**$ (150,376)**	**$ (978)**	**$ 157,804**

	As of December 31, 2024			
	Estimated Useful Lives (in years)	Gross amount	Accumulated Amortization	Carrying amount
		(in thousands of USD)		
Intangible assets with definite lives:				
Brand	15	$ 133,837	$ (27,565)	$ 106,272
Intellectual property rights	4-14	109,552	(50,270)	59,282
Software	5	41,290	(26,576)	14,714
Trademarks, copyrights, and patents	4.32-15	80	(41)	39
Intangible assets with indefinite lives:				
Intellectual property rights	Indefinite	346	—	346
Membership	Indefinite	259	—	259
Total intangible assets		**$ 285,364**	**$ (104,452)**	**$ 180,912**

Intangible assets, other than goodwill, are initially recognized at cost and stated net of accumulated amortization. The amortization expense is recorded in General and administrative expenses or Cost of revenue in our Consolidated Statements of Operations and Comprehensive Loss, depending upon the nature of activities. Brands, software, trademarks, copyrights and patents are amortized on a straight-line basis over their estimated useful lives. Intellectual property rights consist of exclusive rights under contracts, customer relationships, and publishing rights. Intellectual property rights with definite lives are amortized over their economic useful lives or the period over which we have exclusive and unrestricted rights to the content under the contract on a straight-line basis, while intellectual property rights with perpetual exclusive rights are treated as indefinite-lived assets.

Amortization expense for intangible assets for the years ended December 31, 2025, December 31, 2024, and December 31, 2023, was $33.3 million, $36.7 million, and $34.5 million, respectively, which included the accelerated amortization expense for abandoned intellectual property rights of $1.6 million, $3.9 million, and $2.5 million, respectively.

Intangible assets, other than goodwill, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. During the fourth quarter of 2025, based on management's updated cash flow forecasts, management determined that the carrying amount of the Bootcamp video production assets was no longer recoverable as no further revenues or cost recoveries are anticipated from the project. As a result, the Company recognized an impairment charge of $1.0 million for the year ended December 31, 2025, in Impairment losses on goodwill and other intangible assets in the Consolidated Statements of Operations and Comprehensive Loss, representing a full write-off of the remaining carrying balance. There were no impairments of intangible assets, other than goodwill, during the years ended December 31, 2024, or December 31, 2023.

Intangible asset amortization expenses for the following five years are expected to be as follows:

Years Ended December 31,	*(in thousands of USD)*
2026	$ 31,826
2027	17,058
2028	12,982
2029	12,980
2030	12,980
Thereafter	70,346
Total intangible assets, net	**$ 158,172**

The changes in the carrying amount of goodwill for the years ended December 31, 2025, and December 31, 2024 are as follows:

	2025	**2024**
	(in thousands of USD)	
Goodwill at January 1	**$ 761,770**	**$ 843,298**
Less: accumulated impairment losses	(96,495)	(64,122)
Goodwill, net at January 1	**$ 665,275**	**$ 779,176**
Goodwill Activity:		
Acquisition	1,398	—
Foreign currency translation adjustments	5,660	(30,564)
Disposition, net	—	(13,594)
Impairments	(335,508)	(69,743)
Goodwill, net at December 31	**$ 336,825**	**$ 665,275**
Goodwill at December 31	**$ 768,165**	**$ 761,770**
Less: accumulated impairment losses*	(431,340)	(96,495)
Goodwill, net at December 31	**$ 336,825**	**$ 665,275**

(*) Accumulated impairment losses include $437.0 million and $101.4 million of impairment charges for the years ended December 31, 2025, and December 31, 2024, respectively. Additionally, cumulative translation adjustments ("CTA") resulted in a net reversal of $5.6 million and $5.0 million for the year ended December 31, 2025, and December 31, 2024, respectively.

During 2025, the Company acquired a controlling interest in Purple Duck through a business combination achieved in stages, and recognized goodwill of $1.4 million. During 2024, the Company deconsolidated its reporting unit Jakga, which resulted in the Company derecognizing goodwill, net in the amount of $13.6 million, which consisted of goodwill of $44.3 million and accumulated impairment of $30.7 million. (see Note 17. *Disposition and Business Combinations,* for more information on these transactions).

For the years ended December 31, 2025, and December 31, 2024, the Company elected to bypass a qualitative assessment and performed a quantitative assessment to fulfill its annual goodwill impairment testing requirements under U.S. GAAP. The fair value of each reporting unit as of October 1, 2025, and October 1, 2024, respectively, was estimated using a discounted cash flow method with significant Level 3 inputs such as projected future cash flows, discount rate and terminal growth rate. The carrying values were based on each respective reporting unit's net asset balance as of October 1, 2025, and October 1, 2024, respectively, and included directly attributable assets and liabilities, including goodwill.

The Company recognized impairment loss on goodwill for Wattpad, Munpia, Wattpad WEBTOON Studios Corp. ("WWS"), and Purple Duck of $257.2 million, $74.0 million, $2.9 million and $1.4 million respectively, for the year ended December 31, 2025, as the carrying value of each reporting unit exceeded the fair value of the respective reporting unit.

For Wattpad, the impairment charge was primarily driven by a downward revision in projected operating results, which led to a lowered outlook for 2026 and beyond. This adjustment resulted from challenges in the advertising business, where delays in key strategic initiatives, such as the migration to the advertising platform, caused by organizational restructuring in the North American advertising division, along with the loss of sales personnel, led to a shortfall in advertising revenue. Additionally, user metrics declined due to a sustained decrease in Monthly Active Users (MAU) and traffic from prolonged service bans in Russia and Turkey, combined with technical issues affecting search engine functionality, which collectively resulted in lower ad impressions and slower growth in paid content revenue.

For Munpia, while recent standalone operating performance remains stable, the Company recalibrated its long term forecast to reflect a lower than expected realization of synergies from IP expansion. Recent financial analysis indicated that the conversion of webnovels into secondary content and the subsequent increase in distribution revenue were slower than initially anticipated. This structural realignment resulted in a reduction in projected business scale, which in turn increased the discount rate applied in the valuation due to a higher size premium.

For WWS, business strategy shifted from drama and movie production to providing scripts or rights utilizing Webtoon IP to clients, such as drama and movie production companies, leading to a significant reduction in projected future cash flows.

In the case of Purple Duck, lower than expected operating profits and cash flows contributed to the impairment of the reporting unit.

The Company recognized impairment loss on goodwill for Wattpad, Munpia, and WWS of $46.7 million, $20.3 million, and $2.7 million respectively, for the year ended December 31, 2024, as the carrying value of each reporting unit exceeded the fair value of the respective reporting unit. For Wattpad, strategic shifts toward an ad-based revenue model had not yet yielded significant revenue improvement, resulting in delayed profitability enhancement which contributed to the impairment of the reporting unit. For Munpia, structural changes in operations, workforce reduction, and project delays resulted in the underperformance in revenue growth which contributed to the impairment of the reporting unit. In the case of WWS, lower than expected operating profits and cash flows contributed to the impairment of the reporting unit.

The company recognized impairment loss on goodwill for WWS, Munpia, and Jakga of $6.1 million, $25.6 million, and $31.7 million, respectively, for the year ended December 31, 2023, as the carrying value of each reporting unit exceeded the fair value of the respective reporting unit. For WWS, the delay in web-novel video production resulted in lower operating profits and cash flows than expected, leading to the impairment of the reporting unit. As for Munpia, operating profits and cash flows were lower than anticipated due to a delay in realizing synergies and returns from investments in content creation and IP Adaptations which were initiated as a vertical expansion from Munpia's platform business, leading to the impairment of the reporting unit. In the case of Jakga, the postponement of releases for major works led to operating profits and cash flows that were lower than anticipated, leading to the impairment of the reporting unit.

Making estimates requires significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the Consolidated Financial Statements could change in the near term due to one or more future events. Changes in these estimates and assumptions could materially affect the fair value of the reporting units, potentially resulting in a non-cash impairment charge.

Note 8. Leases

The Company engages in leasing arrangements that primarily involve office buildings, some of which are further subleased to third parties or related parties. The Company has not entered into any arrangements that include residual value guarantees for its leases. The Company has extension options for four lease offices, with extension periods ranging from one year to five years; however, since the likelihood of extension is not reasonably certain, it is not reflected in the right-of-use assets and liabilities.

The components of lease expense for the years ended December 31, 2025, December 31, 2024, and December 31, 2023, are as follows:

	Year Ended December 31,		
	2025	2024	2023
	(in thousands of USD)		
Operating lease expense[1]	$ 9,690	$ 10,446	$ 11,965
Short-term lease expense	564	922	653
Total lease expense	**$ 10,254**	**$ 11,368**	**$ 12,618**

1. Includes operating lease expense of $4.3 million, $5.5 million, and $7.2 million related to NAVER for the years ended December 31, 2025, December 31, 2024, and December 31, 2023, respectively. See Note. 16 *"Related Parties and Variable Interest Entity"* for further details.

Lease expense is included within General and administrative expenses of the Consolidated Statements of Operations and Comprehensive Loss.

Supplemental disclosure of cash flow information related to operating leases is as follows:

	As of December 31,		
	2025	2024	2023
	(in thousands of USD)		
Cash paid for amounts included in the measurement of operating lease liabilities	$ 8,062	$ 9,035	$ 10,193
Right-of-use assets obtained in exchange for operating lease liabilities	13,533	15,070	2,806

The following table presents the weighted average remaining lease terms and discount rates as of December 31, 2025 and December 31, 2024:

	As of December 31,	
	2025	2024
Weighted-average remaining lease term	3.24 years	3.56 years
Weighted-average discount rate	3.86%	4.49%

The aggregate future lease payments for operating lease liabilities as of December 31, 2025, are as follows:

Year	*(in thousands of USD)*
2026	$ 10,188
2027	7,148
2028	3,612
2029	3,234
2030	734
Thereafter	691
Total future lease payments	25,607
Less: Imputed interest	(1,935)
Total	**$ 23,672**

The Company subleases a portion of its operating lease right-of-use assets for buildings. Total other income generated from subleases is $0.3 million, $0.3 million, and $0.6 million for the years ended December 31, 2025, December 31, 2024, and December 31, 2023, respectively, and is included within Other income (loss), net of the Consolidated Statements of Operations and Comprehensive Loss.

Note 9. Debt

Revolving Credit Facilities

In October 2025, the Company entered into a new one-year revolving credit facility arrangement with Shinhan Bank Japan. During the year ended December 31, 2025, the Company extended its previous one-year revolving credit facility arrangements with Shinhan Bank, KEB Hana Bank, and Kookmin Bank.

Collectively, the revolving credit facilities provide available credits of $64.0 million and $54.4 million as of December 31, 2025, and December 31, 2024, respectively.

As of December 31, 2025, and December 31, 2024, the Company had not drawn any amounts from these facilities.

Note 10. 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.

Legal Proceedings

The Company is involved in a number of claims pending with various courts, or otherwise unresolved as of December 31, 2025 and December 31, 2024. 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 December 31, 2025, and December 31, 2024. 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 Consolidated Financial Statements for that reporting period.

Securities Litigation

On September 5, 2024, a purported stockholder filed a putative class action lawsuit against the Company, its directors, and the underwriters of 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 the 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 (the "Securities Act"). On October 10, 2024, the court ordered that the defendants are not required to answer or otherwise respond to the complaint, deferring any response until after the court rules on any motion by a purported class member to serve as lead plaintiff. On December 12, 2024, the court appointed a lead plaintiff and lead counsel. On February 3, 2025, the lead plaintiff filed an amended complaint, and on March 4, 2025, the Company, its directors, and the underwriters of the IPO moved to dismiss the amended complaint. On November 14, 2025, the court denied the motion to dismiss. On November 14, 2025, the court issued an order granting in part and deny in part the motion to dismiss. On December 2, 2025, the court issued an amended order granting in part and denying in part the motion to dismiss. On January 9, 2026, the WEBTOON defendants and underwriter defendants filed answers to the operative complaint. The Company intends to defend this case vigorously. At this early state of the proceedings, the Company can neither predict the ultimate outcome of the litigation nor estimate any range of possible losses.

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, and the Section 31D 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 December 9, 2025, by stipulation of the parties, the court ordered the shareholder derivative lawsuit stayed until the court in the putative securities class action holds a scheduling conference and issues a scheduling order. At this early stage of the proceedings, the Company can neither predict the ultimate outcome of the litigation nor estimate any range of possible losses.

Note 11. Stock-Based Compensation

2020 Equity Incentive Plan

In November 2020, the Company's board of directors approved and adopted the 2020 Equity Incentive Plan (the "2020 Plan") that was amended and restated in December 2021 ("First Amendment"), February 2023 ("Second Amendment") and in November 2023 ("Third Amendment"). The 2020 Plan governs the terms for the granting of incentive stock options, non-statutory stock options and RSUs, to employees, consultants, and directors of the Company. The Company granted stock options that vest upon the satisfaction of both service-based and performance-based conditions and stock options that vest upon satisfaction of a service-based condition. In addition, the Company granted RSUs that vest upon the satisfaction of both service-based and performance-based conditions, RSUs that vest upon the satisfaction of either a service-based condition or a performance-based condition and RSUs that vest upon the satisfaction of a service-based condition. For the stock options and RSUs with the performance conditions satisfied upon the completion of the Company's IPO, the Company recorded $48.6 million in stock-based compensation expense in 2024, consisting primarily of a cumulative catch-up adjustment related to such awards based on the full or partial fulfillment of requisite service periods. Unrecognized stock-based compensation expense related to these awards will be recorded over the remaining requisite service period. Under the 2020 Plan, 7,639,440 shares of the Company's common stock reflecting 2024 stock split effect were initially reserved for grant. Options and RSUs under the 2020 Plan that expire or are forfeited, canceled, exchanged or repurchased are returned to the pool of shares of common stock available for issuance under the 2020 Plan. The maximum number of shares of the Company's common stock issuable under the 2020 Plan is 19,288,192 shares. As of December 31, 2025, and December 31, 2024, the Company had 4,652,016 shares and 5,277,764 shares of common stock available for future issuance, respectively.

2024 Omnibus Incentive Plan

In June 2024, the Company's board of directors adopted, and the stockholders approved, the 2024 Omnibus Incentive Plan ("2024 Plan"), which became effective on June 14, 2024. The Company initially reserved 10,950,515 shares of common stock for issuance under the 2024 Plan. Under the 2024 Plan, the number of common shares reserved will be increased by 5% or any such smaller number of shares as determined by the board of directors beginning on January 1, 2025 through January 1, 2034. Shares of the Company's common stock subject to an award under the 2024 Plan shall again be made available for issuance or delivery under the 2024 Plan if such shares are (i) shares delivered, withheld or surrendered in payment of the exercise or purchase price of an award, (ii) shares delivered, withheld, or surrendered to satisfy any tax withholding obligation or (iii) shares subject to a stock-settled award that expires or is canceled, forfeited or terminated without issuance of the full number of shares to which the award related. The 2024 Plan provides for the granting of incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock, restricted stock units, dividend equivalents, other share-based awards, other cash-based awards, substitute awards, and performance awards to employees, consultants, executives, and directors. As of December 31, 2025, and December 31, 2024, the Company had 7,570,494 and 10,818,583 shares, respectively, of common stock available for future issuance under the 2024 Plan.

Stock options

The Company's stock options are granted with exercise prices equal to the estimated fair value of common stock at the date of grant. For stock options that vest only upon the satisfaction of both service and performance-based vesting conditions with cliff vesting at the end of the requisite service period (all of which were granted prior to the completion of the Company's IPO), the Company recognizes stock-based compensation expense over the requisite service period when the performance condition is deemed probable or met. Such pre-IPO options vest on the third anniversary of the grant date, subject to the recipient remaining an employee of the Company and the performance-based condition was satisfied upon the completion of the Company's IPO. Options with only a service-based condition generally vest quarterly over three years from the vesting start date, subject to the recipient remaining an employee of the Company at each vesting date. Stock options issued under the 2020 Plan expire eight years from the grant date. As of December 31, 2025, and December 31, 2024, the total unrecognized compensation expense related to unvested stock options was $4.6 million and

$12.4 million, respectively, and is expected to be recognized over the remaining weighted-average service period of 0.96 years using the straight-line method, net of estimated forfeitures.

The table below summarizes the Company's stock option activity:

(in thousands of USD, except unit price)	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Balance as of January 1, 2024	**10,883,310**	**$ 14.18**	5.8	**$ 75,758**
Granted	241,920	22.45		
Forfeited	(125,490)	16.67		
Exercised	(67,489)	11.05		252
Balance as of December 31, 2024	**10,932,251**	**$ 14.36**	**4.9**	**$ 19,163**
Options vested and expected to vest as of December 31,	10,790,203	14.27	4.3	19,163
Options exercisable as of December 31, 2024	8,381,081	11.45	4.1	19,163
Balance as of January 1, 2025	**10,932,251**	**$ 14.36**	4.9	**$ 19,163**
Granted	—	—		
Forfeited	(241,501)	17.48		56
Exercised	(112,902)	11.75		648
Balance as of December 31, 2025	**10,577,848**	**$ 14.31**	3.7	**$ 14,372**
Options vested and expected to vest as of December 31,	10,558,530	$ 14.30	3.7	14,372
Options exercisable as of December 31, 2025	8,896,348	$ 12.96	3.2	14,372

The fair value of the Company's stock options was estimated using a Black-Scholes option pricing model on the grant date based on the following assumptions:

	2024	2023
Weighted-average expected term	5.5 years	4.9 years
Weighted-average expected volatility	34.60%	34.15%
Expected dividend yield	—	—
Risk-free interest rate	3.85%-4.52%	4.15%-4.62%
Weighted-average grant-date fair value	$9.04	$7.94

All stock options were granted prior to the completion of the Company's IPO. As the Company was privately held prior to its IPO and did not have trading history for the Company's common stock, the expected price volatility for the Company's common stock was estimated by taking the average historical price volatility for industry peers that also served as benchmark references in the Company's common stock valuations. The expected term is the midpoint between the end of the requisite service period and the contractual term of the award. The risk-free interest rate is based on the yields of U.S. Treasury securities with maturities similar to the expected term of the options for each option group. The Company utilized a dividend yield of zero, as it had no history or plan of declaring dividends on its common stock. No options were granted during the year ended December 31, 2025.

Restricted Stock Units

The Company granted (i)under the 2020 Plan RSUs with both a service- and performance-based condition, RSUs that vest upon satisfaction of a service-based condition or a performance-based condition, and RSUs that vest upon a service-based condition and (ii) under the 2024 Plan, RSUs that vest upon a service-based condition. RSUs generally time-

vest over one to four years from the vesting start date, subject to the recipient remaining an employee of the Company at each vesting date. For RSUs subject to a performance-based condition, the performance condition was satisfied upon the completion of the Company's IPO. The RSUs carry dividend-equivalent rights during the vesting period which is accrued over the vesting period if the Company declares any dividends. Dividend equivalents are subject to the same vesting conditions applicable to the underlying RSUs and the dividend-equivalent rights are forfeited in the event the recipient is no longer an employee on the vesting date. The accrued dividend is paid upon vesting of the RSUs. As of December 31, 2025, no dividends were declared.

As of December 31, 2025 and December 31, 2024, the total unrecognized compensation expense related to unvested RSUs was $27.0 million and $28.8 million respectively, and is expected to be recognized over the remaining weighted-average service period of 1.43 years using the straight-line method and graded-vesting methods, as appropriate, net of estimated forfeitures. The total fair value of RSUs vested during the years ended December 31, 2025, and December 31, 2024, was $40.4 million and $6.6 million respectively. No RSUs vested during the year ended December 31, 2023.

The table below summarizes the Company’s RSU activity:

(in USD per unit)	Number of RSUs	Weighted Average Grant-Date Fair Value
Balance as of January 1, 2024	**509,192**	**$ 20.34**
Granted	2,783,197	22.06
Forfeited	(149,769)	22.50
Released	(506,845)	20.53
Balance as of December 31, 2024	2,635,775	$ 22.00
Balance as of January 1, 2025	**2,635,775**	**$ 22.00**
Granted	3,248,089	9.08
Forfeited	(177,535)	10.73
Released	(2,407,816)	16.77
Balance as of December 31, 2025	3,298,513	$ 13.69

A summary of compensation expenses for all stock-based payment arrangements recognized in Cost of revenue, Marketing and General and administrative expense on our Consolidated Statements of Operations and Comprehensive Loss is as follows:

	Year Ended December 31,		
	2025	2024	2023
		(in thousands of USD)	
Cost of revenue	$ 9,472	$ 10,561	$ 1,196
Marketing	1,574	1,575	444
General and administrative expenses	30,861	75,243	6,705
Total	**$ 41,907**	**$ 87,379**	**$ 8,345**

The following table summarizes the Company's Phantom Unit activity for the year ended December 31, 2025:

	Number of Phantom Units	Weighted Average Grant-Date Fair Value
Balance as of January 1, 2025	—	$ —
Granted	557,180	9.04
Forfeited	(21,399)	9.04
Vested	(207,033)	9.04
Balance as of December 31, 2025	**328,748**	**$ 9.04**

As of December 31, 2025, the Company recognized stock-based compensation expense related to the Phantom Units of $4.1 million. Compensation expense for the Phantom Units is based on the fair value of the units as of the balance sheet date, as further discussed in Note 1. *Description of Business and Summary of Significant Accounting Policies*, and such costs are recognized ratably over the service period of the awards. As the fair value of liability awards is required to be re-measured each period end, stock compensation expense amounts recognized in future periods for these awards will vary. The estimated future cash payments of these awards are presented within accrued expenses on the Company's Consolidated Balance Sheets. As of December 31, 2025, the total unrecognized compensation expense related to unvested Phantom Units is $2.1 million and is expected to be recognized over the remaining weighted-average service period of 1.06 years using the straight-line method, net of estimated forfeitures.

Note 12. Income Taxes

The Company is subject to U.S. federal and various state corporate income taxes as well as taxes in foreign jurisdictions where foreign subsidiaries have been established.

Loss before income tax expense for the years ended December 31, 2025, December 31, 2024, and December 31, 2023 is as follows:

	As of December 31,		
	2025	2024	2023
	(in thousands of USD)		
U.S.	$ (9,894)	$ (92,622)	$ (26,780)
Korea	(106,975)	26,166	(10,850)
Other	(272,540)	(82,852)	(95,123)
Loss before income tax expense	**$ (389,409)**	**$ (149,308)**	**$ (132,753)**

The components of income tax expense for the years ended December 31, 2025, December 31, 2024, and December 31, 2023, consist of the following:

	As of December 31,		
	2025	2024	2023
	(in thousands of USD)		
Current income tax expense:			
U.S. Federal	$ 2,810	$ 2,419	$ —
State	(575)	1,025	150
Korea	10,758	23,074	25,881
Other	208	1,790	1,816
Uncertain tax position liability (Korea)	(258)	(169)	(268)
Total current income tax expense	**12,943**	**28,139**	**27,579**
Deferred income tax expense:			
Korea	(4,822)	(5,673)	(13,156)
Other	(24,143)	(18,862)	(2,417)
Total deferred income tax expense	**(28,965)**	**(24,535)**	**(15,573)**
Total income tax expense (benefit)	**$ (16,022)**	**$ 3,604**	**$ 12,006**
Effective tax rate	**4.11%**	**(2.41)%**	**(9.04)%**

On July 4, 2025, the United States enacted tax reform legislation through the One Big Beautiful Bill Act (the "Act"), with certain provisions of the Act effective in 2025 and other provisions becoming effective in 2026 and beyond. The provisions of the Act effective in 2025 were not material and have been reflected in our results, as applicable.

The reconciliation from the statutory federal income tax rate to our effective income tax rate, applying ASU 2023-09 prospectively, for the year ended December 31, 2025 is as follows:

	2025	%
	(in thousands of USD)	
Provision computed at federal statutory rate	$ (81,776)	21.0 %
State income taxes, net of federal effect *	188	— %
Foreign tax effects		
Korea		
Difference in foreign tax rates	(816)	0.2 %
Non-deductible stock compensation	5,374	(1.4) %
Foreign tax	(1,701)	0.4 %
Impairment of goodwill[5]	15,809	(4.1) %
Others	1,201	(0.3) %
Japan		
Difference in foreign tax rates	1,853	(0.5) %
Non-deductible stock compensation	1,548	(0.4) %
Change in valuation allowance	(8,425)	2.2 %
Withholding tax[7]	8,533	(2.2) %
Others	717	(0.2) %
Canada		
Difference in foreign tax rates	(1,145)	0.3 %
Change in valuation allowance	(17,059)	4.4 %
Impairment of goodwill[5]	54,622	(14.0) %
Others	1,189	(0.3) %
Effect of changes in tax laws or rates enacted in the current period	—	— %
Effect of cross-border tax laws		
Disavowed Deduction Addback[3]	13,755	(3.5) %
Global Intangible Low Taxed Income[4]	2,195	(0.6) %
Branch (loss)/income[1]	(14,736)	3.8 %
Investments in affiliates	8,169	(2.1) %
Tax credits		
Foreign tax credits[1]	(6,031)	1.5 %
Changes in valuation allowances		
Change in valuation allowance	(363)	0.1 %
Nontaxable or nondeductible items		
Disallowed Deduction of Covered Employees Compensation[2]	1,461	(0.4) %
Other	(324)	0.1 %
Changes in unrecognized tax benefits		
Uncertain tax positions liability	(258)	0.1 %
Income tax expense (benefit)	**$ (16,022)**	**4.1 %**

*The state that contributes to the majority (greater than 50%) of the tax effect in this category is California for 2025.

The reconciliation from the statutory federal income tax rate to our effective income tax rate, applying ASC 740 prior to the adoption of ASU 2023-09 for the years ended December 31, 2024 and December 31, 2023 is as follows:

	2024	2023
	(in thousands of USD)	
Provision computed at federal statutory rate	$ (31,355)	$ (27,878)
State income taxes, net of federal effect	1,006	150
Difference in foreign tax rates	1,406	(6,317)
Permanent differences:		
Foreign tax	(1,681)	(1,145)
Branch (loss) income[1]	(16,834)	(13,987)
Non-deductible interest expense	489	1,038
Non-deductible stock compensation	6,500	1
Disallowed deduction of covered employee compensation[2]	15,680	—
Disavowed deduction addback[3]	10,290	—
Global intangible low taxed income[4]	3,899	—
Investment in subsidiaries	3,993	1,784
Impairment of goodwill[5]	13,618	13,317
Disposition of LOCUS[6]	—	5,355
Other permanent differences	1,105	850
Other tax credits	(534)	(47)
Withholding tax[7]	7,969	5,479
Foreign currency translation adjustments on deferred tax	7,734	699
Taxation on foreign currency translation gains or losses[8]	(13,256)	—
Change in valuation allowance	(7,198)	26,465
Uncertain tax positions liability	(169)	(268)
Tax audit payment[9]	—	7,044
Other	942	(534)
Income tax expense	**$ 3,604**	**$ 12,006**

1. For the years ended December 31, 2025, December 31, 2024 and December 31, 2023, a permanent difference of $(14.7) million, $(16.8) million and $(14.0) million, respectively, were included as branch (loss)/income. The branch loss of $14.7 million for the year ended December 31, 2025, represents the tax effect on $70.2 million of accounting loss and $6.0 million of foreign tax credits generated by NAVER WEBTOON. The branch loss of $16.8 million for the year ended December 31, 2024, represents the tax effect on $20.7 million of accounting income and $21.2 million of foreign tax credits generated by NAVER WEBTOON. The branch loss of $14.0 million for the year ended December 31, 2023, represents the tax effect on $4.6 million of accounting loss and $13.0 million of foreign tax credits generated by NAVER WEBTOON. The foreign tax credits include income taxes paid in Korea and withholding taxes paid in various countries by NAVER WEBTOON, which are adjusted for the effect of changes in foreign tax credits in connection with the future reversal of the deferred taxes recorded under the Korean tax laws.

2. Internal Revenue Code ("IRC") Section 162(m) limits the deductible compensation paid to covered employees of publicly traded companies, which includes the CEO and CFO, to $1 million per covered employee per year. The Company has disallowed total cash and equity compensation of $7.0 million for the year ended December 31, 2025. The Company has disallowed total cash and equity compensation of $74.7 million for the year ended December 31, 2024.

3. IRC Section 59A levies a tax on certain qualifying large corporations that have deductions with respect to amounts paid or accrued to foreign related parties that are 3% or more of their total deductions ("base erosion percentage"). A taxpayer may elect to waive such deductions to reduce their base erosion percentage below the 3% threshold. For the year ended December 31, 2025, the Company has waived approximately $65.5 million of deductions. For the year ended December 31, 2024, the Company has waived approximately $49.0 million of deductions.

4. IRC Section 951A requires a U.S. taxpayer to include income from its Controlled Foreign Corporations ("CFCs") as Global Intangible Low Tax Income ("GILTI") in computing U.S. taxable income. The section allows for a special deduction up to 50% of the income inclusion. The Company has GILTI inclusion of $10.5 million net of deductions for the year ended December 31, 2025. The Company has GILTI inclusion of $18.6 million net of deductions for the year ended December 31, 2024.

5. The Company recognized impairment loss on goodwill of $257.2 million, $74.0 million, $2.9 million, and $1.4 million for Wattpad, Munpia, WWS and Purple Duck, respectively, for the year ended December 31, 2025. In 2025, the impairment loss was recognized as the carrying value of each reporting unit exceeded the fair value of the respective reporting unit. None of the goodwill generated from business combinations structured as a

sale/purchase of stock was tax deductible and thus, the impairment of goodwill for book purpose for Wattpad, Munpia, WWS, and Purple Duck have been added back as permanent difference.

The Company recognized impairment loss on goodwill for Wattpad, Munpia, and WWS of $46.7 million, $20.3 million, and $2.7 million respectively, for the year ended December 31, 2024. The Company recognized impairment loss on goodwill for WWS, Munpia, and Jakga of $6.1 million, $25.6 million, and $31.7 million, respectively, for the year ended December 31, 2023. The impairment loss was recognized as the carrying value of each reporting unit exceeded the fair value of the respective reporting unit. None of the goodwill generated from business combinations structured as a sale/purchase of stock was tax deductible and thus, the impairment of goodwill for book purpose for Wattpad, WWS, Munpia, and Jakga has been added back as permanent difference.

6. On June 27, 2023, the Company sold part of its voting interest in LOCUS, decreasing its ownership to 39.2%. This resulted in the deconsolidation of LOCUS and its subsidiaries. $5.4 million of net DTA of LOCUS was removed upon deconsolidation. Since LOCUS had recorded a full valuation allowance, there was a change in the valuation allowance of $(5.4) million upon deconsolidation and no tax expense or benefit was recognized upon deconsolidation.
7. NAVER WEBTOON has received royalty income from various foreign entities and has paid withholding taxes on such income.
8. On December 11, 2024, the US Treasury and IRS released final regulations under IRC Section 987 and related rules, which are effective on December 10, 2024, and generally apply to taxable years beginning after December 31, 2024. For the year-ended December 31, 2024, NAVER WEBTOON is the only Section 987 qualified business unit (“QBU”) of the Company whose functional currency is non-USD. The Company has calculated pre-transition loss of $63.1 million based on the rules prescribed in the final regulations.
9. In December 2022, the Korean National Tax Service (“KNTS”) initiated a regular tax audit for NAVER WEBTOON covering tax years 2020 and 2021. The tax assessment primarily relates to the disallowance of losses on a disposition of the Parent’s shares in 2020. The assessment also includes a deemed distribution from a disproportionate capital increase of its investment in an affiliate and the disallowance of research and development credits. NAVER WEBTOON did not appeal the assessment result and settled the tax payment in May 2023.

Deferred tax assets (liabilities) as of December 31, 2025, and December 31, 2024, consist of the following:

	2025	2024
	(in thousands of USD)	
Deferred tax assets:		
Stock compensation	$ 6,252	$ 4,991
Accrued expenses	10,313	9,701
Operating lease liabilities	8,073	5,253
Property and equipment	4,754	47
Intangible assets	4,388	7,565
Foreign currency translation	1,705	—
Valuation of investment	11,641	9,307
Provision for retirement benefits	6,285	6,437
Bad debt allowance	5,455	3,266
Unearned revenue	14,309	10,792
Taxation on foreign currency translation gains or losses	11,975	13,830
Capitalization of specified research	10,942	7,392
Net operating loss carry-forwards	53,036	62,360
Tax credits	13,245	24,940
Others	1,931	662
Subtotal deferred tax assets	164,304	166,543
Less: Valuation allowance	(100,833)	(125,648)
Total deferred tax assets	**$ 63,471**	**$ 40,895**
Deferred tax liabilities:		
Operating lease right -of-use assets	(6,406)	(4,459)
Foreign currency translation	—	(1,805)
Deferred gain on restructuring	—	(322)
Intangible assets	(40,520)	(46,988)
Total deferred tax liabilities	**(46,926)**	**(53,574)**
Net deferred tax assets (liabilities)	**$ 16,545**	**$ (12,679)**

Cash paid for income taxes, net of refunds received, by jurisdiction for the year ended December 31, 2025, is as follows (in thousands):

	As of December 31, 2025
	(in thousands of USD)
Federal	4,305
State	577
Foreign	
Korea	10,176
Japan	9,644
Cash Paid for income taxes, net of refunds received	**$ 24,702**

The amount of cash income taxes paid by the Company during the years ended December 31, 2024, and December 31, 2023, was $25,675 and $26,644, respectively.

Changes in the valuation allowance for deferred tax assets for the years ended December 31, 2025, December 31, 2024 and December 31, 2023 are as follows:

	2025	2024	2023
		(in thousands of USD)	
Beginning balance	**$ 125,648**	**$ 131,524**	**$ 105,345**
Disposition of LOCUS	—	—	(5,355)
Changes to existing valuation allowances	(25,473)	5,167	32,246
Valuation allowance release	—	(16,987)	—
Taxation on foreign currency translation gains or losses	—	13,830	—
Translation adjustments	650	(7,886)	(712)
Rate Change	8	—	—
Valuation allowance, balance at the ending	**$ 100,833**	**$ 125,648**	**$ 131,524**

As of December 31, 2025, December 31, 2024, and December 31, 2023, the Company recorded a valuation allowance of $100.8 million, $125.6 million and $131.5 million, respectively, on its deferred tax assets related to temporary differences, taxation on foreign currency translation gains or losses, NOL carry-forwards and foreign tax credits. The changes to existing valuation allowances for the year ended December 31, 2025 were primarily attributable to the utilization of foreign tax credits and net operating losses.

The changes to existing valuation allowances for the year ended December 31, 2024 were primarily attributable to the release of valuation allowance due to the LDF-eBIJ merger.

The changes to existing valuation allowances for the year ended December 31, 2023 were primarily attributable to the increase in outside basis differences of investments at the Company level and NOLs incurred by the Canadian and Japanese subsidiaries for which the Company has recorded a full valuation allowance and a valuation allowance release of $5.4 million from the deconsolidation of LOCUS.

The Company makes an ongoing assessment of our deferred tax assets for recoverability considering historical profitability, projected future taxable income, the expected timing of the reversals of existing temporary differences, expiration of foreign tax credit and NOL carry-forwards and tax planning strategies. The Company will continue to evaluate the ability to realize our net deferred tax assets on an ongoing basis to identify whether any significant changes in circumstances or assumptions have occurred that could materially affect the ability to realize deferred tax assets.

Net operating loss carryforwards as of December 31, 2025 and December 31, 2024 follows:

	2025	2024
	(in thousands of USD)	
Net operating loss carry-forwards	$ 182,722	$ 208,021

As of December 31, 2025, the Company had $182.7 million of NOL carry-forwards, which $17.9 million, $76.5 million and $88.3 million are associated with the Company’s Korean, Japanese and Canadian subsidiaries, respectively. NOLs from our Japanese subsidiary begin to expire from 2032 through 2034 and NOLs from Canadian subsidiaries begin to expire from 2039 through 2045. The remaining NOLs related its Korean subsidiaries which expire at various years from 2036 through 2041. The Company has U.S. foreign tax credit carry-forwards of approximately $27.8 million as of December 31, 2025, which begin to expire from 2032 through 2034.

As of December 31, 2024, the Company had $208.0 million of NOL carry-forwards available to offset future taxable income, of which $18.8 million, $103.4 million and $85.4 million are associated with the Company’s Korean, Japanese and Canadian subsidiaries, respectively.

The material filing jurisdictions are the U.S. and Korea. The Company and its subsidiaries are subject to examinations by tax authorities of these jurisdictions for all open tax years. The open tax years for the company's major tax jurisdictions are 2022 through 2025 for the U.S. and 2020 through 2025 for Korea.

The Company is currently under examination by local taxing authorities in the United States and in Canada. The Company has not identified additional uncertain tax positions during the audits. We continue to monitor the progress of ongoing discussions with tax authorities.

Note 13. Retirement Benefits

Defined severance benefits

Changes in Defined severance benefits are as follows:

	2025	2024
	(in thousands of USD)	
Beginning balance, January 1	**$ 23,031**	**$ 24,316**
Current service costs	4,983	6,532
Interest expense	1,081	1,279
Actuarial gain	(480)	(4,086)
Payments from plans	(1,955)	(1,026)
Transfer in/(out)	(863)	70
Cumulative effects of foreign currency translation	467	(4,054)
Ending balance, December 31	**$ 26,264**	**$ 23,031**
Current	$ 1,195	$ 1,001
Non-current	$ 25,069	$ 22,030

There were no changes to plan assets during the years ended December 31, 2025, and December 31, 2024.

Our provision for retirement benefits is as follows:

	As of December 31,	
	2025	2024
	(in thousands of USD)	
Defined benefit liabilities	$ 26,264	$ 23,031
Plan assets	—	—
Provision for Defined severance benefits	**$ 26,264**	**$ 23,031**

Net periodic cost (income) consists of the following:

	As of December 31,		
	2025	2024	2023
	(in thousands of USD)		
Current service costs	$ 4,983	$ 6,532	$ 8,026
Interest expense	1,081	1,279	1,509
Actuarial gain	(480)	(4,086)	(10,272)
Net periodic benefit cost (income)	**$ 5,584**	**$ 3,725**	**$ (737)**

The principal actuarial assumptions used to determine defined severance benefits were as follows:

	As of December 31,					
	2025			2024		
Discount rates	3.75%	—	5.35%	3.71%	—	4.74%
Salary growth rates	3.67%	—	8.12%	4.00%	—	9.63%

The principal actuarial assumptions used to determine the net periodic benefit cost (income) were as follows:

	As of December 31,					
	2025			2024		
Discount rates	3.71%	—	4.74%	4.81%	—	5.95%
Salary growth rates	4.00%	—	9.63%	5.00%	—	10.31%

The expected maturity analysis of undiscounted defined severance benefits as of December 31, 2025 is as follows:

	Defined severance benefits
	(in thousands of USD)
Less than 1 year	$ 1,360
Between 1 - 2 years	1,644
Between 2 - 5 years	5,425
Over 5 years	276,596
Total	**$ 285,025**

Defined severance contribution

During the years ended December 31, 2025, December 31, 2024, and December 31, 2023, we recognized expense of $2.3 million, $2.7 million and $2.3 million, respectively.

Note 14. 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 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 Consolidated Statements of Operations and Comprehensive Loss as total sales and the 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:

	Year Ended December 31,		
	2025	2024	2023
	(in thousands of USD)		
Revenue	$ 1,382,705	$ 1,348,478	$ 1,282,748
Less:			
Cost of revenue	1,060,524	1,009,410	987,258
Marketing	126,149	107,783	121,086
General and administrative expenses - labor related	104,211	129,705	94,397
General and administrative expenses - non-labor related	155,332	202,279	116,365
Interest income	(19,170)	(15,820)	(3,009)
Interest expense	56	45	79
Loss (gain) on equity method investment, net	(1,282)	1,123	12,339
Impairment losses on goodwill and other intangible assets	336,486	69,743	63,412
Other loss (income), net	9,808	(6,482)	23,574
Income tax expense (benefit)	(16,022)	3,604	12,006
Net Loss	$ (373,387)	$ (152,912)	$ (144,759)
The following non-cash expense items are also included in the measure of segment profit or loss reviewed by the CODM:			
Stock-based compensation	37,798	$ 87,379	$ 8,345
Depreciation and amortization	35,431	$ 40,074	$ 38,359

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, are located as follows:

	As of December 31,	
	2025	2024
	(in thousands of USD)	
Korea	$ 14,131	$ 17,465
Japan	15,620	182
Rest of World	2,294	2,784
Total long-lived tangible assets and operating lease right-of-use assets	**$ 32,045**	**$ 20,431**

Note 15. 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. Note 1. *Description of Business and Summary of Significant Accounting Policies* should be read in conjunction with the information outlined below.

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 December 31, 2025, and December 31, 2024. 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 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**			

Level 3 Instruments	Amount	Valuation Techniques	Significant Unobservable Inputs	Range of Significant Unobservable Inputs
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Debt Securities				
Redeemable Convertible Preferred Stock	$ 48,142	Option Pricing model	Discount rate	9.01%-21.94%
			Volatility	41.60%-66.30%
Total	**$ 48,142**			
Equity Securities				
Redeemable Convertible Preferred Stock	$ 15,000	Measurement alternative		
Contribution to investment fund	506	Measurement alternative		
Private equity securities	51	Measurement alternative		
Convertible Preferred Stock	5,477	Option Pricing model	Discount rate	3.00%-16.71%
			Volatility	44.96%-50.60%
Simple Agreement For Future Equity (SAFE)	1,000	Measurement alternative		
Total	**$ 22,034**			

As noted above, the binomial optional pricing model was used in the determination of fair value of Level 3 assets as of December 31, 2025, and December 31, 2024. 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 following tables present a summary of the Company's assets categorized within the fair value hierarchy, or accounted for under the measurement alternative, as of December 31, 2025, and December 31, 2024:

	As of December 31, 2025 (in thousands of USD)			
	Level 1	Level 2	Level 3	Total
Equity Securities	$ —	$ —	$ 23,645	$ 23,645
Debt Securities	—	—	46,024	46,024
Total	**$ —**	**$ —**	**$ 69,669**	**$ 69,669**

	As of December 31, 2024 (in thousands of USD)			
	Level 1	Level 2	Level 3	Total
Equity Securities	$ 2	$ —	$ 22,034	$ 22,036
Debt Securities	—	—	48,142	48,142
Total	**$ 2**	**$ —**	**$ 70,176**	**$ 70,178**

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

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.

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 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 year ended December 31, 2025, 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 year ended December 31, 2025, and December 31, 2024.

	2025	2024
	(in thousands of USD)	
Beginning balance, January 1	$ 16,557	$ 16,431
Purchases	844	1,000
Disposition and Other	—	(773)
Net unrealized gain (loss)	—	—
Currency translation differences	(24)	(101)
Ending balance, December 31	**$ 17,377**	**$ 16,557**

The below tables present a summary of changes in fair value of Level 1 and Level 3 assets by investment type (in thousands of USD):

	Year Ended December 31, 2025			
	Level 1	Level 3		Total
	Equity Securities	Equity Securities	Debt Securities	Debt & Equity Securities
Beginning balance, January 1	**$ 2**	**$ 22,034**	**$ 48,142**	**$ 70,178**
Purchases	—	846	5,955	6,801
Net unrealized gain (loss)	(2)	649	(9,252)	(8,605)
Currency translation differences	—	117	1,178	1,295
Ending balance, December 31	**$ —**	**$ 23,646**	**$ 46,023**	**$ 69,669**

	Year Ended December 31, 2024			
	Level 1	Level 3		Total
	Equity Securities	Equity Securities	Debt Securities	Debt & Equity Securities
Beginning balance, January 1	**$ 16,109**	**$ 26,847**	**$ 48,277**	**$ 91,233**
Purchases	—	1,000	—	1,000
Consolidation inclusion	—	(776)	6,522	5,746
Net unrealized gain (loss)	3,351	(949)	(81)	2,321
Sales and settlement	—	(2,713)	(19)	(2,732)
Reclassification[1]	(18,702)	—	—	(18,702)
Currency translation differences	(756)	(1,375)	(6,557)	(8,688)
Ending balance, December 31	**$ 2**	**$ 22,034**	**$ 48,142**	**$ 70,178**

[1]Relates to reclassification of Celsys, which was an equity security as of December 31, 2023, and became an equity method investee as the Company acquired the right to appoint directors during 2024.

Note 16. Related Parties and Variable Interest Entity

The Company's Related Parties

NAVER and LY Corporation ("LY", and 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 years ended December 31, 2025 and December 31, 2024, the Company provided advertising services to NAVER group companies and LY giving rise to related party receivables as of December 31, 2025 and December 31, 2024. Additionally, during the years ended December 31, 2025 and December 31, 2024, the Company received brand-usage and outsourcing services from NAVER and LY, which resulted in the Company recognizing related party payables as of December 31, 2025 and December 31, 2024.

During the year ended December 31, 2025, and December 31, 2024, the Company received payment gateway services from NAVER group companies and LY group companies, which resulted in the Company recognizing related party receivables as of December 31, 2025, and December 31, 2024. During the year ended December 31, 2025, and December 31, 2024, the Company published content provided by various content providers over which the Company exercised significant influence and are considered as related parties. The Company recognized cost of revenue, other assets and accounts payable as of December 31, 2025, and December 31, 2024.

In March 2022, the Company started leasing office space from NAVER. Operating lease expenses from the lease were $4.3 million, $5.5 million and $7.2 million during the years ended December 31, 2025, December 31, 2024 and December 31, 2023, respectively, with related lease obligations of $10.6 million and $13.0 million as of December 31, 2025 and December 31, 2024, respectively. The Company paid a rental security deposit of $2.4 million related to a new office during the year ended December 31, 2024. The Company also subleases part of its office space to other related parties and the total other income generated from subleases was $0.2 million and $0.3 million for the years ended December 31, 2025 and December 31, 2024, respectively.

In February 2023, the Company issued a one-year loan to its related party, NAVER WEBTOON Company Corporation, for $11.6 million with a fixed interest rate of 5.26%. In February 2024 the loan was extended for an additional one-year with a fixed interest rate of 4.6%. In February 2025, the loan was once again extended for an additional year.

The Company awarded a non-employee director with 2,832,270 stock options in exchange for non-director services in November 2020. The options contained a performance-based condition which was satisfied upon the completion of the Company's IPO. The Company recorded the transaction as a dividend of $16.6 million and a reduction in additional paid-in capital as the director is employed by NAVER (See Note 1. Description of Business and Summary of Significant Accounting Policies for the treatment of stock-based awards issued to employees of NAVER).

On September 1, 2024, the merger between LDF and eBIJ became effective, following approval by the Company's Board of Directors on March 27, 2024. Under the applicable corporate laws of Japan, eBIJ was merged into LDF through an absorption-type merger, with LDF as the surviving entity. Prior to this, eBIJ had been receiving reimbursements from Yahoo for certain costs and expenses incurred under its platform service agreement. The reimbursed amounts primarily related to platform service fees, marketing-related expenses, and other outsourcing fees. However, in the fourth quarter of 2023, Yahoo merged with Line, forming LY, resulting in these transactions being classified as related party transactions for financial reporting purposes. Following the merger of LDF and eBIJ in September 2024, the recipient of these reimbursements transitioned from eBIJ to LDF. For the years ended December 31, 2025, and December 31, 2024, LDF received total gross reimbursements of $20.0 million and $24.0 million, respectively, which is deducting $2.7 million and $11.0 million for cost of revenue, $11.8 million and $10.3 million for marketing, and $5.5 million and $2.7 million for general and administrative expenses, respectively.

Variable Interest Entity

In August 2023, WWS, the Company's wholly-owned subsidiary, entered into a Limited Partnership Agreement with NWMC, a wholly-owned subsidiary of NAVER and a sister company of WEBTOON, to establish Bootcamp Limited Partnership ("Bootcamp") pursuant to *Limited Partnerships Act* of the Province of Ontario, Canada. Bootcamp distributes a film produced by GPM Boot Productions Inc. which is a film adaptation of a web-novel titled *Boot Camp* published on our platform.

WWS is the general partner ("GP") of Bootcamp and manages as well as makes all operating decisions over Bootcamp and receives a 1.0% variable interest management fee based on contributed capital. NWMC is the sole limited partner ("LP") and has no unilateral participating or kick-out rights over the GP. Bootcamp is a VIE over which WWS is the primary beneficiary because the LP with the equity at risk is not able to exercise substantive kick-out rights or participating rights and WWS has the obligation to absorb losses and right to receive benefits that could potentially be significant to Bootcamp. Accordingly, we consolidated Bootcamp into the Consolidated Financial Statements.

Related Party Transactions and Balances

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

	Year Ended December 31,		
	2025	2024	2023
	(in thousands of USD)		
Revenue generated	$ 74,297	$ 72,228	$ 78,698
Cost of revenue incurred[1]	111,254	96,498	22,412
Marketing expenses incurred (cost reimbursed)[1]	(9,339)	(7,691)	203
General and administrative expenses incurred[1]	31,249	32,478	30,945
Other income, net	1,687	3,592	4,761
NW Media Loan repaid	—	(3,638)	—
Loan receivable provided	—	—	11,633
Loan receivable received	(783)	(204)	—

1. 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 December 31, 2025 and December 31, 2024:

	As of December 31,	
	2025	2024
	(in thousands of USD)	
Due from related parties		
Receivables	$ 55,156	$ 59,495
Other current assets	4,730	9,258
Other non-current assets	5,496	3,569
Loan receivables	28,417	28,503
Due to related parties		
Current portion of operating lease liabilities	5,221	3,506
Long-term operating lease liabilities	5,371	9,519
Accounts payables	18,765	17,173
Accrued expenses	6,849	5,562
Other	—	3

Note 17. Disposition and Business Combinations

Jakga

On March 28, 2024, the Company entered into a stock transfer agreement with a third party (the "Buyer"), pursuant to which the Buyer agreed to acquire 0.3% of Jakga voting interests from the Company. The Company completed the sale for consideration of $0.1 million in cash. On the same day, Jakga entered into a share investment agreement with another third party, pursuant to which Jakga issued new shares of redeemable convertible preferred stock representing 3.5% of the voting equity interest of Jakga. Following the completion of the stock transfer agreement and the share investment agreement, the Company entered into a shareholder's agreement to forgo its ability to appoint a member on Jakga's board of directors to divest Jakga. The stock transfer agreement, share investment agreement, and shareholder's agreement (collectively, the "Jakga Transactions") resulted in a dilution of the Company's ownership to 49.2% and losing controlling financial interest in Jakga. The Company deconsolidated Jakga on March 28, 2024 and accounted for the retained common stock as an equity method investment and the retained redeemable convertible preferred stock as a debt security (see additional details related to the redeemable preferred stock in Note 15. *Fair Value Measurements*). Jakga became a related party of the Company after the deconsolidation. As of the disposition date, the retained common stock and redeemable convertible preferred stock in Jakga were measured at fair value using a discounted cash flow model applying a discount rate of 15.1% and a terminal growth rate of 1.0% incorporating historical financial information, business plans of Jakga, and market outlook information. The Company recorded a $2.5 million loss on disposition of Jakga in Other income (loss), net in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss) for the year ended December 31, 2024. The loss includes the accounting for assets sold, liabilities transferred upon sale and the loss of $2.1 million relating to the remeasurement of the retained interest in Jakga.

The Company has accounted for the transaction as follows (in thousands of USD):

Cash consideration received	$	149
Fair value of retained common stock of Jakga by the Company		3,075
Fair value of retained redeemable convertible preferred stock of Jakga by the Company		6,432
Carrying value of non-controlling interest in Jakga held by other than the Company		3,861
Carrying amount of net assets of Jakga including goodwill, identified intangibles and deferred tax liabilities		(15,998)
Loss on disposal of Jakga	**$**	**(2,481)**

LOCUS

On June 2, 2023, the Company entered into stock transfer agreements with two unrelated parties, (the "Buyers") pursuant to which the Buyers agreed to collectively acquire 14.4% of LOCUS voting interests from the Company. On June 27, 2023, the Company completed the sale for an aggregate consideration of $5.0 million in cash. As a result of the sale, the voting interest of LOCUS held by the Company decreased from 53.6% to 39.2% and the Company no longer held a controlling financial interest in LOCUS, and deconsolidated LOCUS and its subsidiaries on June 27, 2023 and recognized the retained non-controlling interest in LOCUS as an equity method investment. LOCUS and its subsidiaries became related parties of the Company after the deconsolidation.

As of the disposition date, the retained interest in LOCUS was measured at fair value using a discounted cash flow model applying a discount rate of 16.0% and a terminal growth rate of 1.0% incorporating historical financial information, business plans of LOCUS and its subsidiaries, and market outlook information. The Company recorded a $0.8 million loss on sale of the 14.4% of the voting interests of LOCUS in Other income (loss), net in the Company's Consolidated Statements of Operations and Comprehensive Loss for the year ended December 31, 2023. The loss includes the accounting for assets sold, liabilities transferred upon sale and the gain of $0.6 million relating to the remeasurement of the retained interest in LOCUS.

The Company has accounted for the transaction as follows (in thousands of USD):

Cash consideration received	$	4,951
Retained non-controlling interest in LOCUS by the Company at fair value		13,436
Carrying amount of non-controlling interest in LOCUS held by other than the Company		11,132
Carrying amount of net assets of LOCUS including goodwill, identified intangibles and deferred tax liabilities		(30,302)
Loss on sale of LOCUS	**$**	**(783)**

Note 18. 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. Equity method investments as of December 31, 2025, and December 31, 2024, are as follows:

	As of December 31,	
	2025	2024
	(in thousands of USD)	
Equity method investments in affiliates	$ 78,038	$ 75,708
Joint venture	2,402	2,960
Total	**$ 80,440**	**$ 78,668**

The Company's proportionate share of net income (loss) resulting from these investments is reported under the line item captioned Loss on equity method investments, net in our Consolidated Statements of Operations and Comprehensive Loss. The following tables summarize revenues for the years ended December 31, 2025, December 31, 2024, and December 31, 2023:

	2025	2024	2023
		(in thousands of USD)	
Equity method investments in affiliates	$ 1,901	$ (342)	$ (11,887)
Joint venture	(619)	(781)	(452)
Total	**$ 1,282**	**$ (1,123)**	**$ (12,339)**

The carrying value of our equity method investments is reported under the line item captioned Equity method investments in the Consolidated Balance Sheets. The following table summarizes the change in the balance of the Company's equity method investment:

	2025	2024
	(in thousands of USD)	
Balance at January 1	**$ 78,668**	**$ 64,222**
Additions	—	9,068
Disposals	—	(5,938)
Other than temporary impairment losses	(953)	(3,566)
Valuation gain, net	2,236	2,443
Reclassification[1]	(1,134)	21,820
Share of other comprehensive income	896	(94)
Dividends	(725)	—
Currency translation differences	1,452	(9,287)
Balance at December 31	**$ 80,440**	**$ 78,668**

[1]In 2025, the investment in Purple Duck Co. was reclassified from an equity method investee to a subsidiary as the Company obtained control by acquiring the entire remaining equity interest. In 2024, the investment in Celsys was reclassified from an equity security to an equity method investee as the Company acquired the right to appoint directors, while the investment in Jakga was reclassified from a subsidiary to an equity method investee following a partial disposition of the Company's interest.

Investments in affiliates and joint ventures that are accounted for under the equity method are as follows:

	2025	2024
Purple Duck Co.[1]	100.0%	76.9%
Studio Toon Corp.[2]	49.0%	49.0%
Studio White[2]	40.0%	40.0%
Jakga Company Inc.[3]	26.5%	26.5%
Namu Actors[4]	20.0%	20.0%
Celsys, Inc.[5]	10.4%	10.1%
Ylab[6]	9.3%	9.3%
No9 Inc.[7]	9.1%	9.1%
Others[8]	1.8% - 47.0%	1.6% - 41.5%

1. In 2025, the Company obtained control of Purple Duck by acquiring the remaining equity interest, and consequently classified the investee as a subsidiary.
2. Studio Toon Corp. and Studio White are joint ventures.
3. Jakga was a subsidiary as at December 31, 2023, and became an equity method investee in 2024 as a result of a partial disposition of the Company's investment in Jakga.
4. The Company classified Namu Actors under the equity method by acquiring more than 20% of its ownership interest in 2024.
5. In March 2024, the Company gained significant influence by obtaining the right to appoint one board member, reclassifying the investment from an equity security to the equity method even though the Company holds less than 20.0% of the voting stock.
6. The equity method is applied to the investment since the Company has the ability to exercise significant influence over the investee even though the Company holds less than 20.0% of the voting stock.
7. In December 2024, the Company made a new capital contribution and secured the right to appoint one board member, resulting in the classification of the investment under the equity method due to significant influence even though the Company holds less than 20.0% of the voting stock.
8. Individually immaterial investments are grouped as others. The equity method is applied for investees where the Company holds less than 20.0% of the voting stock, yet the Company has the ability to exercise significant influence over the investees.

Note 19. Condensed Financial Information of Parent

The Company performed a test on the restricted net assets of combined subsidiary in accordance with U.S. Securities and Exchange Commission Regulation S-X Rule 4-08 (e) (3), "General Notes to Financial Statements" and concluded that it was applicable for the Company to disclose the financial statements of the parent company, WEBTOON Entertainment Inc.

These condensed Parent company only financial statements have been derived from its consolidated financial statements and should be read in conjunction with the consolidated financial statements and notes thereto of WEBTOON Entertainment, Inc. and subsidiaries included in Part II, Item 8 of this Form 10-K. The Parent's significant accounting policies are consistent with those described in Note 1 - "Description of Business and Summary of Significant Accounting Policies" in Part II, Item 8, except that all subsidiaries are accounted for as equity method investments.

Certain foreign subsidiaries are regulated by governmental requirements. As a result, the ability of these subsidiaries to pay dividends or loan money to our Parent company is restricted due to their earnings and applicable law. In addition, the Parent has certain regulatory restrictions that dividends are only payable out of surplus or current net profits.

WEBTOON Entertainment Inc.

Notes to Consolidated Financial Statements

Condensed Balance Sheet
(in thousands of USD, except share and per share data)

	As of December 31,	
	2025	**2024**
Assets		
Current assets:		
Cash and cash equivalents	$ 338,159	$ 364,927
Receivables, net of allowance	4,518	15,883
Other current assets, net	9,749	10,736
Total current assets	**$ 352,425**	**$ 391,546**
Property and equipment, net	488	210
Operating lease right-of-use assets	625	1,040
Debt and equity securities	16,000	16,000
Intangible asset, net	466	110
Investments in subsidiaries	738,743	1,001,775
Long-term loan[1]	76,131	76,131
Other non-current assets, net	1,005	48
Total assets	**$ 1,185,883**	**$ 1,486,860**
Liabilities and Equity		
Current liabilities:		
Accounts payable	3,986	4,689
Accrued expenses	9,301	7,287
Current portion of long-term operating lease liabilities	630	1,300
Contract liabilities	1,514	591
Other current liabilities	—	866
Total current liabilities	**$ 15,431**	**$ 14,733**
Total liabilities	**$ 15,431**	**$ 14,733**
Stockholders' equity:		
Common stock	13	13
Additional paid-in capital	2,137,926	2,103,931
Accumulated other comprehensive loss	(114,363)	(124,620)
Accumulated deficit	(853,124)	(507,197)
Total stockholders' equity	**$ 1,170,452**	**$ 1,472,127**
Total liabilities and stockholders' equity	**$ 1,185,883**	**$ 1,486,860**

1. Consists of long-term loans to our subsidiaries NAVER WEBTOON, and LDF of $22,839 and $53,292, respectively, as of December 31, 2025 and December 31, 2024.

WEBTOON Entertainment Inc.

Notes to Consolidated Financial Statements

Condensed Statement of Operations and Comprehensive Loss
(in thousands of USD)

	Year Ended December 31,		
	2025	**2024**	**2023**
Revenue	$ 50,320	$ 38,836	$ 73,922
Cost of revenue	(18,554)	(33,737)	(60,478)
Marketing	(240)	(2,761)	(16,760)
General and administrative expenses	(61,572)	(145,667)	(26,226)
Operating Loss	**$ (30,046)**	**$ (143,329)**	**$ (29,542)**
Interest income	18,256	14,326	3,513
Loss on equity method investments, net	(333,972)	(13,933)	(89,524)
Other income (loss), net	1,959	2,476	(752)
Loss before income tax	**$ (343,803)**	**$ (140,460)**	**$ (116,305)**
Income tax benefit (expense)	(2,124)	(3,445)	(150)
Net loss	**$ (345,927)**	**$ (143,905)**	**$ (116,455)**
Other comprehensive income (loss):			
Share of other comprehensive income (loss) of equity method investments, net of tax	10,260	(69,796)	(18,157)
Total other comprehensive income (loss), net of tax	**10,260**	**(69,796)**	**(18,157)**
Total comprehensive loss	**$ (335,667)**	**$ (213,701)**	**$ (134,612)**

Condensed Statement of Cash Flows
(in thousands of USD)

	For the Year Ended December 31,		
	2025	**2024**	**2023**
Operating activities:			
Net loss	$ (345,927)	$ (143,905)	$ (116,455)
Adjustments to reconcile net income to cash used in operating activities:			
Depreciation and amortization	1,536	229	244
Interest income	(18,256)	(14,326)	(2,324)
Operating lease expense	1,168	1,229	1,595
Loss on equity method investments, net	333,972	13,933	89,524
Income tax expense (benefit)	2,124	3,445	—
Stock-based compensation	7,520	81,893	—
Other non-cash items	27	72	407
Changes in operating assets and liabilities:			
Changes in receivables	11,366	10,184	(14,436)
Changes in other assets	18,368	3,588	(3,392)
Changes in accounts payable	(4,559)	10,532	(16,360)
Changes in accrued expenses	(2,112)	(4,785)	7,085
Changes in operating lease liabilities	(1,448)	(1,512)	(1,919)
Changes in contract liabilities	923	(835)	(13,304)
Changes in other liabilities	(6,395)	(1,242)	(15)
Net cash used in operating activities	**$ (1,693)**	**$ (41,500)**	**$ (69,350)**
Investing activities:			
Proceeds from maturities of short-term investments	—	20,000	—
Proceeds from sale of debt and equity securities	—	2,264	—
Proceeds from sale of property and equipment	—	19	6
Payment made for short-term investments	—	(20,000)	—
Purchases of debt and equity securities	—	(1,000)	—
Purchases of property and equipment	(450)	(144)	(29)
Purchases of intangible assets	(2)	(4)	(2)
Purchases of investments in subsidiaries	(26,000)	—	(6,000)
Net cash provided by (used in) investing activities	**$ (26,452)**	**$ 1,135**	**$ (6,025)**
Financing activities:			
Proceeds from issuance of common stock upon initial public offering, net of underwriting discounts and commissions	—	292,950	—
Proceeds from issuance of common stock related to private placement	—	50,000	—
Payments of initial public offering costs	—	(11,154)	—
Proceeds from exercise of over-allotment, net of underwriting discounts and commissions	—	26,786	—
Proceeds from stock option exercise	1,377	746	—
Net cash provided by financing activities	**$ 1,377**	**$ 359,328**	**$ —**
Effect of exchange rate changes on cash and cash equivalents	$ —	$ (2)	$ —
Net increase (decrease) in cash and cash equivalents	(26,768)	318,961	(75,375)
Cash and cash equivalents at beginning of the year	**364,927**	**45,966**	**121,341**
Cash and cash equivalents at end of the year	**$ 338,159**	**$ 364,927**	**$ 45,966**
Supplemental disclosure:			
Income taxes paid	$ (4,787)	$ (1,242)	$ (15)
Interest received	$ 18,792	$ 13,225	$ 1,189

Non-cash transactions:			
Share exchange with NAVER upon issuance of new WEBTOON Entertainment Inc. shares[1]	$ —	$ —	$ 579,876
Reclassification of deferred offering costs to additional paid-in capital upon IPO	$ —	$ 11,215	$ —

1. Refer to Organization and Desc*ription of Business* in Note 1. *Description of Business and Summary of Significant Accounting Policies.*

Note 20. Redeemable Non-Controlling Interest in Subsidiary

In February 2022, the Company entered into a shareholders' agreement under which the third-party former majority owner of Munpia has the right to require the Company to redeem its Munpia shares if certain events that are not solely within the Company's control occur. The redemption price on the put option shall equal $26.20 (the equivalent of KRW 33,251) per share plus 15% per annum.

As a portion of the Munpia shares held by holders other than the Company are redeemable, such shares must be classified outside of stockholders' equity. During the year 2023, the third-party former owner of Munpia sold a portion of their Munpia shares to their employees and other third-parties, and the redemption rights under the shareholders' agreement did not transfer along with the shares that were sold. Accordingly, such shares sold are no longer redeemable and the shares that were sold were reclassified from redeemable non-controlling interest to non-controlling interest.

Prior to the acquisition, in September 2021, the Company entered into a side letter agreement with a third party, Cloudary, under which the Cloudary had the option to require the Company to purchase Cloudary's Munpia shares for $26.20 per share (the equivalent of KRW 33,251). Such put option was set to expire upon the earlier of (i) March 2023 or (ii) when Cloudary holds less than 5% of the outstanding shares of Munpia. When the Company acquired Munpia in February 2022, the shares held by Cloudary were recognized as redeemable non-controlling interest. In December 2023, Cloudary exercised its put option and the Company purchased 425,016 of Cloudary's Munpia shares. As a result of the exercise, Cloudary owned less than 5% of the outstanding shares of Munpia, and the remaining Munpia shares held by Cloudary were no longer redeemable. Accordingly, the remaining Cloudary owned shares were reclassified from redeemable non-controlling interest to non-controlling interest.

The Company has redeemable non-controlling interests in one subsidiary, Munpia. The following table summarizes the redeemable non-controlling interest activity of Munpia for the periods indicated below (in thousands of USD):

Balance as of December 31, 2022	**$ 46,964**
Total comprehensive income (loss) attributable to redeemable non-controlling interest	(5,535)
Balance as of December 31, 2023	**$ 41,429**
Total comprehensive income (loss) attributable to redeemable non-controlling interest	(4,849)
Balance as of December 31, 2024	**$ 36,580**
Total comprehensive income (loss) attributable to redeemable non-controlling interest	(12,040)
Balance as of December 31, 2025	**$ 24,540**

Note 21. Non-Controlling Interest in Subsidiaries

The Company had non-controlling interests in several of its subsidiaries. The balances of non-controlling interest as of December 31, 2025, and December 31, 2024. are as follows:

	As of December 31,	
	2025	2024
	(in thousands of USD)	
Munpia[1]	$ 33,160	$ 46,593
Bootcamp[2]	120	1,161
Total	**$ 33,280**	**$ 47,754**

1. The Munpia non-controlling interest balance excludes redeemable non-controlling interest discussed in Note 20. Redeemable Non-Controlling Interest in Subsidiary.
2. The portion of net assets in Bootcamp attributable to the LP represents a non-controlling interest (See Note 16. *Related Parties and Variable Interest Entity* for detail).

Note 22. Subsequent Events

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 which Disney purchased 2,666,757 shares of the Company's 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.

In connection with the Purchase Agreement, the Company has provided Disney with certain rights related to its investment in the Shares, including the ability to approve certain corporate actions that would adversely affect Disney or its affiliates and the ability to sell or otherwise transfer the Shares for the same consideration, on the same terms and subject to the same conditions as a sale or transfer made by NAVER Corporation or LY Corporation.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosures

None.

Item 9A. 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, have 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 Annual Report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this Annual Report, our disclosure controls and procedures were effective at a level of reasonable assurance.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Internal control over financial reporting is a process designed 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.

Under the supervision and with the participation of our management, including our CEO and CFO, we conducted an evaluation of the effectiveness of our internal control over financial reporting using criteria described in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on our evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2025, based on the criteria in Internal Control – Integrated Framework (2013).

The effectiveness of our internal control over financial reporting as of December 31, 2025, has been audited by Samil PricewaterhouseCoopers, an independent registered public accounting firm, as stated in their report which is included in Item 8 of this Annual Report on Form 10-K.

Remediation of Previously Reported Material Weaknesses

As previously disclosed in Part II - Item 9A "Controls and Procedures" in our Annual Report on Form 10-K for the year ended December 31, 2024, we identified material weaknesses in our internal control over financial reporting related to (i) the design and maintenance of an effective control environment commensurate with our financial reporting requirements and (ii) design and effectiveness of controls related to the period-end financial reporting process, including, procedures and controls to achieve complete, accurate and timely financial accounting, reporting and disclosures. We concluded that these material weaknesses arose because we did not have sufficient resources with an appropriate level of accounting knowledge, experience and training to appropriately analyze, record and disclose accounting matters timely and accurately.

Management implemented certain remediation efforts in 2024 and 2025. We have continued onboarding of U.S. GAAP and SEC reporting specialists to enhance the financial reporting function and establish a robust financial and system control framework, and strengthened the controls around our financial accounting closing, reporting and disclosure processes. During the quarter ended December 31, 2025, we completed our testing and evaluation of our internal control over financial reporting and determined that as of December 31, 2025, our internal control over financial reporting was designed and operating effectively for a sufficient period for management to conclude that the material weaknesses have been remediated.

Changes in Internal Control Over Financial Reporting

Other than the actions described above to remediate the material weaknesses relating to our internal control over financial reporting, there was no change in our internal control over financial reporting that occurred during the quarter

ended December 31, 2025, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

During the three months ended December 31, 2025, none of our directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act or any "non-Rule 10b5-1 trading arrangement" as defined in Item 408(c) of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdiction that Prevent Inspections.

Not applicable.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item is incorporated by reference to the 2026 Proxy Statement, which will be filed with the SEC no later than 120 days after December 31, 2025.

Item 11. Executive Compensation

The information required by this item is incorporated by reference to the 2026 Proxy Statement, which will be filed with the SEC no later than 120 days after December 31, 2025.

Item 12. Security Ownership of Certain Beneficial Owner and Management and Related Stockholder Matters

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2026 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2025.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item is incorporated by reference to the 2026 Proxy Statement, which will be filed with the SEC no later than 120 days after December 31, 2025.

Item 14. Principal Accounting Fees and Services

The information required by this item is incorporated by reference to the 2026 Proxy Statement, which will be filed with the SEC no later than 120 days after December 31, 2025.

Part IV

Item 15. Exhibits, Financial Statement Schedules

(a) Financial Statements

See "INDEX TO CONSOLIDATED FINANCIAL STATEMENTS" in Part II. Item 8 of this Annual Report on Form 10-K.

(b) Exhibits

The exhibit index attached hereto is incorporated herein by reference.

(c) Financial Statement Schedules

All financial statement schedules have been omitted, since the required information is not applicable, or because the information required is included in the consolidated financial statements and accompanying notes.

EXHIBIT INDEX

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	Registration Rights Agreement by and among the Registrant and certain stockholders identified therein (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on July 1, 2024)
10.2	Stockholder Agreement by and between the Registrant and NAVER Corporation (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the SEC on July 1, 2024)
10.3	Stockholder Agreement by and between the Registrant and LY Corporation (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed with the SEC on July 1, 2024)
10.4	Form of Director and Officer Indemnification Agreement (incorporated by reference to Exhibit 10.3 to the Registrant's Registration Statement on Form S-1 filed with the SEC on May 31, 2024)
10.5†	2024 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.5 to the Registrant's Registration Statement on Form S-8 filed with the SEC on June 27, 2024)
10.6†	2020 Stock Option Plan (incorporated by reference to Exhibit 10.5 to the Registrant's Registration Statement on Form S-1 filed with the SEC on May 31, 2024)
10.7†	Amended and Restated 2020 Stock Option Plan (incorporated by reference to Exhibit 10.6 to the Registrant's Registration Statement on Form S-1 filed with the SEC on May 31, 2024)
10.8†	Second Amended and Restated 2020 Stock Option Plan (incorporated by reference to Exhibit 10.7 to the Registrant's Registration Statement on Form S-1 filed with the SEC on May 31, 2024)
10.9†	Third Amended and Restated 2020 Equity Incentive Plan (incorporated by reference to Exhibit 10.8 to the Registrant's Registration Statement on Form S-1 filed with the SEC on May 31, 2024)
10.10†	Form of Stock Option Agreement (U.S.) under 2020 Stock Option Plan (incorporated by reference to Exhibit 10.9 to the Registrant's Registration Statement on Form S-1 filed with the SEC on May 31, 2024)
10.11†	Form of Stock Option Agreement (Korea) under 2020 Stock Option Plan (incorporated by reference to Exhibit 10.10 to the Registrant's Registration Statement on Form S-1 filed with the SEC on May 31, 2024)

Exhibit Number	Description
10.12†	Form of Stock Option Agreement (Korea) under Amended and Restated 2020 Stock Option Plan (incorporated by reference to Exhibit 10.11 to the Registrant's Registration Statement on Form S-1 filed with the SEC on May 31, 2024)
10.13†	Form of Stock Option Agreement (Korea) under Third Amended and Restated 2020 Stock Option Plan (incorporated by reference to Exhibit 10.12 to the Registrant's Registration Statement on Form S-1 filed with the SEC on May 31, 2024)
10.14†	Form A of Restricted Stock Unit Agreement under Third Amended and Restated 2020 Equity Incentive Plan (incorporated by reference to Exhibit 10.13 to the Registrant's Registration Statement on Form S-1 filed with the SEC on May 31, 2024)
10.15†	Form B of Restricted Stock Unit Agreement under Third Amended and Restated 2020 Equity Incentive Plan (incorporated by reference to Exhibit 10.14 to the Registrant's Registration Statement on Form S-1 filed with the SEC on May 31, 2024)
10.16†	Form C of Restricted Stock Unit Agreement under Third Amended and Restated 2020 Equity Incentive Plan (incorporated by reference to Exhibit 10.15 to the Registrant's Registration Statement on Form S-1 filed with the SEC on May 31, 2024)
10.17†	Restricted Stock Unit Agreement under Third Amended and Restated 2020 Equity Incentive Plan between the Registrant and Junkoo Kim (incorporated by reference to Exhibit 10.16 to the Registrant's Registration Statement on Form S-1 filed with the SEC on May 31, 2024)
10.18†	Stock Option Agreement under Third Amended and Restated 2020 Equity Incentive Plan between the Registrant and David Lee (incorporated by reference to Exhibit 10.17 to the Registrant's Registration Statement on Form S-1 filed with the SEC on May 31, 2024)
10.19†	2023 Restricted Stock Unit Agreement under Third Amended and Restated 2020 Equity Incentive Plan between the Registrant and David Lee (incorporated by reference to Exhibit 10.18 to the Registrant's Registration Statement on Form S-1 filed with the SEC on May 31, 2024)
10.20†	2024 Restricted Stock Unit Agreement under Third Amended and Restated 2020 Equity Incentive Plan between the Registrant and David Lee (incorporated by reference to Exhibit 10.19 to the Registrant's Registration Statement on Form S-1 filed with the SEC on May 31, 2024)
10.21†	Stock Option Agreement under Third Amended and Restated 2020 Equity Incentive Plan between the Registrant and Chankyu Park (incorporated by reference to Exhibit 10.20 to the Registrant's Registration Statement on Form S-1 filed with the SEC on May 31, 2024)
10.22†	English Translation of Form of Business Delegation Agreement (incorporated by reference to Exhibit 10.21 to the Registrant's Registration Statement on Form S-1 filed with the SEC on May 31, 2024)
10.23†	English Translation of Form of Annex Agreement to Business Delegation Agreement (incorporated by reference to Exhibit 10.22 to the Registrant's Registration Statement on Form S-1 filed with the SEC on May 31, 2024)
10.24†	Executive Employment Agreement, dated October 14, 2023, between the Registrant and David Lee (incorporated by reference to Exhibit 10.23 to the Registrant's Registration Statement on Form S-1 filed with the SEC on May 31, 2024)
10.25†	Employment Agreement, dated November 5, 2024, by and between the Registrant and Junkoo Kim (incorporated by reference to Exhibit 10.25 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 12, 2024)
10.26†	Form of Restricted Stock Unit Agreement under the 2024 Omnibus Incentive Plan
19.1	Insider Trading Policy of the Registrant
21.1*	List of Significant Subsidiaries of the Registrant
23.1*	Consent of Samil PricewaterhouseCoopers, independent registered public accounting firm
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities and Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Exhibit Number	Description
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities and 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
97.1	Clawback Policy of the Registrant
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 Files (Embedded within the Inline XBRL document and included in Exhibit 101)

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* Filed herewith

** Furnished herewith

† Management compensatory plan or contract

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on March 5, 2026.

WEBTOON Entertainment Inc.

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons in the capacities and the dates indicated.

Signature	Title	Date
/s/ Junkoo Kim Junkoo Kim	Chief Executive Officer and Chairman of the Board *(Principal Executive Officer)*	March 5, 2026
/s/ David J. Lee David J. Lee	Chief Financial Officer, Chief Operating Officer and Director *(Principal Financial and Accounting Officer)*	March 5, 2026
/s/ Yongsoo Kim Yongsoo Kim	President and Director	March 5, 2026
/s/ Haejin Lee Haejin Lee	Director	March 5, 2026
/s/ Namsun Kim Namsun Kim	Director	March 5, 2026
/s/ Jun Masuda Jun Masuda	Director	March 5, 2026
/s/ Isabelle Winkles Isabelle Winkles	Director	March 5, 2026
/s/ Nancy Dubuc Nancy Dubuc	Director	March 5, 2026
/s/ Saeju Jeong Saeju Jeong	Director	March 5, 2026


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