

DB Securities NDR (2026.02) FAQs

Q1. Factors Driving Revenue and Operating Profit Growth in 4Q25

- A1. – Revenue growth driven by higher episode deliveries, increased global OTT pre-sales, and expanded TVING catalog sales.
- OPM at 12.7%, supported by high-margin pre-sales and profitable library sales.

Q2. 4Q25 Net Income Weakness and 2025 Performance Decline Drivers

- A2. – Increase in non-operating losses due to goodwill impairment at certain subsidiaries, limited risk of material additional impairment in 2026 amid improving media conditions.
- Full-year decline driven by weak 1H25 viewership and reduced pre-sales;
 - 2H25 V-shaped recovery on lineup normalization and improved hit ratio.

Q3. 2026 Lineup Guidance

- A3. – 25+ titles in 2026 (+6↑ YoY), including terrestrial and global platforms, supporting top-line growth.
- Enhanced regional sales efficiency via expanded overseas sales of new and library titles; acceleration of new IP monetization.

Q4. Generative AI Utilization Scope

- A4. – Deployment of generative AI across the production lifecycle, reducing shooting days and improving cost efficiency.
- Planned release of an AI-driven content within the year.

Q5. Strategic Direction and Execution Timeline for New IP Business

- A5. – Optimized IP extension strategies from the planning stage, strengthening brand equity and expanding IP-driven revenue.
- Phased expansion across four key pillars:
 - ① Commerce, ② Digital, ③ Character, and ④ Human IP
 - Progressive disclosure of performance, including quarterly run-rate indicators where appropriate.

Q6. Global OTT Trends

- A6. – Gradual improvement in operating environment driven by Netflix’s long-term commitment to K-content investment and increasing flexibility in producer-friendly IP policies
- Reaffirmed global competitiveness per 2H25 Netflix Engagement Report: SD titles +9 HoH and viewing hours +11.4%p HoH across global TV and film.

Q7. Global Project Pipeline

- A7. – US: 20+ projects under development with major partners including Skydance and Fifth Season; visibility on three potential series orders within the year.
- Japan: Delivery of *Soulmate* to Netflix in 1Q26; expansion of local partnerships into joint development and co-production

Q8. China Business Resumption Outlook

- A8. – Prepared response framework for potential policy easing despite continued uncertainties.
- Potential recognition of outstanding receivables from previously sold titles upon mainland broadcast.
 - Additional monetization opportunities across multiple structures: ① incremental library sales, ② simultaneous release of new titles, and ③ various local co-productions.

Q9. Shareholder Return Policy

- A9. – Near-term prioritization of scale growth and profitability improvement through global projects and new business initiatives.
- Consideration of shareholders return measures, including dividends, upon achieving target levels for key financial metrics such as FCF, operating margin, and CAPEX.