

Korea Investment Securities NDR (2025.02) FAQs

Q1. Key Factors Supporting 4Q24 Performance

- A1. – Revenue declined due to historically low programming volume and a reduction in large-budget original productions in 4Q24.
- However, the earnings impact was mitigated through full pre-sales of new titles, expansion into new sales regions, and cost-saving initiatives.

Q2. 2025 Lineup Guidance

- A2. – SD's lineup is expected to recover to 25+ titles with the reinstatement of the Wednesday-Thursday TV slot and the expansion of OTT originals.
- A strong slate featuring high-profile projects led by top-tier creators and stars, including writer Kim Eun-Sook.
 - Despite challenging market conditions in 2024, production cost pressures have eased, and key titles such as *Queen of Tears* delivered successful viewership performance.

Q3. Outlook on Rising Production Costs

- A3. – Netflix has acknowledged the need to adjust actor fees, citing concerns about the sustainability of production costs for K-Dramas → As competition among global OTTs stabilizes, the sharp rise in production costs is expected to moderate.
- Studio Dragon (SD) aims to enhance its bargaining power and streamline costs by discovering new talent through tvN's Wednesday-Thursday TV lineup.

Q4. Production Cost Optimization Strategies

- A4. – Since 2H24, SD has actively worked to reduce inefficiencies, expand a real-cost-based reimbursement system, and introduce a bidding process to lower production expenses.
- SD will further improve cost efficiency by utilizing historical cost databases and increasing in-house adoption of VFX/AI technology.

Q5. New Business Expansion Strategy

- A5. – While specifics cannot be disclosed, efforts are underway to secure new revenue streams.
- SD is focused on strengthening IP monetization, including talent discovery through tvN's Wednesday-Thursday lineup in 2H25.
 - SD is also exploring new business opportunities, including short-form content and AI-driven initiatives, with further details to be announced in due course.

Q6. Global Project Updates

- A6. – Japan: *Marry My Husband* remake is scheduled for release in 2H25, with continued efforts to establish local infrastructure and expand production.
- U.S.: Actively co-developing projects with subsidiaries and local partners.

Q7. Possibility of Additional M&A for Production Houses

- A7. – SD has consistently pursued acquisitions and equity investments in production houses to create synergy.
- SD will continue efforts to secure top-tier scripted TV production houses that feature ① high-profile S/A creators, or ② synergies expected to accelerate global projects.

Q8. Impact of TVING's Overseas Expansion

- A8. – TVING's international expansion presents opportunities for ① increased pre-sale potential through broader platform partnerships, and ② enhanced content investment capabilities driven by a growing global subscriber base.

Q9. Global OTT Landscape

- A9. – SD will maintain a mutually beneficial partnership with Netflix.
- While global OTT competition is stabilizing, key players such as Netflix, Disney+ and Amazon Prime Video remain highly influential, continuing to invest in K-content and expanding into new markets such as Japan.
 - Strong demand for SD content persists across regional platforms and channels.
 - Despite recent setbacks, long-term strategies include ① improving the hit ratio through in-house creator development and agreements with additional S/A-tier talent, and ② expanding local series offerings to boost the average sales price.

Q10. Outlook on China Market Reopening

- A10. – Anticipation of relaxed restrictions on Korean content in China has grown, with SD closely monitoring market changes and preparing a swift response.
- Further details will be disclosed upon any confirmed policy changes.