

Shinhan Securities NDR (2026.05) FAQs

Q1. Key Drivers of 1Q26 Revenue Growth

- A1. – Revenue growth for 3 consecutive quarters driven by expanded terrestrial/OTT originals and strong lineup growth with 91 episodes aired.
- Sustained overseas revenue growth led by global OTT originals including *Gold Land*.

Q2. Reasons for 1Q26 Profit Miss

- A2. – Temporary margin pressure from accounting timing differences in revenue and cost recognition by title.
- Higher cost burden from residual amortization related to 2H25 pre-sales and expanded originals mix.

Q3. 2Q26 and 2H26 Outlook

- A3. – 2Q26: Sustained momentum in platform and content diversification through broader terrestrial and OTT original lineup, supporting profitability recovery.
- Lineup: *Filing for Love*, *My Royal Nemesis*, *Fifties Professionals*, *Yumi's Cells 3*, *The Legend of Kitchen Soldier*
 - 2H26: Earnings recovery outlook driven by tentpoles including *Tantara*, alongside expanded tentpole and pre-sale mix.

Q4. Production Cost Efficiency Strategy

- A4. – Ongoing cost optimization through enhanced production cost management systems, with gradual impact since 2H25.
- Stronger profitability and lower channel/ cost burden supporting sustainable partnerships
 - Improved content quality and production efficiency through increased AI adoption.

Q5. Strategic Direction and Execution Timeline for New IP Business

- A5. – Official YouTube channel launch featuring new/library IP-based content, strengthening channel competitiveness.
- Addition of business objectives approved at the March 2026 AGM. Ongoing IP business efforts including branded commerce and collaboration-based MD/goods.

Q6. Generative AI Utilization Scope

- A6. – Expanded use of generative AI across the full production lifecycle.
- Enhanced production efficiency, content quality, and profitability through shorter production cycles and minimized physical shoots.
 - Synergy potential through collaboration with CJ Group AI centers.

Q7. OTT Business Strategy

- A7. – Stronger negotiating leverage expected from Netflix's producer-friendly structure, including flexible IP compensation and expanded joint IP ownership.
- Additional monetization opportunities through sales of new and library titles via TVING and overseas R/S models.

Q8. Global Project Pipeline

- A8. – 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

Q9. China Business Resumption Outlook

- A9. – 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.

Q10. Shareholder Return Policy

- A10. – 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.