

October 10, 2023

**Maintain BUY; Lower TP to KRW60,000**

We maintain BUY on Studio Dragon, but lower our TP by 16.7% to KRW60,000, as we reflect 13.4/19.5% downward revisions to 2023E/2024E NP (to control. int.) in light of: (1) the parent company's strategy for improving cost efficiency; and (2) adjustment to the estimated number of episodes aired (355/365 → 341/320) following changes in airing schedule for overseas-produced shows (e.g., *The Plotters*, *Mastermind*). Derived using the DCF model, our revised TP implies 2023E/2024E P/E of 37.2x/28.0x.

**Overseas growth potential is still robust; To take to time to be reflected in results**

The parent company's cost-efficiency drive should weigh on Studio Dragon's domestic growth. However, we still see strong growth potential for its overseas operations, given: (1) the end of the WGA strike in the U.S.; and (2) ongoing production at the Japanese affiliate. That said, high-budget U.S.-produced shows are unlikely to be reflected in earnings before 2024 due to production schedule delays. While Japan-produced shows are expected to contribute to 2024 results, their production scale pales in comparison to those of domestic-produced ones.

**3Q23 preview: High ASP despite lower number of episodes aired**

We forecast 3Q23E revenue of KRW167.9bn (-26.7% YoY) and OP of KRW16.3bn (9.7% OPM), with OP 8.7% below the market consensus. We estimate the number of episodes aired at 68 (-92 YoY, -15 QoQ). The airing of high-budget episodes (i.e., episode 8 of *Arthdal Chronicles: The Sword of Aramoon*, episode 2 of *The Big Door Prize Season 2*) should boost ASP, however. We expect a 1.4pp YoY rise in OPM thanks to high margins on pre-buy episodes and smooth licensing sales.

**4Q23 preview: High-budget shows to be aired**

For 4Q23E, we expect the airing of high-budget shows (i.e., *Gyeongseong Creature*, *Sweet Home Season 2*, *A Bloody Lucky Day*) to boost revenue to KRW212.6bn (+11.6%

### Buy Maintain

<b>Target Price (Lowered)</b>	<b>KRW60,000</b>
Dividend yield*	0.0%
Total return	23.2%
Current price (Oct 10)	KRW48,700
Consensus target price	KRW80,231
Market capitalization	USD1.1bn

\* 12-month forward

#### Earnings Forecast & Valuation

Fiscal year-end	2022A	2023E	2024E	2025E
Revenue (KRWbn)	698	755	799	919
OP (KRWbn)	65	66	85	113
NP to control. int. (KRWbn)	51	48	64	94
EPS (KRW)	1,684	1,611	2,142	3,113
EPS growth (%)	29.4	-4.3	33.0	45.3
P/E (x)	51.1	30.2	22.7	15.6
EV/EBITDA (x)	12.1	6.3	5.4	4.5
P/B (x)	3.9	2.1	1.9	1.7
ROE (%)	7.5	7.1	8.6	11.4
Div. yield (%)	0.0	0.0	0.0	0.0

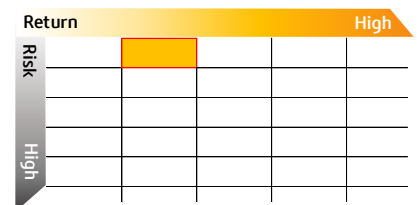
#### Trading Data

Free float	45.2%
Avg. T/O val. (3m, KRWbn)	6.0
Foreign ownership	7.3%
Major shareholders	CJ ENM and 3 others 54.8%
	NAVER 6.3%

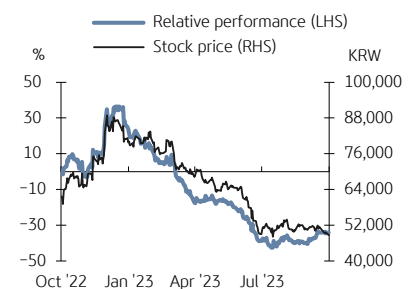
#### Stock Price Performance (total return)

(%)	1M	3M	6M	12M
Absolute	-4.5	-0.6	-28.6	-23.0
Relative	9.8	7.5	-20.3	-32.8

#### Risk & Total Return (annualized over three years)

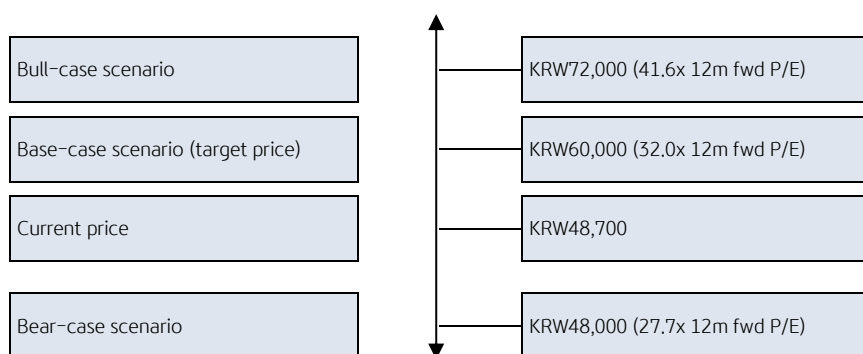


#### Stock Price & Relative Performance



YoY). OP, however, should decline 28.5% QoQ to KRW11.7bn, weighed down by: (1) amortization expenses for *Arthdal Chronicles: The Sword of Aramoon*; (2) 4Q23 airing schedule consisting largely of low-margin original content; and (3) potential amortization and impairment, which have occurred in 4Q each year.

## Investment Opinion & Risks



### Base-case scenario: Catalysts

- 1) 2023E TV content at 243 episodes
- 2) 2023E OTT-bound original content at 112 episodes

### Bull-case scenario: Upside risks

- 1) 2023E TV content at over 300 episodes
- 2) 2023E OTT-bound original content at over 130 episodes

### Bear-case scenario: Downside risks

- 1) 2023E TV content at under 200 episodes
- 2) 2023E OTT-bound original content at under 100 episodes

## Revised Earnings Estimates

(KRWbn, %)	Previous		Revised		Change	
	2023E	2024E	2023E	2024E	2023E	2024E
Revenue	750.7	933.9	755.1	798.8	0.6	-14.5
OP	70.1	101.8	65.9	84.7	-6.1	-16.8
NP (to control. int.)	55.9	80.0	48.4	64.4	-13.4	-19.5

Source(s): KB Securities estimates

## KB Estimates vs. Consensus

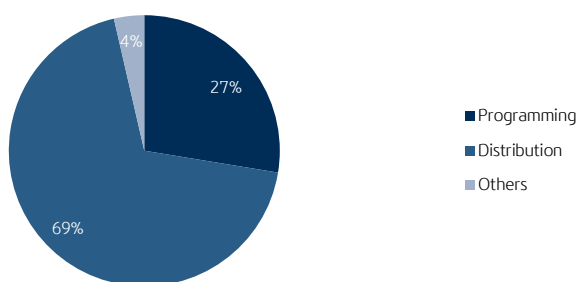
(KRWbn, %)	KB Estimates		Consensus		Difference	
	2023E	2024E	2023E	2024E	2023E	2024E
Revenue	755.1	798.8	762.4	845.5	-1.0	-5.5
OP	65.9	84.7	73.2	87.4	-10.0	-3.2
NP (to control. int.)	48.4	64.4	56.5	67.0	-14.3	-3.9

Source(s): Quantiwise, KB Securities estimates

## Valuation & Target Price Calculation

- 1) Valuation method:  
Discounted cash flow model
- 2) Target price calculation:  
8.62% WACC
- 3) Target price range:  
KRW48,000 – KRW72,000
- 4) Valuation at target price:  
30.1x 12m fwd P/E

## Revenue Composition (2023E)



Source(s): Company data, KB Securities estimates

## Earnings Sensitivity Analysis

(%)	EPS Change	
	2023E	2024E
+1% in FX rate	+1.1	+1.1
+1pp in interest rate	-0.6	0.1

## Peer Group Comparison

(KRWtn, x, %)	Market Cap	P/E		P/B		EV/EBITDA		ROE		Dividend Yield	
		2023E	2024E	2023E	2024E	2023E	2024E	2023E	2024E	2023E	2024E
Studio Dragon	1.5	24.7	20.4	2.05	1.87	6.5	6.2	8.6	9.6	0.0	0.0
CJ ENM	1.1	N/A	16.2	0.33	0.33	3.5	3.0	-4.0	2.1	2.5	2.7
Netflix	34.6	N/A	43.3	0.6	0.5	6.6	6.1	-1.0	1.8	-	-
Walt Disney	230.4	31.9	24.9	7.09	5.96	24.0	19.0	22.9	24.6	0.0	0.0

Source(s): Bloomberg consensus, KB Securities estimates

**Table 1. Earnings Forecast**

(KRWbn, %)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23E	4Q23E	2021	2022	2023E	2024E
TV content (no. of episodes)	53	87	99	76	73	64	50	42	-	315	229	208
OTT content (no. of episodes)	21	20	61	25	39	19	18	36	-	127	112	112
<b>Revenue</b>	<b>121.1</b>	<b>157.5</b>	<b>228.9</b>	<b>190.5</b>	<b>211.1</b>	<b>163.5</b>	<b>167.9</b>	<b>212.6</b>	<b>487.1</b>	<b>697.9</b>	<b>755.1</b>	<b>798.8</b>
Programming	35.4	43.8	59.4	54.0	43.2	42.5	41.5	34.8	161.3	192.5	161.9	156.0
Distribution	77.7	103.9	165.8	132.8	165.7	118.9	124.3	175.6	275.5	480.2	584.4	633.9
Others	8.0	9.8	3.8	3.7	2.3	2.1	2.1	2.2	50.3	25.2	8.7	8.8
<b>% YoY</b>	<b>3.4</b>	<b>48.5</b>	<b>97.2</b>	<b>28.8</b>	<b>74.4</b>	<b>3.8</b>	<b>-26.7</b>	<b>11.6</b>	<b>-7.3</b>	<b>43.3</b>	<b>8.2</b>	<b>5.8</b>
Programming	-19.1	55.4	64.0	1.5	21.9	-3.1	-30.1	-35.4	-18.1	19.4	-15.9	-3.6
Distribution	23.0	53.8	155.2	66.4	113.1	14.4	-25.0	32.2	-1.5	74.3	21.7	8.5
Others	-21.5	-5.1	-74.8	-75.3	-71.0	-78.4	-43.4	-41.4	2.6	-49.9	-65.4	1.5
<b>% QoQ</b>	<b>-18.1</b>	<b>30.0</b>	<b>45.3</b>	<b>-16.8</b>	<b>10.8</b>	<b>-22.6</b>	<b>2.7</b>	<b>26.6</b>				
Programming	-33.4	23.7	35.5	-9.1	-20.0	-1.7	-2.3	-16.0				
Distribution	-2.6	33.7	59.5	-19.9	24.7	-28.2	4.5	41.3				
Others	-46.6	22.8	-61.4	-2.4	-37.2	-8.5	1.0	1.0				
<b>OP</b>	<b>18.1</b>	<b>27.0</b>	<b>18.9</b>	<b>1.2</b>	<b>21.6</b>	<b>16.3</b>	<b>16.3</b>	<b>11.7</b>	<b>52.6</b>	<b>65.2</b>	<b>65.9</b>	<b>84.7</b>
(% YoY)	1.4	95.7	29.9	-81.4	19.3	-39.8	-13.8	889.6	7.0	24.0	1.0	28.5
(% QoQ)	185.4	49.1	-29.9	-93.8	1732.1	-24.8	0.4	-28.5				
OPM (%)	15.0	17.1	8.3	0.6	10.2	9.9	9.7	5.5	10.8	9.3	8.7	10.6
<b>NP to control. int.</b>	<b>15.6</b>	<b>25.6</b>	<b>17.8</b>	<b>-8.5</b>	<b>18.4</b>	<b>10.2</b>	<b>12.0</b>	<b>7.9</b>	<b>39.0</b>	<b>50.6</b>	<b>48.4</b>	<b>64.4</b>
(% YoY)	0.4	170.2	20.5	RR	17.8	-60.1	-32.9	TTB	31.8	29.5	-4.2	33.0
(% QoQ)	TTB	63.8	-30.3	TTR	TTB	-44.6	17.4	-34.3				
NPM (%)	12.9	16.2	7.8	-4.4	8.7	6.2	7.1	3.7	8.0	7.2	6.4	8.1

Source(s): Company data, KB Securities estimates

Note: RR=remain in red, TTB=turn to black, TTR=turn to red

**Table 2. Key Valuation Measures**

(KRWbn, x, '000 shares, KRW)	2017	2018	2019	2020	2021	2022	2023E	2024E
<b>EV/Sales</b>	<b>5.7x</b>	<b>6.4x</b>	<b>4.6x</b>	<b>5.1x</b>	<b>5.5x</b>	<b>3.8x</b>	<b>2.0x</b>	<b>1.8x</b>
Revenue	287	380	469	526	487	698	755	799
% YoY	85.7	32.4	23.5	12.2	(7.3)	43.3	8.2	5.8
<b>EV/EBITDA</b>	<b>22.1x</b>	<b>21.1x</b>	<b>14.9x</b>	<b>16.2x</b>	<b>17.6x</b>	<b>12.1x</b>	<b>6.3x</b>	<b>5.4x</b>
EBITDA	74	115	146	165	152	219	247	271
% YoY	91.4	55.1	26.4	13.6	(8.3)	44.1	12.8	10.0
<b>P/E</b>	<b>61.9x</b>	<b>72.3x</b>	<b>85.9x</b>	<b>88.7x</b>	<b>69.9x</b>	<b>51.1x</b>	<b>30.2x</b>	<b>22.7x</b>
EPS	1,050	1,278	941	1,044	1,301	1,684	1,611	2,142
% YoY	84.5	21.7	(26.3)	10.9	24.6	29.4	(4.4)	33.0
<b>P/B</b>	<b>4.95x</b>	<b>6.46x</b>	<b>5.31x</b>	<b>4.56x</b>	<b>3.99x</b>	<b>3.91x</b>	<b>2.05x</b>	<b>1.88x</b>
BVPS	13,141	14,305	15,242	20,309	22,785	21,982	23,719	25,860
% YoY	112.8	8.9	6.5	33.2	12.2	(3.5)	7.9	9.0
Share price	65,000	92,400	80,900	92,600	91,000	86,000	48,700	48,700
No. of shares	22,711	28,038	28,068	28,369	30,008	30,020	30,058	30,058
Market cap	1,822	2,592	2,273	2,778	2,731	2,585	1,464	1,464

Source(s): Company data, KB Securities estimates

**Table 3. Valuation: Discounted Cash Flow Model**

(KRWbn, %, k shares, KRW)	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	Terminal
<b>NOPLAT</b>	<b>26.6</b>	<b>30.1</b>	<b>22.1</b>	<b>37.2</b>	<b>39.6</b>	<b>57.2</b>	<b>48.1</b>	<b>63.3</b>	<b>86.6</b>	<b>113.0</b>	<b>145.5</b>	<b>185.2</b>	
Operating profit	33.0	39.9	28.7	49.1	52.6	65.2	65.9	84.7	113.0	147.9	190.7	243.1	
Taxes	(6.4)	(9.8)	(6.6)	(11.9)	(13.0)	(8.1)	(17.8)	(21.3)	(26.4)	(34.8)	(45.2)	(57.9)	
<b>D&amp;A</b>	<b>41.3</b>	<b>75.3</b>	<b>116.8</b>	<b>116.2</b>	<b>99.1</b>	<b>153.3</b>	<b>180.7</b>	<b>186.6</b>	<b>193.9</b>	<b>199.3</b>	<b>203.5</b>	<b>207.0</b>	
Depreciation	0.3	0.3	1.8	2.9	3.8	3.3	2.9	3.0	3.1	3.1	3.1	3.1	
Amortization	41.0	75.0	115.0	113.3	95.3	150.0	177.8	183.6	190.8	196.2	200.4	203.8	
<b>(-)Change in working capital</b>	<b>(72.9)</b>	<b>(139.4)</b>	<b>(142.9)</b>	<b>(144.1)</b>	<b>(154.9)</b>	<b>(279.6)</b>	<b>(127.9)</b>	<b>25.9</b>	<b>(13.6)</b>	<b>(74.6)</b>	<b>(90.4)</b>	<b>(109.6)</b>	
Decrease/increase in accounts receivable	(13.7)	(27.2)	(21.8)	(31.4)	2.2	(35.2)	(31.3)	9.3	29.8	(20.6)	(23.6)	(27.2)	
Decrease/increase in inventories	(2.1)	0.3	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Decrease/increase in account payables	9.0	25.9	8.6	(11.5)	18.7	11.7	4.1	(0.7)	2.4	2.3	2.7	3.1	
Other	(66.1)	(138.4)	(130.2)	(101.2)	(175.8)	(256.0)	(100.7)	17.4	(45.7)	(56.3)	(69.4)	(85.5)	
<b>(-) Tangible capital expenditures</b>	<b>(0.0)</b>	<b>(0.2)</b>	<b>(0.5)</b>	<b>(7.2)</b>	<b>(1.8)</b>	<b>(3.9)</b>	<b>(3.2)</b>	<b>(3.2)</b>	<b>(3.2)</b>	<b>(3.2)</b>	<b>(3.2)</b>	<b>(3.2)</b>	
<b>(-) Intangible capital expenditures</b>	<b>(0.2)</b>	<b>(0.1)</b>	<b>(0.3)</b>	<b>(1.2)</b>	<b>(0.8)</b>	<b>(2.5)</b>	<b>(130.9)</b>	<b>(198.6)</b>	<b>(200.6)</b>	<b>(202.6)</b>	<b>(204.6)</b>	<b>(206.7)</b>	
<b>(-) Other</b>	<b>(2.1)</b>	<b>5.0</b>	<b>(8.2)</b>	<b>(4.1)</b>	<b>7.9</b>	<b>6.2</b>	<b>(3.0)</b>	<b>1.0</b>	<b>7.0</b>	<b>10.5</b>	<b>14.8</b>	<b>20.1</b>	
<b>Free cash flow</b>	<b>(7.5)</b>	<b>(29.4)</b>	<b>(13.0)</b>	<b>(3.1)</b>	<b>(11.0)</b>	<b>(69.3)</b>	<b>(36.2)</b>	<b>75.2</b>	<b>70.2</b>	<b>42.5</b>	<b>65.6</b>	<b>92.8</b>	<b>2,542.1</b>

(KRWbn, %, k shares, KRW)	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	Terminal
Operating cash flow	(7.2)	(29.1)	(12.2)	5.2	(8.4)	(62.9)	97.8	276.9	273.9	248.2	273.4	302.6	
(-) Tangible capital expenditures	(0.0)	(0.2)	(0.5)	(7.2)	(1.8)	(3.9)	(3.2)	(3.2)	(3.2)	(3.2)	(3.2)	(3.2)	
(-) Intangible capital expenditures	(0.2)	(0.1)	(0.3)	(1.2)	(0.8)	(2.5)	(130.9)	(198.6)	(200.6)	(202.6)	(204.6)	(206.7)	
<b>Free cash flow</b>	<b>(7.5)</b>	<b>(29.4)</b>	<b>(13.0)</b>	<b>(3.1)</b>	<b>(11.0)</b>	<b>(69.3)</b>	<b>(36.2)</b>	<b>75.2</b>	<b>70.2</b>	<b>42.5</b>	<b>65.6</b>	<b>92.8</b>	<b>2,542.1</b>

Source(s): Company data, KB Securities estimates

Note: Studio Dragon's content investments reflected as intangible capital expenditures (cash flow from investing activities)

**Table 4. Valuation: Discounted Cash Flow Model**

(KRWbn, %, k shares, KRW)	Valuation
Total PV of 2023-2028 cash flow	242.9
PV of terminal value (1% TGR)	1,611.9
<b>Enterprise value</b>	<b>1,854.8</b>
(-) Net debt	78.5
(-) Non-controlling interests	0.0
(+) Investments in non-consolidated affiliates	12.8
<b>Equity value</b>	<b>1,789.1</b>
(÷) No. of shares	30,058.5
<b>Target price</b>	<b>60,000</b>
Current price	48,700
<b>Upside</b>	<b>23.2</b>

Source(s): KB Securities estimates

**Table 5. WACC Calculation**

(KRWbn, %)	Revised	Notes
<b>COE (A) = a + b x c</b>	<b>8.91</b>	
Risk-free rate (a)	3.61	Avg. 1y MSB yield (last three months)
Adj. beta (b)	0.98	Adj. beta
Risk premium (c = d - e)	5.41	
Market (d)	8.72	2001-2021 annual avg. WMI500 total return
Risk-free rate (e)	3.32	2001-2021 annual avg. 1y MSB total return
<b>COD (B)</b>	<b>4.27</b>	Avg. yield of Studio Dragon's short-term debt
Fair equity value	2,107	Value of outstanding shares implied by TP
Debt	185	
Weight of equity value (f)	0.94	
Weight of debt (g)	0.06	
<b>WACC (C) = (A x f) + (B x g)</b>	<b>8.62</b>	

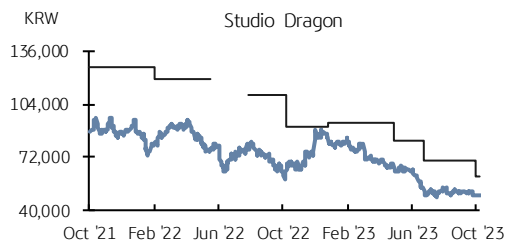
Source(s): KB Securities estimates

Income Statement						Statement of Financial Position					
(KRWbn)	2021A	2022A	2023E	2024E	2025E	(KRWbn)	2021A	2022A	2023E	2024E	2025E
(Reporting standard)	(IFRS-C)	(IFRS-C)	(IFRS-C)	(IFRS-C)	(IFRS-C)	(Reporting standard)	(IFRS-C)	(IFRS-C)	(IFRS-C)	(IFRS-C)	(IFRS-C)
Revenue	487	698	755	799	919	Total assets	884	1,091	1,198	1,517	1,413
Cost of revenue	407	598	612	584	658	Current assets	233	400	441	550	648
Gross profit	80	100	143	215	261	Cash and cash equivalents	65	124	97	177	259
SG&A expenses	27	35	78	130	148	Current financial assets	5	5	9	9	9
Operating profit	53	65	66	85	113	Trade receivables	124	142	176	167	137
EBITDA	152	219	247	271	307	Inventory	0	0	0	0	0
Non-operating accounts	-1	-7	0	1	7	Other current assets	39	130	160	197	243
Interest income	1	2	2	5	7	Non-current assets	652	691	757	767	765
Interest expenses	1	5	4	9	9	Investment assets	241	150	136	123	112
Profit on equity method	0	0	0	0	0	Property, plant and equipment	8	11	13	13	13
Net other non-operating income	-1	-4	2	4	8	Intangible assets	298	378	389	404	414
Profit before tax	52	59	66	86	120	Other non-current assets	105	152	219	227	227
Income tax expense	13	8	18	21	26	Total liabilities	200	430	485	539	542
Net profit	39	51	48	64	94	Current liabilities	184	416	469	523	525
NP attributable to controlling interests	39	51	48	64	94	Trade payables	17	16	14	13	16
Adj. net profit	39	51	48	64	94	Short-term financial liabilities	0	170	172	172	172
						Other current liabilities	167	230	283	337	337
						Non-current liabilities	17	14	16	16	17
						Non-current financial liabilities	-7	9	12	12	12
						Other non-current liabilities	9	4	5	5	5
						Total equity	684	661	713	777	871
						Issued capital	15	15	15	15	15
						Share premium	470	473	473	473	473
						Other equity interest	0	0	0	0	0
						Accumulated other comprehensive income	37	-40	-36	-36	-36
						Retained earnings	162	213	261	325	419
						Controlling interests	684	661	713	777	871
						Non-controlling interests	0	0	0	0	0
Operating Statistics & Ratios						Key Ratios					
(%)	2021A	2022A	2023E	2024E	2025E	(x, %, KRW)	2021A	2022A	2023E	2024E	2025E
Revenue growth	-7.4	43.3	8.2	5.8	15.0	Multiples					
OP growth	7.0	24.0	1.0	28.6	33.4	P/E	69.9	51.1	30.2	22.7	15.6
EBITDA growth	-8.3	44.1	12.8	10.1	13.1	P/B	4.0	3.9	2.1	1.9	1.7
NP growth of parent	31.8	29.5	-4.3	33.0	45.4	P/S	5.6	3.7	1.9	1.8	1.6
GP margin	16.4	14.3	19.0	26.9	28.4	EV/EBITDA	17.6	12.1	6.3	5.4	4.5
OP margin	10.8	9.3	8.7	10.6	12.3	EV/EBIT	50.8	40.4	23.4	17.3	12.2
EBITDA margin	31.1	31.3	32.7	34.0	33.4	Dividend yield, ordinary (%)	0.0	0.0	0.0	0.0	0.0
EBT margin	10.7	8.4	8.8	10.7	13.1	EPS	1,301	1,684	1,611	2,142	3,113
NP margin of parent	8.0	7.3	6.4	8.1	10.2	BVPS	22,785	21,982	23,719	25,860	28,974
						SPS	16,233	23,250	25,120	26,574	30,560
						DPS (annual, ordinary)	0	0	0	0	0
						Cash dividends payout ratio (%)	0.0	0.0	0.0	0.0	0.0
						Operating performance					
						ROE	6.0	7.5	7.1	8.6	11.4
						ROA	4.8	5.1	4.2	5.1	6.9
						ROIC	6.1	7.3	6.1	7.9	10.1
						Financial structure (%)					
						Total liab./equity	29.3	65.1	68.1	69.4	62.2
						Net debt/equity	Net Cash	7.7	11.0	Net Cash	Net Cash
						Current ratio	1.3	1.0	0.9	1.1	1.2
						Interest coverage (x)	67.6	13.2	15.5	9.8	13.1
						Activity ratios					
						Asset turnover (x)	0.6	0.7	0.7	0.6	0.7
						Receivables turnover (x)	4.2	5.3	4.8	4.7	6.0
						Payables turnover (x)	42.6	42.1	50.2	58.9	63.8
						Inventory turnover (x)	0.0	0.0	0.0	0.0	0.0

Source(s): Company data, KB Securities estimates

## Disclosures

### Rating & Target Price Changes (Share price —, Target price —)



#### Studio Dragon (253450)

Date	Rating	Analyst	TP (KRW)	TP Differential (%)	
				Avg.	Max/Min
Oct-01-2021	Buy	Danny Lee	127,000	-30.97	
Feb-11-2022	Buy	Danny Lee	120,000	-32.37	-21.17
Aug-08-2022	Buy	Yonghyun Choi	110,000	-35.02	-25.91
Oct-17-2022	Buy	Yonghyun Choi	90,000	-17.07	-1.22
Jan-04-2023	Buy	Yonghyun Choi	93,000	-19.52	-10.52
May-08-2023	Buy	Yonghyun Choi	82,000	-23.81	-18.78
Jul-03-2023	Buy	Yonghyun Choi	70,000	-27.11	-23.00
Oct-10-2023	Buy	Yonghyun Choi	60,000		

### Classification of Investment Ratings

#### Stock Ratings (based on expected 12m performance)

Buy: +15% or beyond    Hold: Between 15% and -15%    Sell: -15% or beyond

Note: Classification revised from four ratings (Strong BUY, BUY, Marketperform, Underperform) to three (Buy, Hold, Sell) as of Feb 23, 2017; Basis for ratings revised from expected 6m return to expected 12m return as of Feb 10, 2020

#### Ratings Distribution (as of September 30, 2023)

Buy	Hold	Sell
89.0	11.0	-

Note: Based on recommendations in the last 12 months

#### Sector Ratings (based on expected 12m performance)

Positive: To outperform market    Neutral: To perform in line with market    Negative: To underperform market

Note: Classification revised from Overweight/Neutral/Underweight to Positive/Neutral/Negative as of Jun 28, 2017; Basis for ratings revised from expected 6m return to expected 12m return as of Feb 10, 2020

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