

2Q23 Earnings Release

Studio Dragon
10th August, 2023

STUDIO
Dragon

Disclaimer

This financial information in this document are consolidated earnings results based on K-IFRS.

This document is provided for the convenience of investors only, before the external audit on our Q2 2023 financial results is completed. The audit outcomes may cause some parts of this document to change.

In addition, this document contains “forward-looking statements” – that is, statements related to future, not past, events. In this context, “forward-looking statements” often address our expected future business and financial performance, and often contain words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “seeks” or “will”. Our actual results to be materially different from those expressed in this document due to uncertainties.

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/ 2Q23 HIGHLIGHTS – Projects



/ 2Q23 HIGHLIGHTS - Financial

2Q23 with Milestone for Studio Dragon

+4 eps

Prebuy
Lineups

+57%

Rev. from
OTT
Original Series

+13%

ASP of
New Titles

+25%

Revenue from
Overseas

51%

Proportion of
Overseas
Revenue

/ SUMMARY

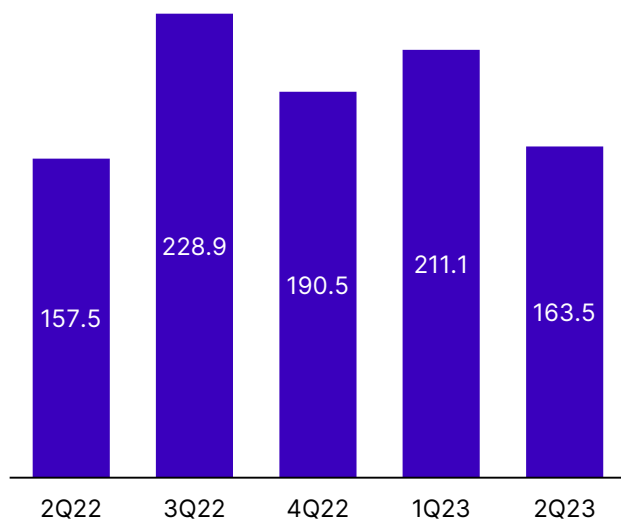
2Q23 Revenue W163.5bn(YoY +3.8%): Continued steady growth with strong global performance, in spite of the media market slowdown

2Q23 OP W16.3bn(YoY -39.8%): Proved fundamentals with ASP increase despite the high base of Disney+ library sales 2Q22

2H23: Likely to release a number of anticipated IPs including big-budget OTT original series, premium sequels, etc.
→ Build a portfolio to target global market

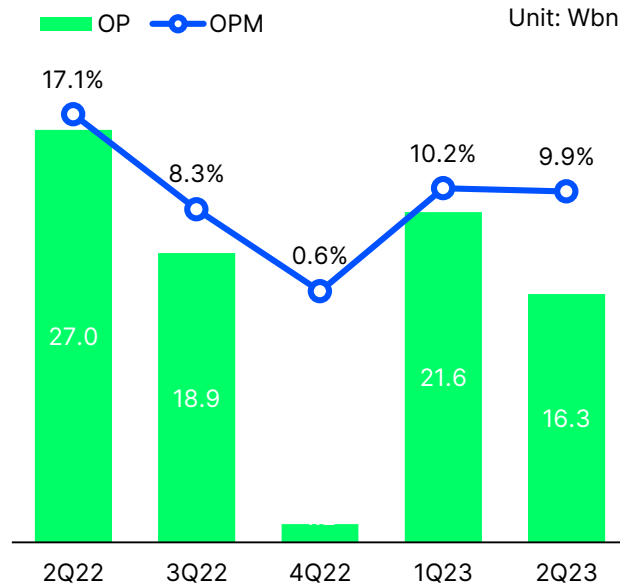
Revenue

Unit: Wbn



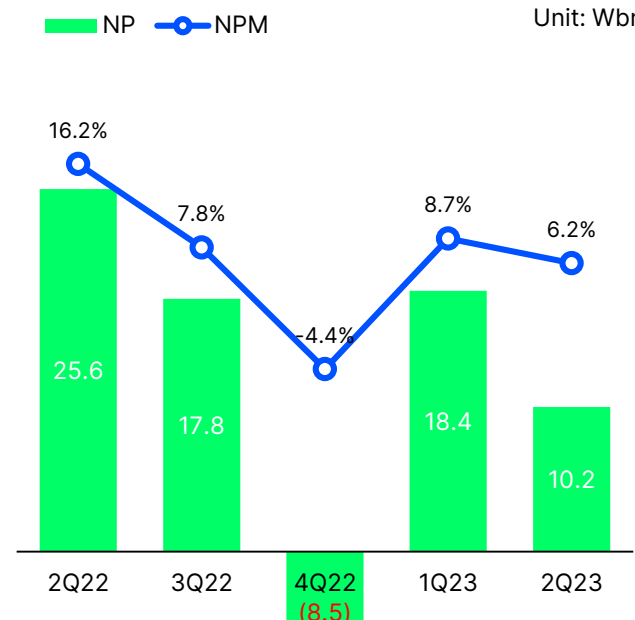
Operating Profit

Unit: Wbn



Net Profit

Unit: Wbn



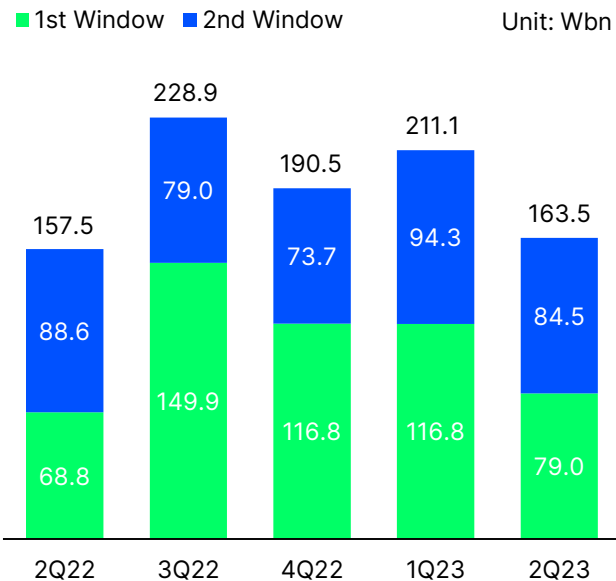
/ REVENUE BREAKDOWN

Windows, Revenue from 1st Window expanded, mostly attributable to global OTT original series i.e. Netflix, Disney+

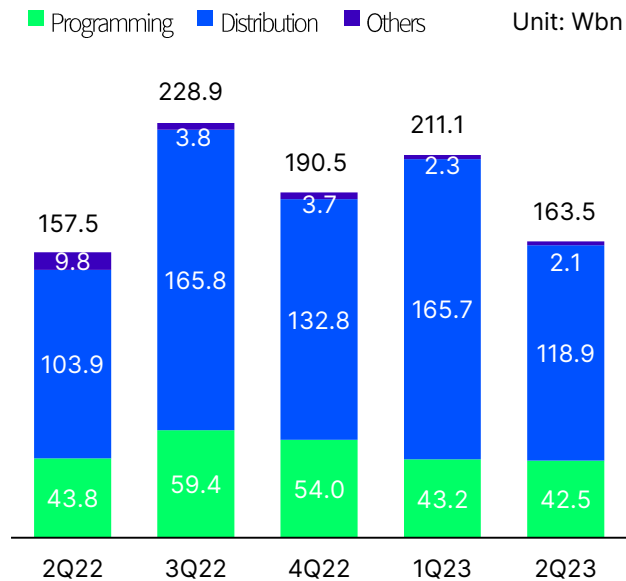
Channels, Achieved huge increase in overseas distribution by evolving distribution strategies of new titles incl. global OTTs

Regions, Meaningful result from strategies to diversify distribution channels – global platforms, regional channels, etc.
→ Overseas revenue continued to take the majority

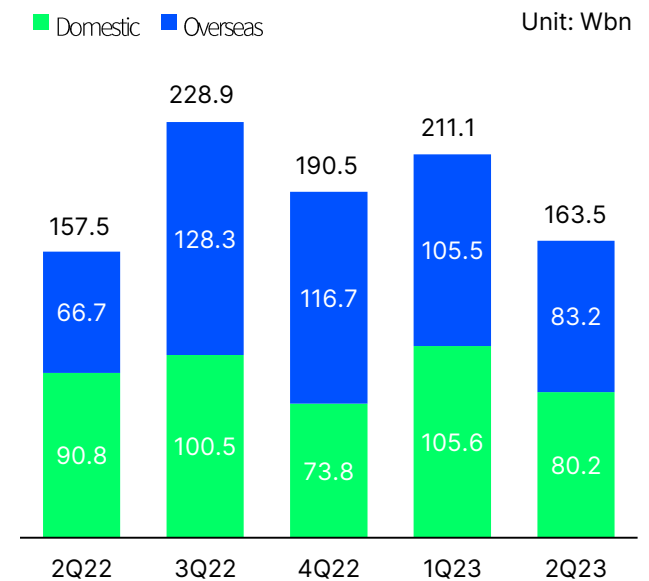
Windows^(*)



Channels



Regions



^(*) 1st Window = Rev. from TV programming, OTT original Series, Sponsorship, etc. / 2nd Window = VOD, Licensing, other business excel. sponsorship, etc.

/ COST BREAKDOWN

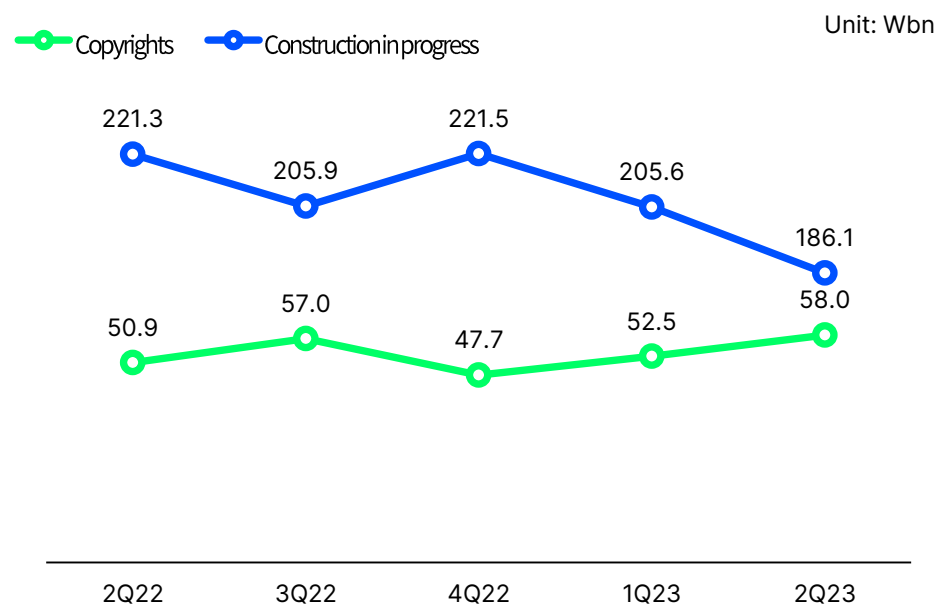
OPEX, Production COGS increased due to global OTT original series
& Amortization cost increased as the number of prebuy lineups increased in 1Q23

Intangible Asset, Construction in progress slightly decreased while releasing & delivering ongoing big-budget titles

OPEX Breakdown

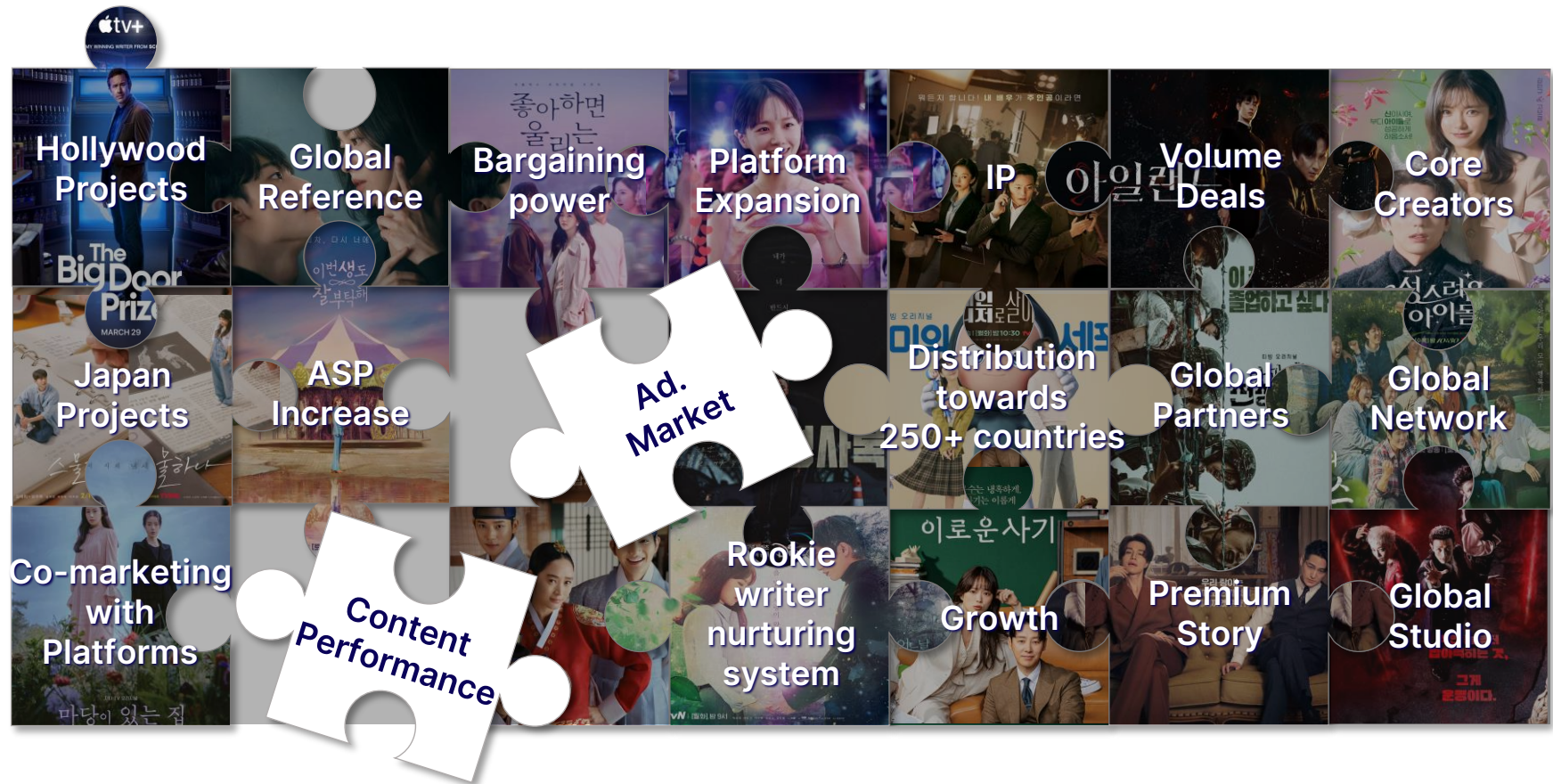
	2Q22	3Q22	4Q22	1Q23	2Q23
Unit: Wbn					
Production COGS	72.2	140.5	103.9	108.1	78.9
Labor Costs	8.1	8.6	12.4	9.3	8.2
Depreciation	1.0	0.7	0.7	0.7	0.7
Amortization	29.8	43.5	51.5	46.5	41.4
Commissions	12.6	15.0	19.1	23.1	16.3
Others	6.9	1.7	1.8	1.8	1.7
OPEX	130.5	209.9	189.3	189.5	147.2

Intangible Asset



/ KEY STRATEGIES

Road to global studio model: ad market recovery & qualified content

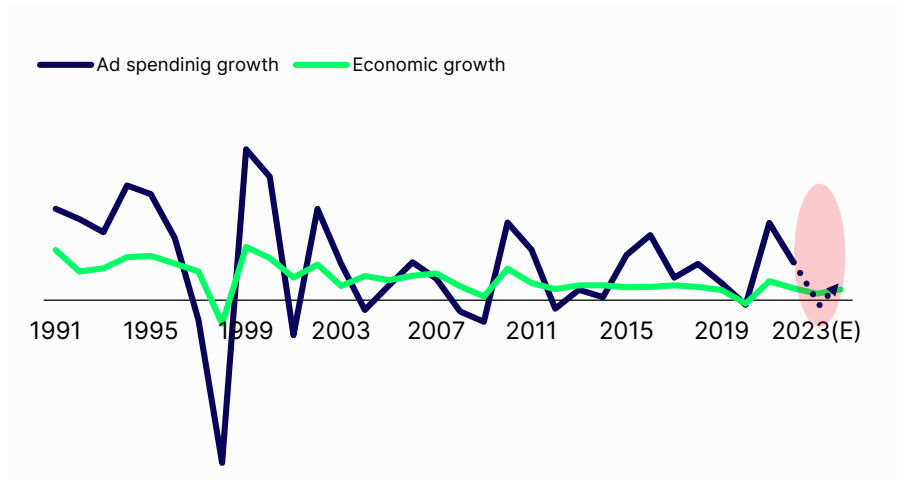


/ KEY STRATEGIES

Road to global studio model: ad market recovery & qualified content

1

Gradual recovery of economy & ad market



- Ad spending has shown similar trend with economic growth
- 1.4% of economic growth is expected in 2023, while 2.3% in 2024^(*)
- Ad market may recover following the economic recovery

^(*) Data source: Bank of Korea

2

Systemize content sustainability



Content Quality

γ Rookie Training

From rookie to S/A class
(Producers & Writers)

γ Production DB

Build DB of content; budget,
performance, profitability

γ Future key competencies

Strive for series orders of global
projects
Plan to utilize AI in developing &
producing IPs



Content Portfolio

γ Lineup setup in advance

Build IP sourcing system

γ Develop channel

- specific IP

Specialize genre & scale
by channel

γ Optimize IP distribution

Develop new business models

/ FINANCIAL STATEMENT

(Unit: Wbn)	2Q22	1Q23	2Q23	% QoQ	% YoY
Total Assets	1,022.0	1,132.8	1,157.7	2.2	13.3
Current Assets	296.3	401.9	423.4	5.3	42.9
Cash and Cash Equivalents	47.4	93.1	107.2	15.2	125.9
Others	248.8	308.9	316.2	2.4	27.1
Non-Current Assets	725.7	730.8	734.3	0.5	1.2
Tangible Assets	8.8	10.6	11.8	11.0	34.8
Intangible Assets	359.8	364.0	348.1	(4.4)	(3.2)
Others	357.1	356.2	374.4	5.1	4.8
Total Liabilities	347.9	441.9	464.6	5.1	33.5
Current Liabilities	315.9	426.2	447.7	5.1	41.7
Non-Current Liabilities	32.0	15.7	16.9	7.3	(47.2)
Shareholders' Equity	674.1	690.9	693.1	0.3	2.8
Capital Stock	15.0	15.0	15.0	0.0	0.1
Paid-In Capital in Excess of Par Val	470.4	473.4	473.4	0.0	0.6
Retained Earnings	202.9	231.0	241.1	4.4	18.8
Other Components of Equity	(14.3)	(28.5)	(36.4)	CR	CR
Key Financial Ratios					
Current Ratio(%)	93.8	94.3	94.6	0.2	0.8
Net Debt(Net Cash)Ratio(%)	7.8	11.1	9.1	(2.1)	1.3
Cash Ratio(%)	15.0	21.8	23.9	2.1	8.9

Note (1) K-IFRS consolidated basis

(2) Current Ratio = Current Assets / Current Liabilities, Net Debt (Net Cash) to Equity = Net Debt (Net Cash) / Shareholders' Equity,

Cash Ratio = Cash and Cash Equivalents / Current Liabilities

(3) TR (Turned Red), TB (Turned Black), CR (Continued Red), n/a (not available)

/ INCOME STATEMENT

(Unit: Wbn)	2Q22	3Q22	4Q22	1Q23	2Q23	% QoQ	% YoY	1H22	1H23	% YoY
# of Episodes Aired	107	160	101	112	83	(25.9)	(22.4)	181	195	7.7
TV	87	99	76	73	64	(12.3)	(26.4)	140	137	(2.1)
OTT	20	61	25	39	19	(51.3)	(5.0)	41	58	41.5
Revenue	157.5	228.9	190.5	211.1	163.5	(22.6)	3.8	278.6	374.6	34.5
Programming	43.8	59.4	54.0	43.2	42.5	(1.7)	(3.1)	79.2	85.6	8.1
Distribution	103.9	165.8	132.8	165.7	118.9	(28.2)	14.4	181.6	284.6	56.7
Others	9.8	3.8	3.7	2.3	2.1	(8.5)	(78.4)	17.7	4.4	(75.0)
OPEX	130.5	209.9	189.3	189.5	147.2	(22.3)	12.8	233.5	336.8	44.2
COGS	122.1	201.5	178.8	180.3	139.6	(22.6)	14.3	217.7	319.9	47.0
SG&A	8.4	8.4	10.5	9.2	7.7	(17.0)	(8.7)	15.8	16.9	6.8
Operating Profit	27.0	18.9	1.2	21.6	16.3	(24.8)	(39.8)	45.1	37.9	(16.0)
Margin(%)	17.1	8.3	0.6	10.2	9.9	(0.3)	(7.2)	16.2	10.1	(6.1)
Non-Operating Profit	3.0	6.5	(18.1)	0.5	(0.4)	TR	TR	32.1	0.0	(99.9)
Non-Operating Income	8.5	15.3	(5.7)	6.5	3.3	(50.1)	(61.6)	5.0	9.8	95.2
Non-Operating Expenses	5.5	8.8	12.4	6.0	3.7	(38.8)	(32.2)	12.1	9.7	(19.3)
Pre-tax Profit	30.0	25.5	(17.0)	22.1	15.8	(28.4)	(47.3)	7.1	37.9	436.2
Income Taxes	4.5	7.6	(8.5)	3.7	5.6	51.8	26.2	50.1	9.3	(81.4)
Net Profit	25.6	17.8	(8.5)	18.4	10.2	(44.6)	(60.1)	8.9	28.6	220.2
Margin(%)	16.2	7.8	(4.4)	8.7	6.2	(2.5)%p	(10.0)%p	8.0	7.2	(0.8)

Note (1) K-IFRS consolidated basis

(2) TR (Turned Red), TB (Turned Black), CR (Continued Red), n/a (not available)



Arthdal Chronicles The Sword of Aramoon

tvN, Disney+
12 episodes
Sep. 9 ~ Oct. 15

The Uncanny Counter2 Counter Punch

tvN, Netflix
12 episodes
Jul. 29 ~ Sep. 3



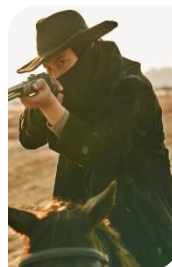
My Lovely Liar

tvN
16 episodes
Jul. 31 ~ Sep. 19



Doona!

Netflix
9 episodes
2Q23~3Q23 Delivery



Song of the Bandits

Netflix
9 episodes
3Q23 Delivery

Thank you

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