

# **3Q23 Earnings Release**

**Studio Dragon**  
**8<sup>th</sup> November, 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 Q3 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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# CONTENTS

## **/ 01. Highlights**

- Projects
- Financial Performance

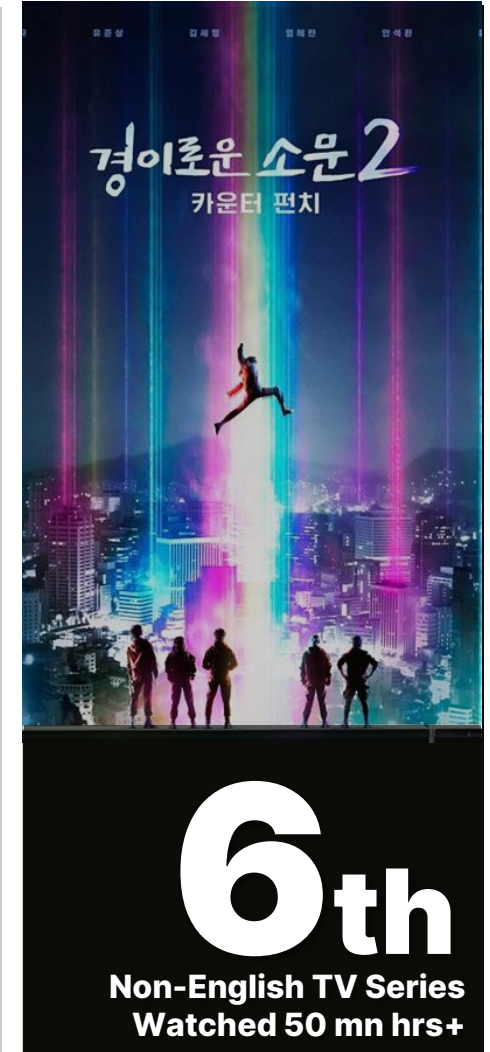
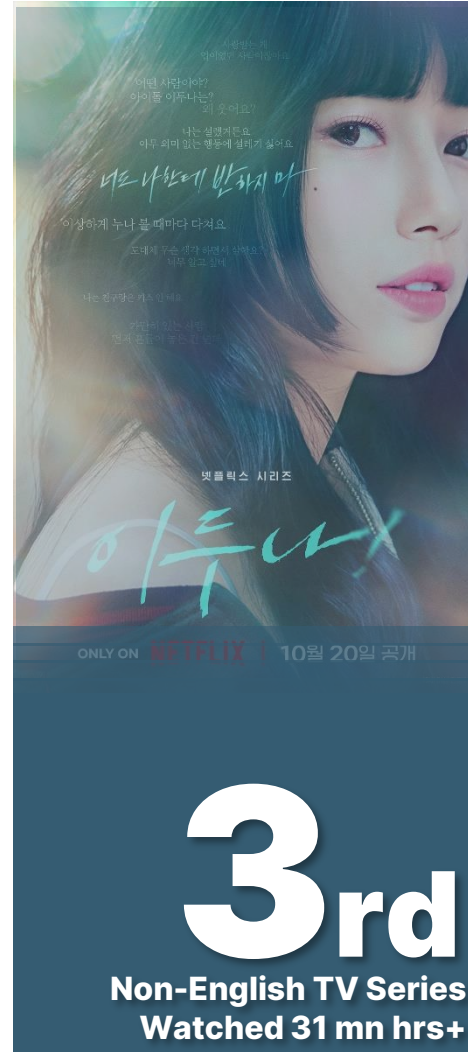
## **/ 02. 3Q23 Business Performance**

- Summary
- Revenue Breakdown
- Cost Breakdown

## **/ 03. Growth Strategies**

## **/ 04. Appendix**

## / 3Q23 HIGHLIGHTS – Projects



## **/ 3Q23 HIGHLIGHTS - Financial**

### **Proved the Glocalization Initiatives by Results**

**+15%**

Operating  
Profit

**+41%**

Rev. from  
Global OTT  
Original Series

**180** w/bn

Record High  
Distribution  
Rev.

**+30%**

Revenue from  
Overseas  
Market

**77%**

Proportion of  
Overseas  
Revenue

## / SUMMARY

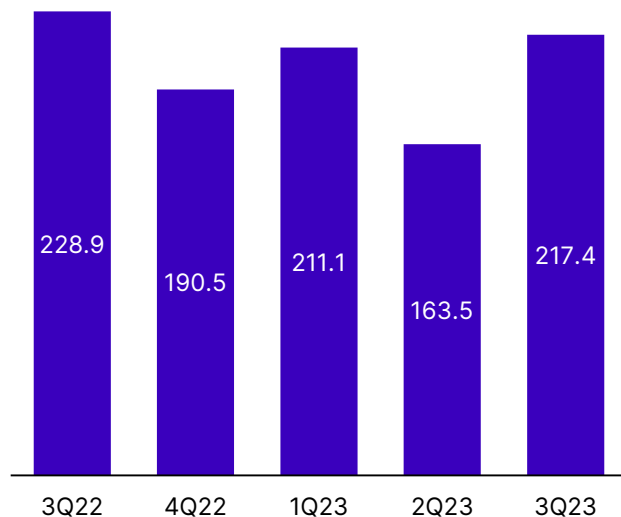
**3Q23 Revenue W217.4bn**(YoY -5.0%): Proved glocalization strategies with global OTT original series & int'l distribution

**3Q23 OP W21.9bn**(YoY +15.4%): Successfully changed SD's major growth driver; maximized global distribution efficiency of new titles, sold old libraries via Disney+, etc.

**4Q23:** Aim to cope with struggling domestic market by focusing on global expansion strategies

### Revenue

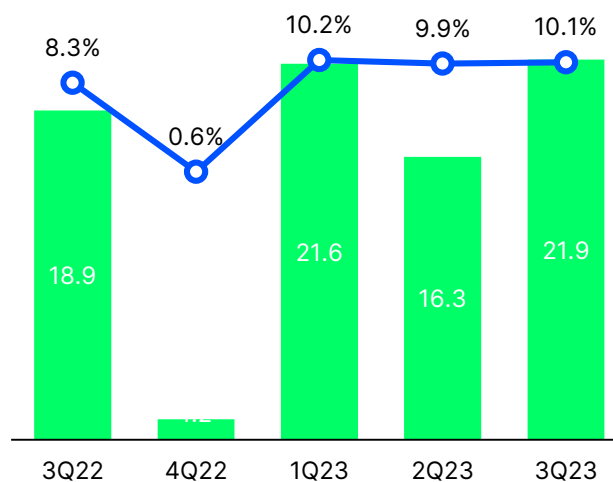
Unit Wbn



### Operating Profit

OP OPM

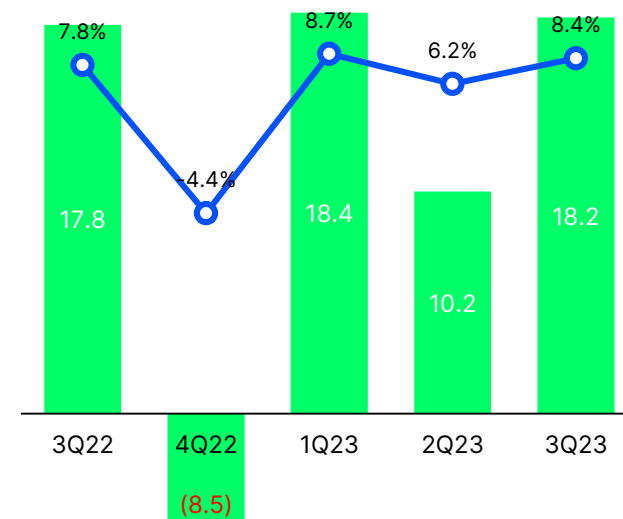
Unit: Wbn



### Net Profit

NP NPM

Unit: Wbn



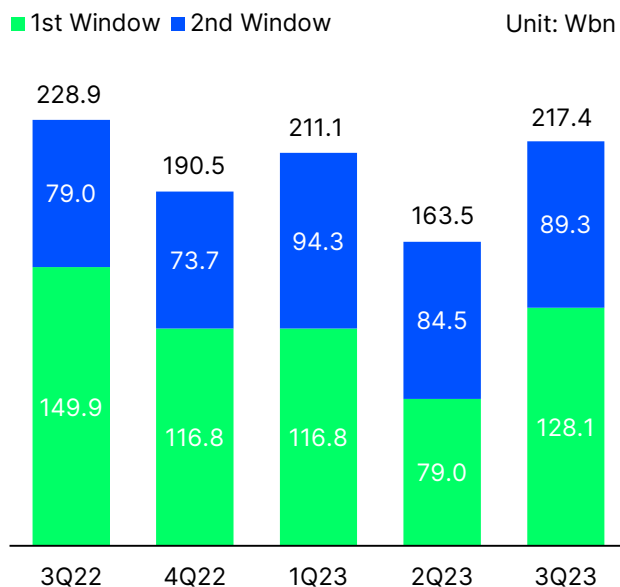
# / REVENUE BREAKDOWN

**Windows**, Revenue from 2<sup>nd</sup> Window and its share expanded, mostly attributable to global simultaneous service of new titles<sup>(\*)</sup> and old library sales

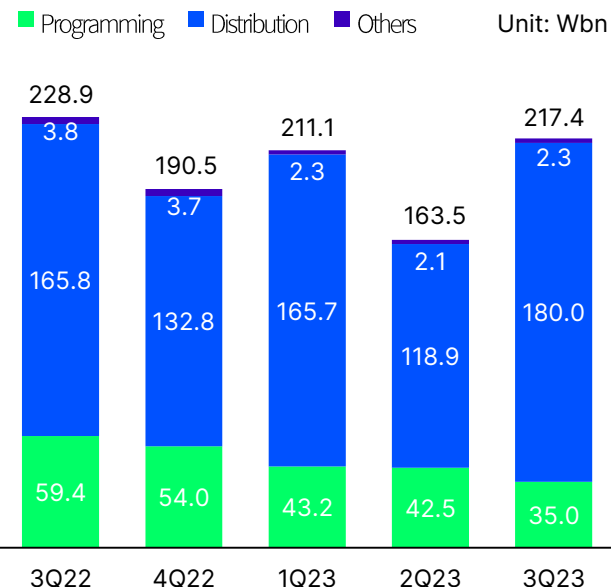
**Channels**, Distribution revenue hit record-high driven by big-budget global OTT original series<sup>(\*)</sup>

**Regions**, Overseas revenue increased by 29.8% and its shared hit new record - 76.6% - with glocalization strategies

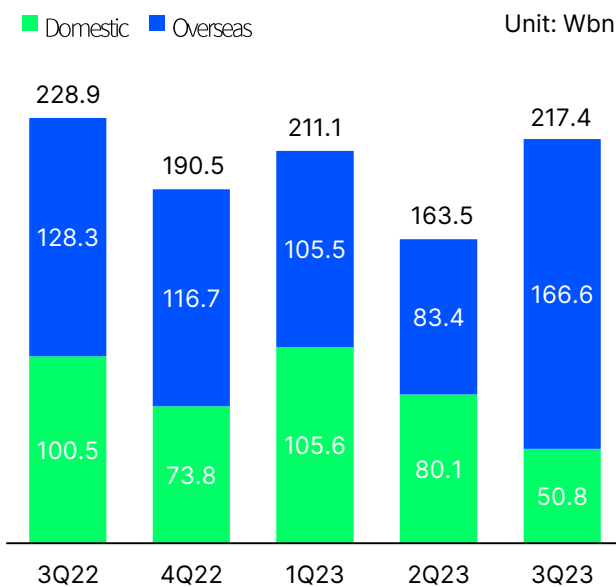
## Windows<sup>(\*)</sup>



## Channels



## Regions



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

<sup>(\*)</sup> <My Lovely Liar>, etc. <sup>(\*)</sup> <The Big Door Prize2> Apple TV+, <Song of the Bandits> Netflix

## / COST BREAKDOWN

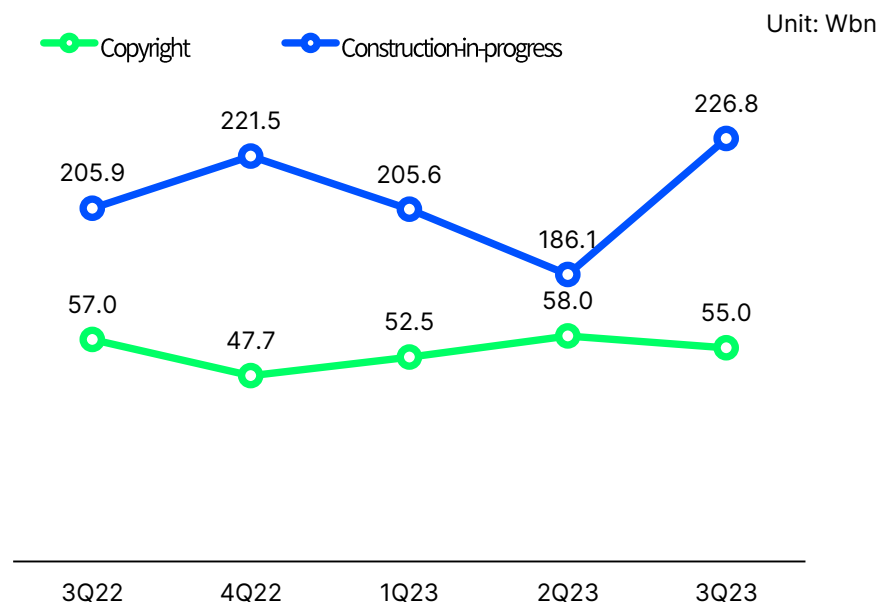
**OPEX**, COGS ratio(YoY -1.3%p) & SG&A ratio(YoY -0.5%p) declined under the cost-saving initiatives

**Intangible Asset**, Construction in progress increased due to on-going projects i.e. <Ask the Stars>, <Queen of Tears>, etc.

### OPEX Breakdown

	Unit: Wbn				
	3Q22	4Q22	1Q23	2Q23	3Q23
Production COGS	140.5	103.9	108.1	78.9	121.9
Labor Costs	8.6	12.4	9.3	8.2	7.4
Depreciation	0.7	0.7	0.7	0.7	0.8
Amortization	43.5	51.5	46.5	41.4	46.2
Commissions	15.0	19.1	23.1	16.3	17.8
Others	1.7	1.8	1.8	1.7	1.5
<b>OPEX</b>	<b>209.9</b>	<b>189.3</b>	<b>189.5</b>	<b>147.2</b>	<b>195.6</b>

### Intangible Asset





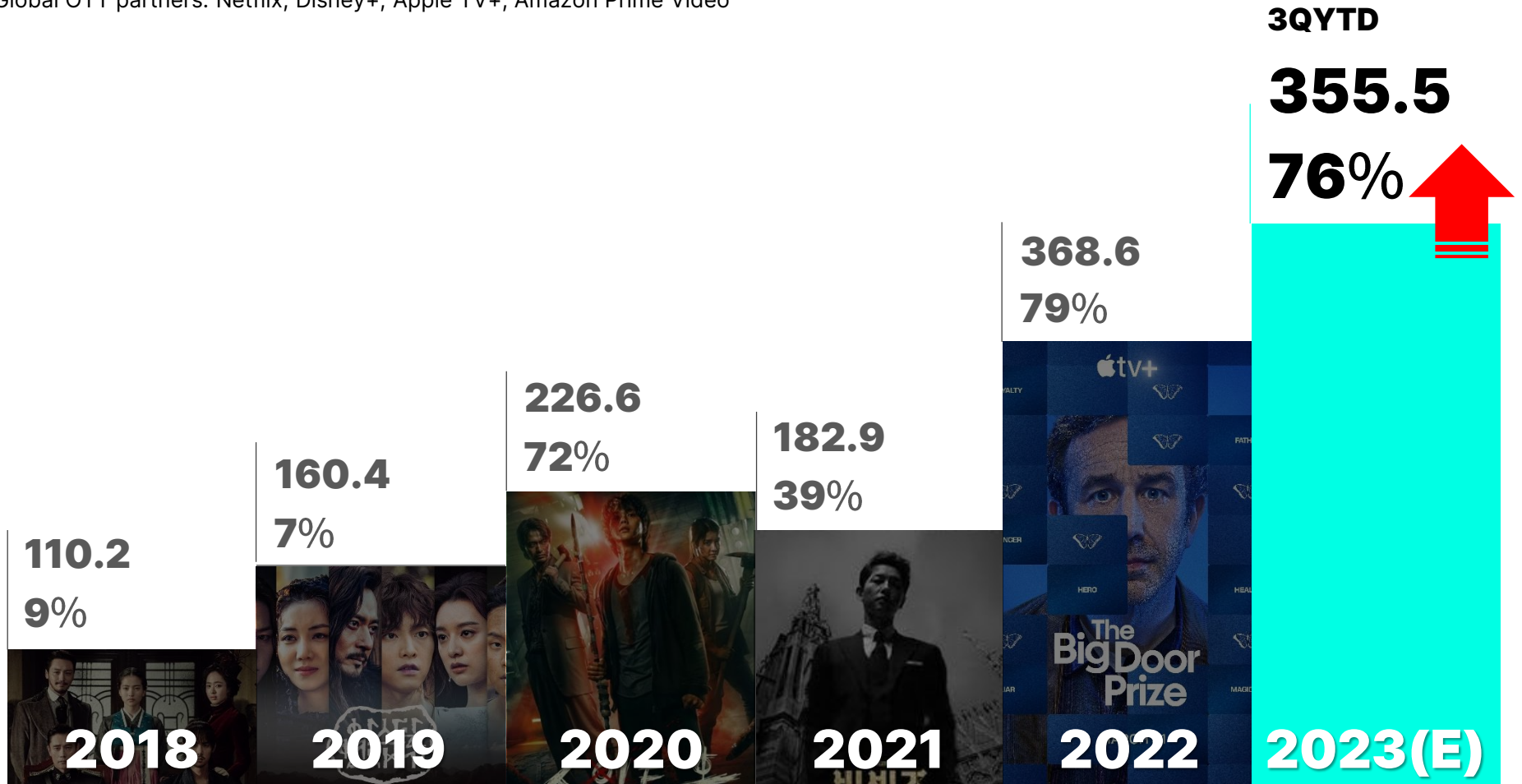
## / KEY STRATEGIES

### Global growth Story – still ongoing with OTT platforms

(\*1) Revenue from overseas market (Unit: Wbn)

(\*2) Proportion of global OTTs(Original series, prebuy, library sales) among overseas revenue

(\*3) Global OTT partners: Netflix, Disney+, Apple TV+, Amazon Prime Video



## / KEY STRATEGIES

### New Era of Production – Studio Dragon with A.I.

■ A.I. tech in the whole process; cost-saving & production efficiency

01. IP Development → 02. Production → 03. Launching



#### Content Planning

- Analyze attractive points of content
- Predict the reaction of target-audience
- Identify up & downside risks
- Suggest marketing points



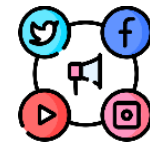
#### Pre-Production

- Create concept image & storyboard
- Organize each scene based on scenario
- Set production schedule
- Suggest filming location



#### Production

- Create & correct VFX
- Replace fight scenes
- Re-aging actors' face
- Replace & delete unneeded elements
- Automatic replacement of background scenes
- Other production mgmt.



#### Marketing & Distribution

- Change ad products suitable for target audience of each region
- Analyze global marketing points

**204** IPs

to build database

**3** years

Estimated lead time

**15%**

Cost saving target

**STUDIO  
Dragon**

# / FINANCIAL STATEMENT

(Unit: Wbn)	1Q23	2Q23	3Q23	% QoQ	% YoY
<b>Total Assets</b>	<b>1,132.8</b>	<b>1,157.7</b>	<b>1,150.3</b>	<b>(0.6)</b>	<b>2.1</b>
Current Assets	401.9	423.4	412.8	(2.5)	(1.9)
Cash and Cash Equivalents	93.1	107.2	118.7	10.8	42.8
Others	308.9	316.2	294.1	(7.0)	(12.9)
Non-Current Assets	730.8	734.3	737.5	0.4	4.4
Tangible Assets	10.6	11.8	12.8	8.2	21.7
Intangible Assets	364.0	348.1	384.0	10.3	0.8
Others	356.2	374.4	340.7	(9.0)	8.2
<b>Total Liabilities</b>	<b>441.9</b>	<b>464.6</b>	<b>429.9</b>	<b>(7.5)</b>	<b>(3.9)</b>
Current Liabilities	426.2	447.7	402.1	(10.2)	(7.5)
Non-Current Liabilities	15.7	16.9	27.7	64.2	117.8
<b>Shareholders' Equity</b>	<b>690.9</b>	<b>693.1</b>	<b>720.4</b>	<b>3.9</b>	<b>6.0</b>
Capital Stock	15.0	15.0	15.0	0.0	0.1
Paid-In Capital in Excess of Par Val	473.4	473.4	473.4	0.0	0.6
Retained Earnings	231.0	241.1	259.3	7.5	17.5
Other Components of Equity	(28.5)	(36.4)	(27.3)	CR	CR
<b>Key Financial Ratios</b>					
Current Ratio(%)	94.3	94.6	102.7	8.1	5.8
Net Debt(Net Cash)Ratio(%)	11.1	9.1	7.1	(1.9)	(5.7)
Cash Ratio(%)	21.8	23.9	29.5	5.6	10.4

**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)	3Q22	4Q22	1Q23	2Q23	3Q23	% QoQ	% YoY	3Q22 YTD	3Q23 YTD	% YoY
<b># of Episodes Aired</b>	<b>160</b>	<b>101</b>	<b>112</b>	<b>83</b>	<b>75</b>	<b>(9.6)</b>	<b>(53.1)</b>	<b>341</b>	<b>270</b>	<b>(20.8)</b>
TV	99	76	73	64	50	(21.9)	(49.5)	239	187	(21.8)
OTT	61	25	39	19	25	31.6	(59.0)	102	83	(18.6)
<b>Revenue</b>	<b>228.9</b>	<b>190.5</b>	<b>211.1</b>	<b>163.5</b>	<b>217.4</b>	<b>33.0</b>	<b>(5.0)</b>	<b>507.5</b>	<b>592.0</b>	<b>16.7</b>
Programming	59.4	54.0	43.2	42.5	35.0	(17.5)	(41.0)	138.6	120.7	(12.9)
Distribution	165.8	132.8	165.7	118.9	180.0	51.4	8.6	347.4	464.6	33.7
Others	3.8	3.7	2.3	2.1	2.3	10.0	(38.3)	21.5	6.8	(68.6)
OPEX	209.9	189.3	189.5	147.2	195.6	32.8	(6.9)	443.4	532.3	20.0
COGS	201.5	178.8	180.3	139.6	188.6	35.1	(6.4)	419.2	508.5	21.3
SG&A	8.4	10.5	9.2	7.7	6.9	(9.3)	(17.8)	24.3	23.8	(1.8)
<b>Operating Profit</b>	<b>18.9</b>	<b>1.2</b>	<b>21.6</b>	<b>16.3</b>	<b>21.9</b>	<b>34.4</b>	<b>15.4</b>	<b>64.0</b>	<b>59.7</b>	<b>(6.7)</b>
Margin(%)	8.3	0.6	10.2	9.9	10.1	0.1%p	1.8%p	12.6	10.1	(2.5)%p
Non-Operating Profit	6.5	(18.1)	0.5	(0.4)	3.3	TB	(49.9)	11.5	3.3	(71.4)
Non-Operating Income	15.3	(5.7)	6.5	3.3	5.8	77.2	(62.4)	27.4	15.6	(43.3)
Non-Operating Expenses	8.8	12.4	6.0	3.7	2.5	(32.1)	(71.5)	15.9	12.3	(22.9)
Pre-tax Profit	25.5	(17.0)	22.1	15.8	25.1	58.8	(1.3)	75.6	63.0	(16.6)
Income Taxes	7.6	(8.5)	3.7	5.6	6.9	23.5	(8.8)	16.5	16.3	(1.7)
<b>Net Profit</b>	<b>17.8</b>	<b>(8.5)</b>	<b>18.4</b>	<b>10.2</b>	<b>18.2</b>	<b>78.3</b>	<b>1.9</b>	<b>59.0</b>	<b>46.8</b>	<b>(20.8)</b>
Margin(%)	7.8	(4.4)	8.7	6.2	8.4	2.1%p	0.6%p	11.6	7.9	(3.7)%p

**Note** (1) K-IFRS consolidated basis

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



## Sweet Home 2

Netflix  
8 eps  
1. Dec.

## Castaway Diva

tvN, Netflix  
12 eps  
21. Oct.~26. Nov.



## Gyeongseong Creature

Netflix  
10 eps  
4Q23



## Twinkling Watermelon

tvN  
16 eps  
2. Oct. ~ 21. Nov.



## Maestra: Strings of Truth

tvN, Disney+  
12 eps  
2. Dec. ~

# Thank you

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