

3Q23 Earnings Release

Studio Dragon
8th 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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/ 3Q23 HIGHLIGHTS – Projects

진실 탐지 로맨스

소용없어 거짓말

나... 알아요?
난 다 알아요!

ONLY ON NETFLIX | 10월 20일 공개

1st
in 141 Countries
via U-NEXT, Viu, VIKI, etc.

넷플릭스 시리즈

도적 칼의 소리

살아남기 위해 반드시 배양는다

1920 도적의 시대

ONLY ON NETFLIX | 11월 22일 공개

2nd
Ranked on
Netflix Global Top 10

이런 사담이냐?
아이들 이두나는?
왜 웃어요?

나는 살릴게요.
아무 의미 없는 행동에 질리게 싫어요.

너도 내한테 반하지 마

이상하게 두나 볼 때마다 다져요.

모래에 무슨 영장 위험이 뭐예요?
나를 잡으니까

나를 친구같은 개구리만 봐요

구멍이 있는 사람
별과 별이 주는 빛이

넷플릭스 시리즈

아두나

ONLY ON NETFLIX | 10월 20일 공개

3rd
Non-English TV Series
Watched 31 mn hrs+

유종성 김재형 김해란 민석경

경이로운 소문 2
카운터 펀치

ONLY ON NETFLIX | 10월 20일 공개

6th
Non-English TV Series
Watched 50 mn hrs+

/ 3Q23 HIGHLIGHTS - Financial

Proved the Glocalization Initiatives by Results

+15%

Operating
Profit

+41%

Rev. from
Global OTT
Original Series

180wbn

Record High
Distribution
Rev.

+30%

Revenue from
Overseas
Market

77%

Proportion of
Overseas
Revenue

/ SUMMARY

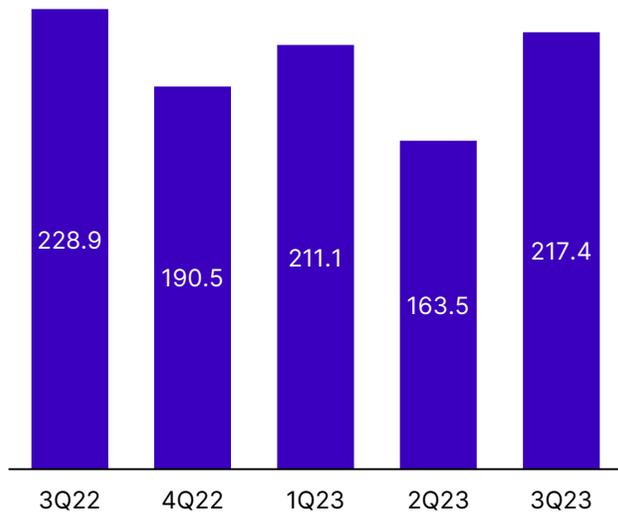
3Q23 Revenue W217.4bn(YoY -5.0%): Proved glocalization strategies with global OTT original series & int'l distribution

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

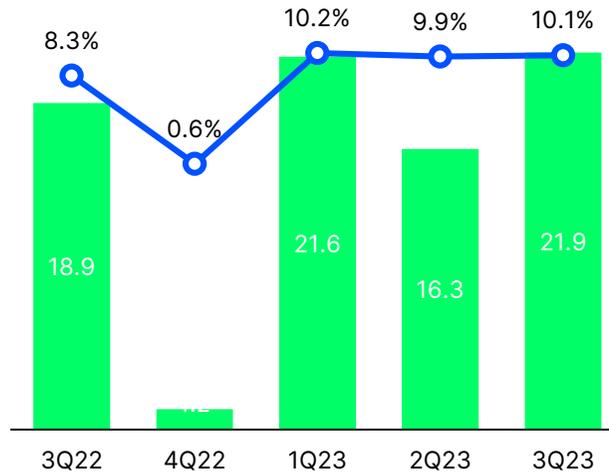
Unit Wbn



Operating Profit

■ OP ● OPM

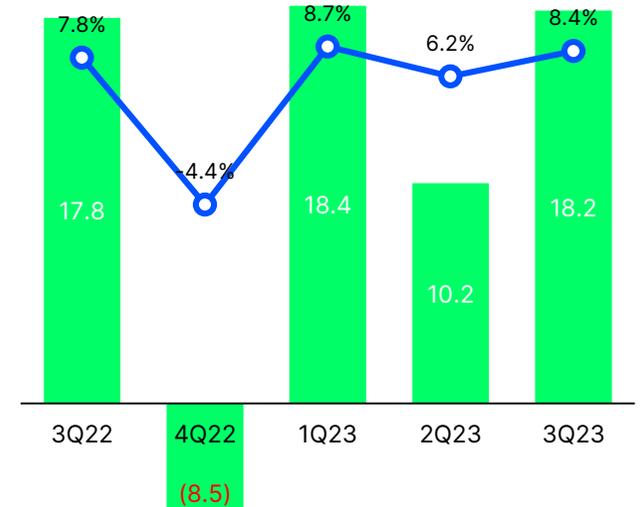
Unit: Wbn



Net Profit

■ NP ● NPM

Unit: Wbn



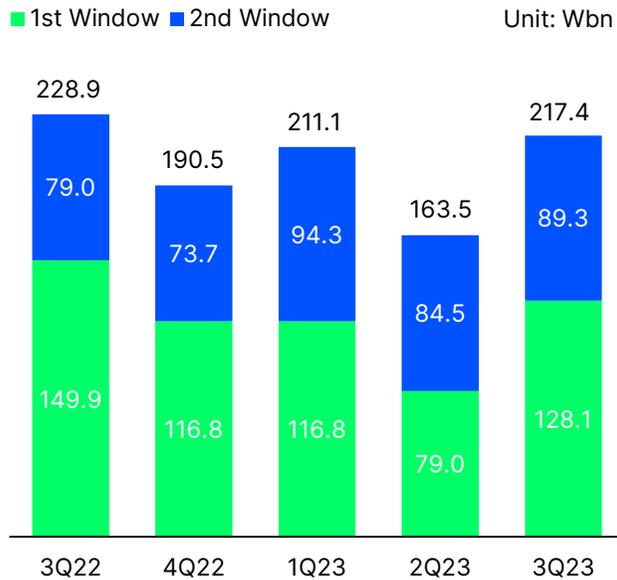
/ REVENUE BREAKDOWN

Windows, Revenue from 2nd Window and its share expanded, mostly attributable to global simultaneous service of new titles^(*1) and old library sales

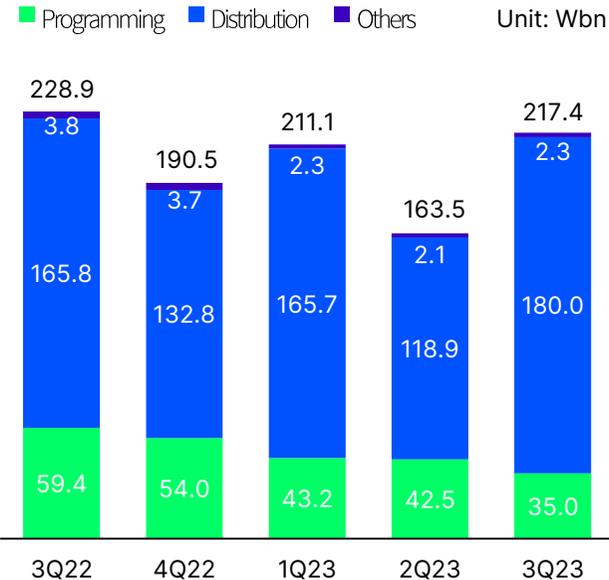
Channels, Distribution revenue hit record-high driven by big-budget global OTT original series^(*2)

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

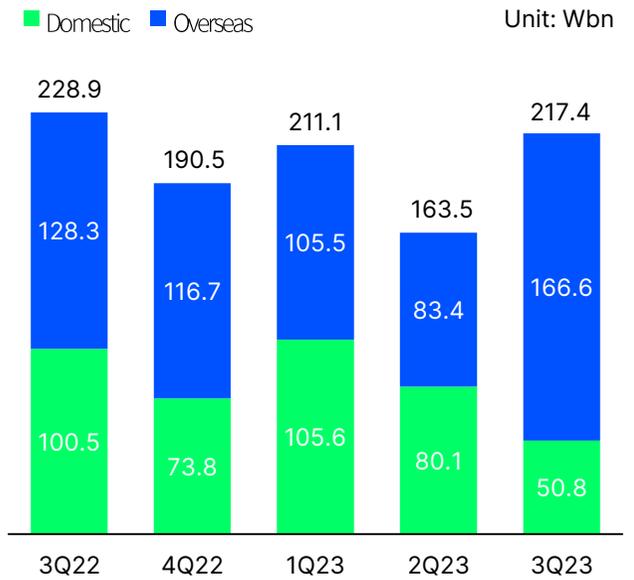
Windows^(*)



Channels



Regions



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

(*1) <My Lovely Liar>, etc. (*2) <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

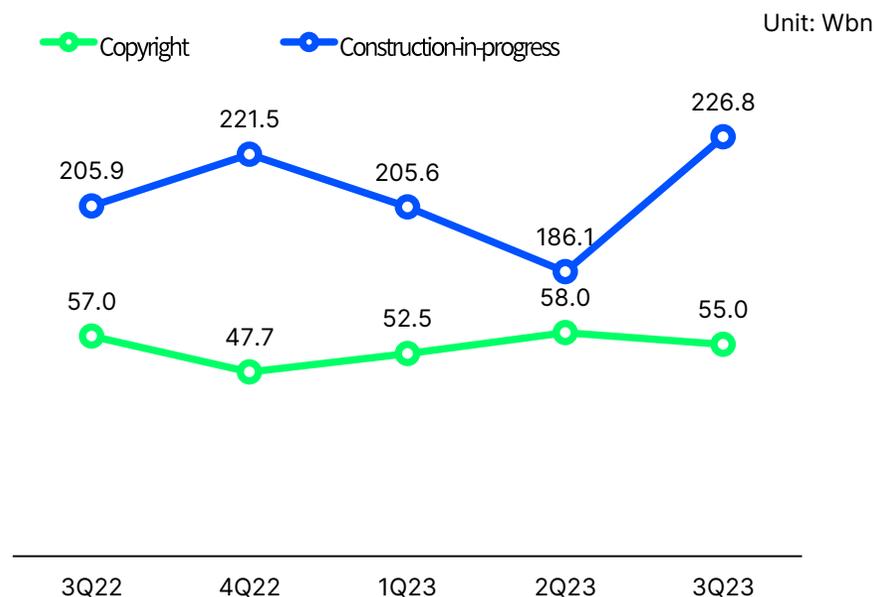
Intangible Asset, Construction in progress increased due to on-going projects i.e. <Ask the Stars>, <Queen of Tears>, etc.

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
OPEX	209.9	189.3	189.5	147.2	195.6

Intangible Asset



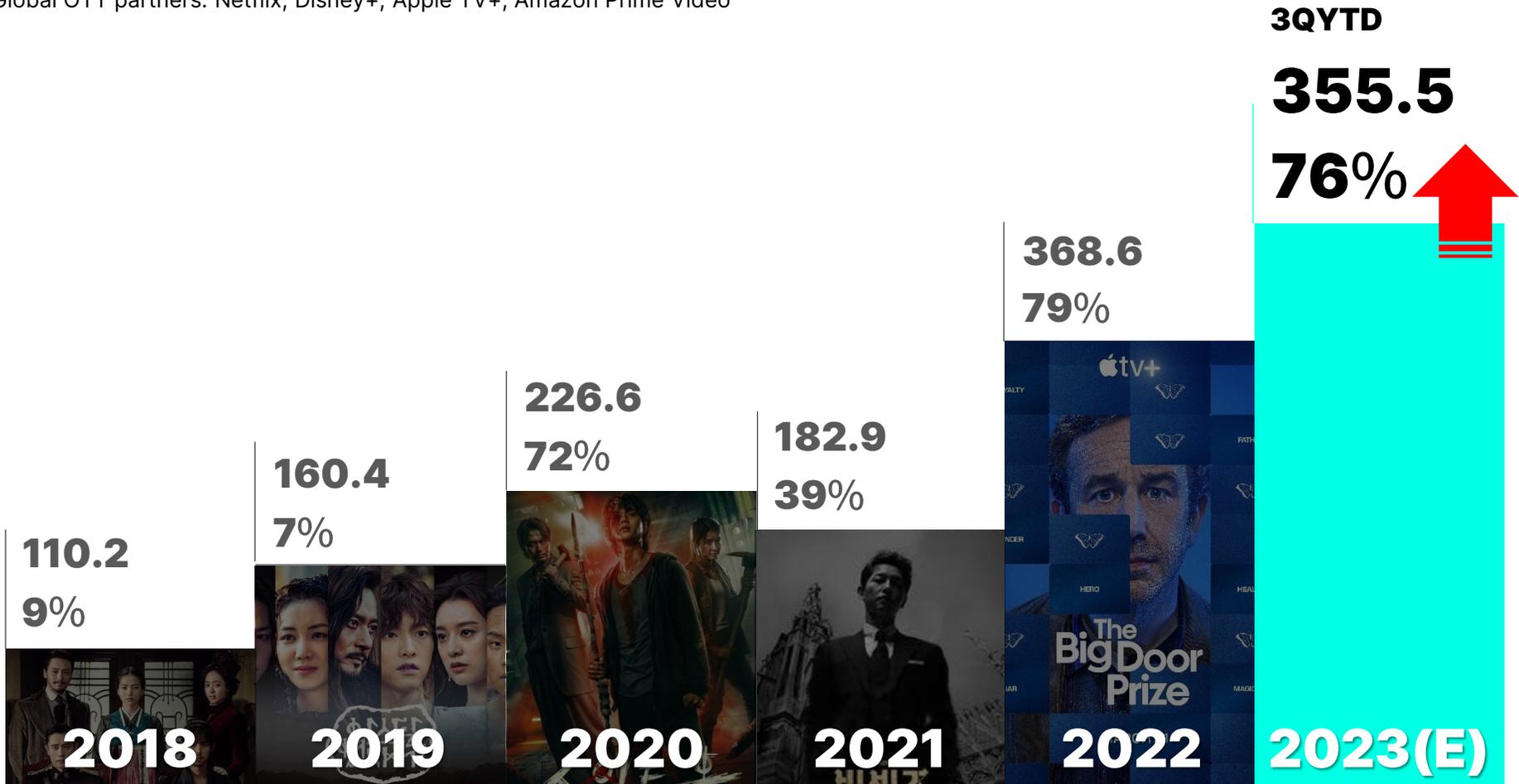
/ KEY STRATEGIES

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.

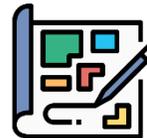
■ A.I. tech in the whole process; cost-saving & production efficiency

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



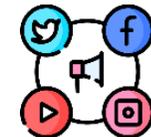
Pre-Production

- 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

/ FINANCIAL STATEMENT

(Unit: Wbn)	1Q23	2Q23	3Q23	% QoQ	% YoY
Total Assets	1,132.8	1,157.7	1,150.3	(0.6)	2.1
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
Total Liabilities	441.9	464.6	429.9	(7.5)	(3.9)
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
Shareholders' Equity	690.9	693.1	720.4	3.9	6.0
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
Key Financial Ratios					
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
# of Episodes Aired	160	101	112	83	75	(9.6)	(53.1)	341	270	(20.8)
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)
Revenue	228.9	190.5	211.1	163.5	217.4	33.0	(5.0)	507.5	592.0	16.7
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)
Operating Profit	18.9	1.2	21.6	16.3	21.9	34.4	15.4	64.0	59.7	(6.7)
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)
Net Profit	17.8	(8.5)	18.4	10.2	18.2	78.3	1.9	59.0	46.8	(20.8)
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.

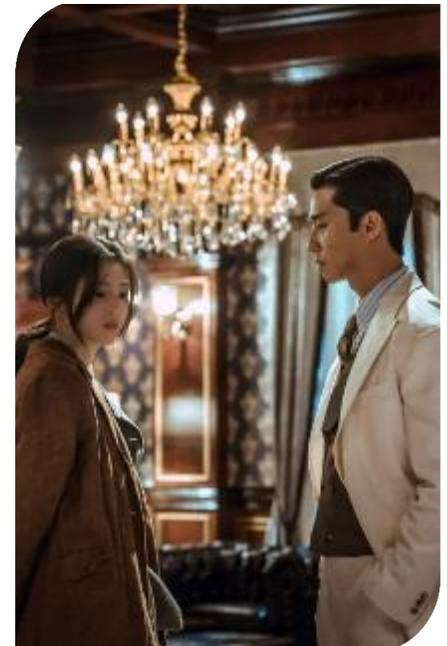
Castaway Diva

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. ~

Premium Storyteller Group

Thank you

**STUDIO
Dragon**

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