

4Q23 Earnings Release

Studio Dragon
7th February 2024

**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 Q4 2023 and 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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/ 2023 HIGHLIGHTS – Projects

Netflix Engagement Report

Share of Hours viewed during 1H23

Global

18,220 Titles
93.5 bn hours
viewed in total

Studio Dragon

2.9%

98 titles
2.7bn hrs

Korea

8.2%

1,072 titles
7.6bn hrs

Featured Contents of 2023



The Glory

Ranked 3rd on Netflix global viewership report
Watched 0.6 bn hours in 1H23
Won AACA Best Drama Series

Crash Course in Romance

Ranked 16th on Netflix global viewership report
Watched 0.2 bn hours in 1H23

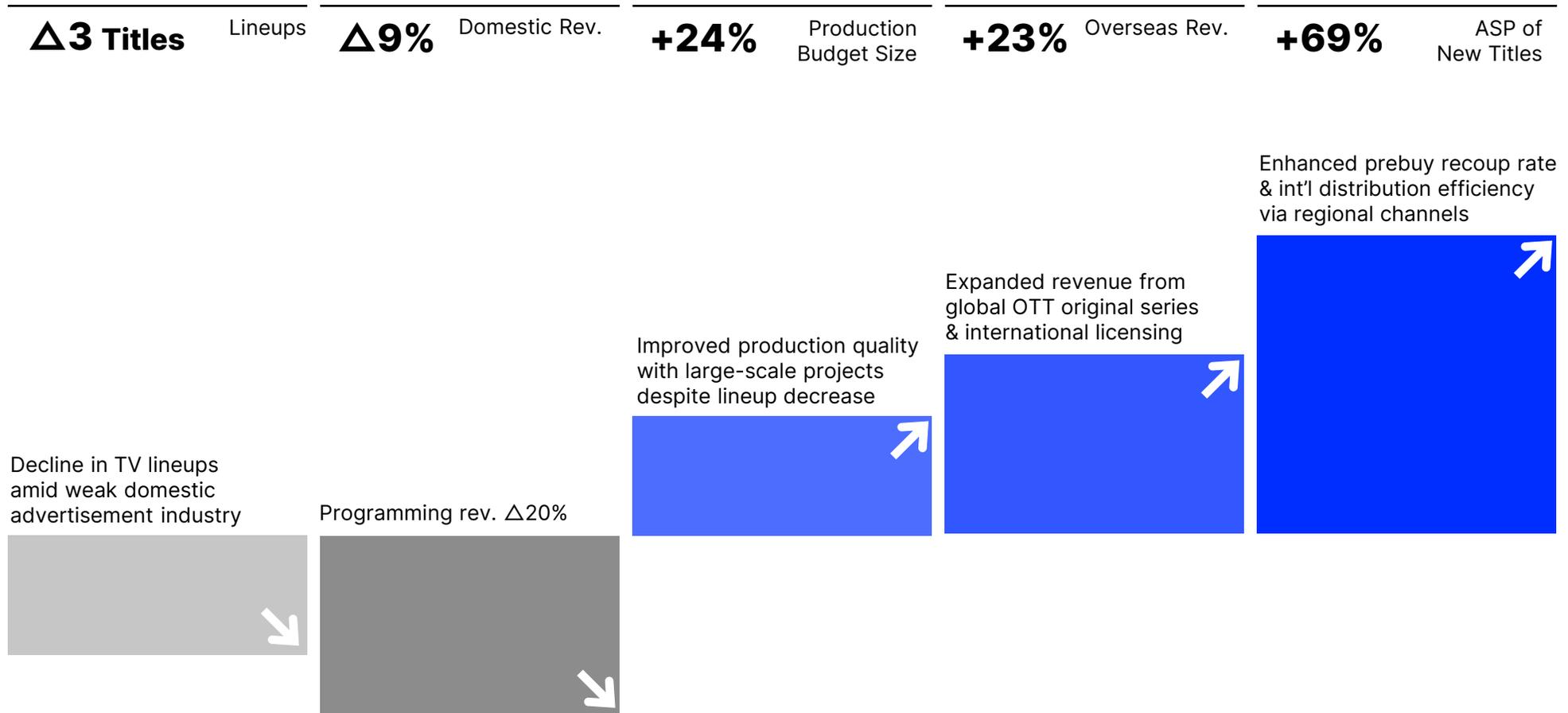


My Lovely Liar

Launched global service to U-Next(Japan),
Viu(SE Asia), Viki(Americas, Europe)
Ranked 1st in 141 countries (Viewership)

/ 2023 HIGHLIGHTS - Financial

Continued Topline Growth amid Harsh Environment



/ SUMMARY

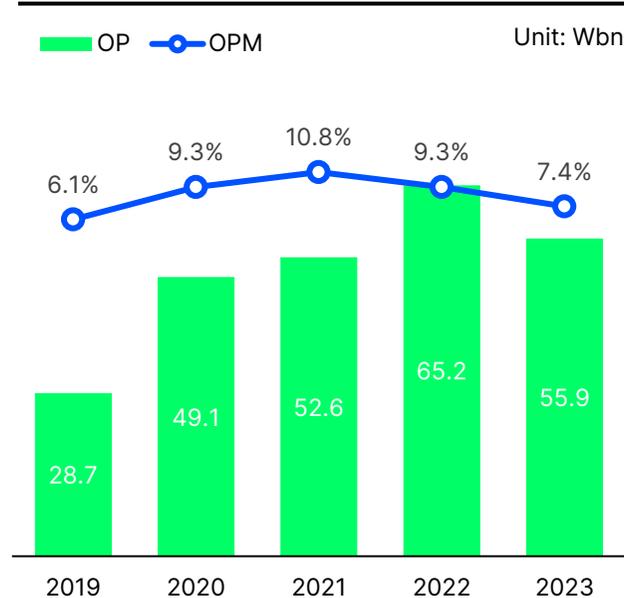
2023 Revenue W753.1bn (YoY +7.9%): Continued growth - especially in overseas market - by diversifying global platforms and by advancing distribution strategies

2023 OP W55.9bn (YoY -14.3%): Missed expectations due to weak viewership performance on TV and decline in library sales

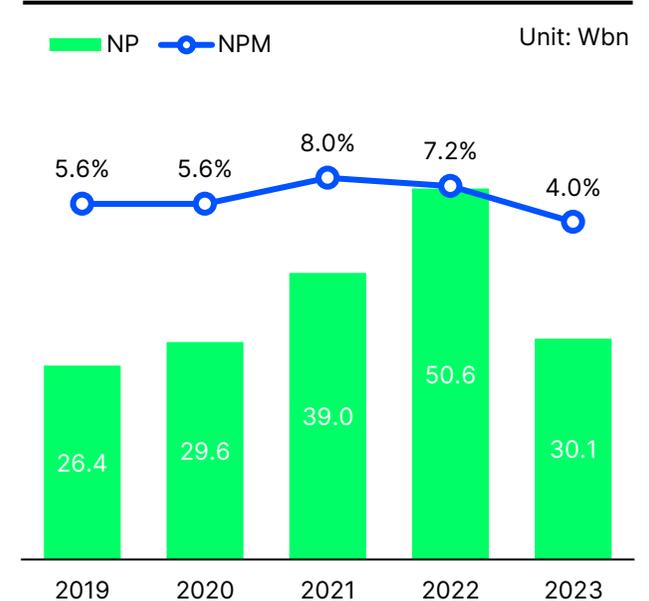
Revenue



Operating Profit



Net Profit



/ SUMMARY

4Q23 Revenue W161.1bn (YoY -15.4%): Negative growth caused by lineup decline & lack of large-scale originals

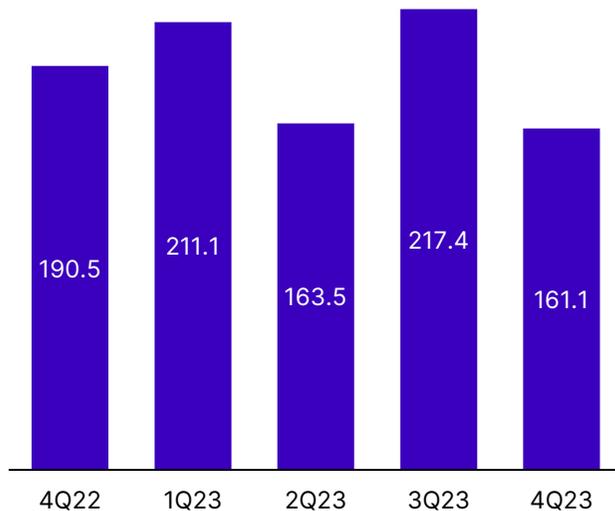
4Q23 Operating Loss W3.8bn (TR YoY): Weak library sales & one-off cost from <Arhdal Chronicles2> (*)

1Q24: Proved the company's value to global audience with <Marry My Husband> and expects to maximize the performance with <Queen of Tears>, written by Park Ji-eun of <Crash Landing on You>

(*) SD unexpectedly demolished the outdoor set of <Arhdal Chronicles>, which was constructed during the first season, following the request from local government

Revenue

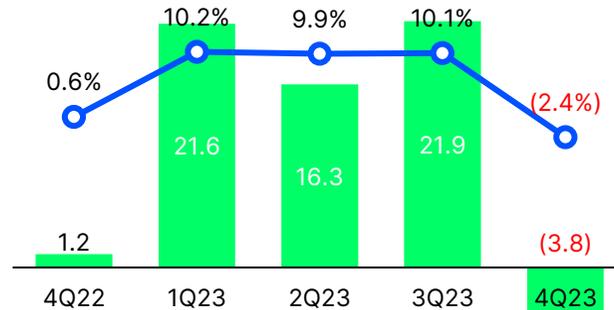
Unit: Wbn



Operating Profit

OP OPM

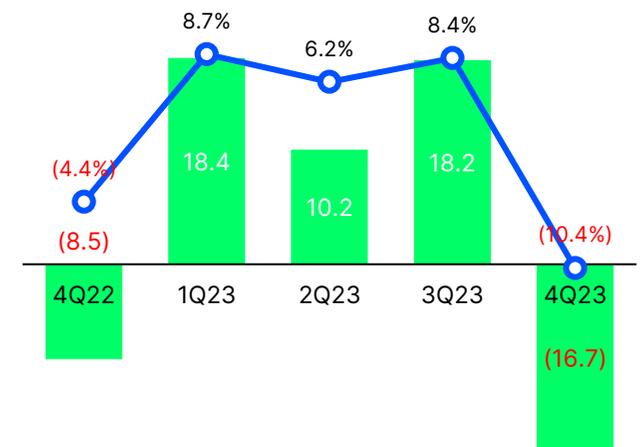
Unit: Wbn



Net Profit

NP NPM

Unit: Wbn



/ REVENUE BREAKDOWN

Windows, Continued to increase ASP of new titles, despite negative growth of 1st & 2nd Window rev. due to lineup decline

Channels, Struggled to overcome the seasonality risk by enhancing distribution towards OTT platforms

Regions, Partnership with global OTTs led overseas rev. growth → Rev. from overseas took 60.5%

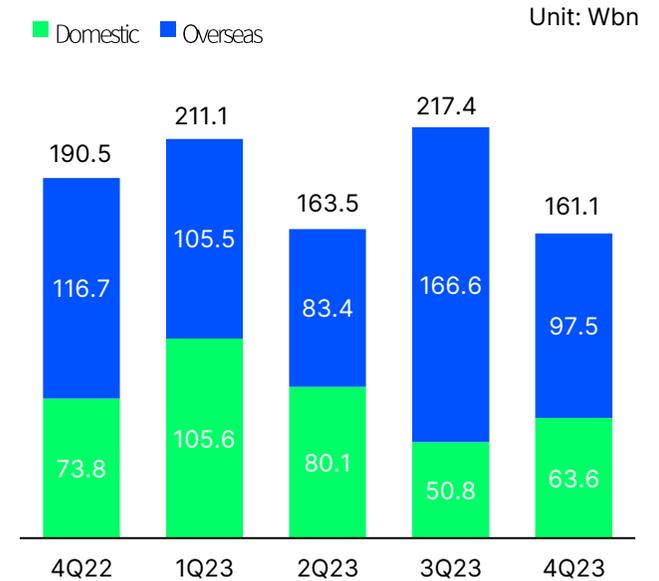
Windows^(*)



Channels



Regions



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

/ COST BREAKDOWN

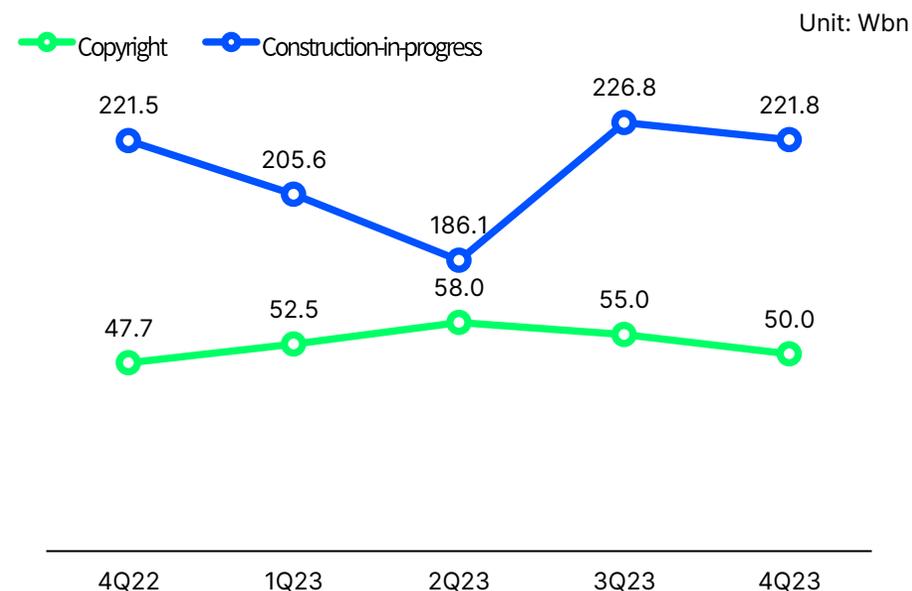
OPEX, Increased in 2023 despite lineup decrease; enhanced quality of projects, especially of large-scale ones

Intangible Asset, Remained flat with big-budget titles to be launched soon i.e. <Ask the Stars>, <Queen of Tears>, etc.

OPEX Breakdown

	Unit: Wbn						
	4Q22	1Q23	2Q23	3Q23	4Q23	2022	2023
Production COGS	103.9	108.1	78.9	121.9	89.3	361.5	398.3
Labor Costs	12.4	9.3	8.2	7.4	7.4	36.7	32.3
Depreciation	0.7	0.7	0.7	0.8	0.9	3.3	3.0
Amortization	51.5	46.5	41.4	46.2	49.1	150.0	183.1
Commissions	19.1	23.1	16.3	17.8	16.4	64.3	73.7
Others	1.8	1.8	1.7	1.5	1.8	16.9	6.9
OPEX	189.3	189.5	147.2	195.6	164.9	632.7	697.3

Intangible Asset



/ KEY STRATEGIES

Step up to Global Major Studio

	<u>2017~2023</u>	<u>2024~</u>
	Topline Booster	Margin Booster
Proportion of Non-Captive projects	13%	50%~
Proportion of In-house production	26%	50%~
Major strategies for platforms	Volume Deal	Volume Deal+
Programming Strategies	IP developing ▶ Programming / Distribution	IP developing = Programming / Distribution

/ KEY STRATEGIES

2024, Strategic Turning Point

24+ >
titles

13^{TV}+

11^{OTT}+



Global Hit Lineup

- Win back TV viewership performance starting from <Marry My Husband>
- Scheduled to launch Mega-Hit IPs i.e. <Queen of Tears>



Maximize efficiency of global distribution

- Minimize time lagging between premier and distribution by pre-determining global channels
- Maximize the price of content by diversifying distribution strategies including volume deals



Aggressive expansion via non-captive channels

- Expand projects targeting global audience - genre & scale
- Raise non-captive proportion to 50%



Global Multi-Studio

- Aim to produce Hollywood projects steadily
- Establish business model by building partnership w/ local channels in Japan

/ FINANCIAL STATEMENT

(Unit: Wbn)	4Q22	3Q23	4Q23	QoQ (%)	YoY (%)
Total Assets	1,090.7	1,150.3	1,092.2	(5.0)	0.1
Current Assets	400.1	412.8	404.5	(2.0)	1.1
Cash and Cash Equivalents	123.7	118.7	158.4	33.4	28.1
Others	276.4	294.1	246.1	(16.3)	(11.0)
Non-Current Assets	690.5	737.5	687.7	(6.8)	(0.4)
Tangible Assets	10.9	12.8	12.4	(3.1)	13.3
Intangible Assets	377.8	384.0	358.9	(6.5)	(5.0)
Others	301.8	340.7	316.4	(7.1)	4.9
Total Liabilities	429.9	429.9	384.5	(10.6)	(10.6)
Current Liabilities	416.3	402.1	368.0	(8.5)	(11.6)
Non-Current Liabilities	13.7	27.7	16.5	(40.6)	20.5
Shareholders' Equity	660.7	720.4	707.8	(1.8)	7.1
Capital Stock	15.0	15.0	15.0	-	-
Paid-In Capital in Excess of Par Val	473.4	473.4	473.4	-	-
Retained Earnings	212.6	259.3	242.0	(6.7)	13.9
Other Components of Equity	(40.2)	(27.3)	(0.3)	CR	CR
Key Financial Ratios					
Current Ratio(%)	96.1	102.7	109.9	7.3	15.6
Net Debt(Net Cash)Ratio(%)	7.0	7.1	1.6	(5.5)	(9.5)
Cash Ratio(%)	29.7	29.5	43.0	13.5	21.2

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

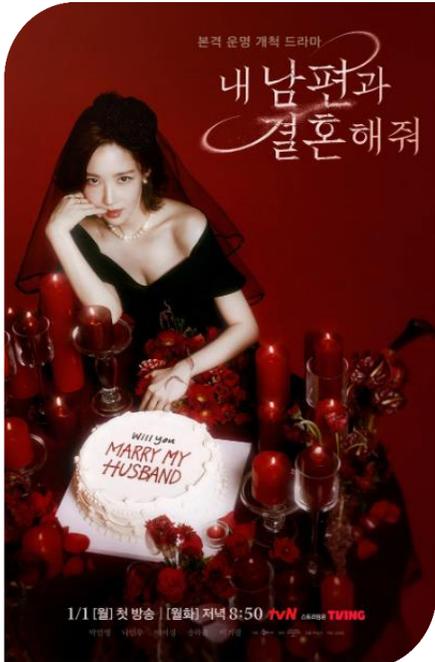
(3) TR (Turned Red), TB (Turned Black), CR (Continued Red), n/a (not available)

/ INCOME STATEMENT

(Unit: Wbn)	4Q22	1Q23	2Q23	3Q23	4Q23	% QoQ	% YoY	2022	2023	% YoY
# of Episodes Aired	101	112	83	75	71	(5.3)	(29.7)	442	341	(22.9)
TV	76	73	64	50	40	(20.0)	(47.4)	315	227	(27.9)
OTT	25	39	19	25	31	24.0	24.0	127	114	(10.2)
Revenue	190.5	211.1	163.5	217.4	161.1	(25.9)	(15.4)	697.9	753.1	7.9
Programming	54.0	43.2	42.5	35.0	33.4	(4.8)	(38.1)	192.5	154.1	(20.0)
Distribution	132.8	165.7	118.9	180.0	124.3	(30.9)	(6.4)	480.2	588.9	22.6
Others	3.7	2.3	2.1	2.3	3.4	45.9	(7.8)	25.2	10.1	(59.7)
OPEX	189.3	189.5	147.2	195.6	164.9	(15.7)	(12.9)	632.7	697.3	10.2
COGS	178.8	180.3	139.6	188.6	156.8	(16.9)	(12.3)	597.9	665.3	11.3
SG&A	10.5	9.2	7.7	6.9	8.2	17.6	(22.4)	34.8	32.0	(8.0)
Operating Profit	1.2	21.6	16.3	21.9	(3.8)	TR	TR	65.2	55.9	(14.3)
Margin(%)	0.6	10.2	9.9	10.1	(2.4)	(12.4)%p	(3.0)%p	9.3	7.4	(1.9)%p
Non-Operating Profit	(18.1)	0.5	(0.4)	3.3	(22.0)	TR	CR	(6.6)	(18.7)	CR
Non-Operating Income	(5.7)	6.5	3.3	5.8	(0.3)	TR	CR	21.7	15.3	(29.6)
Non-Operating Expenses	12.4	6.0	3.7	2.5	21.7	761.2	74.8	28.3	33.9	19.9
Pre-tax Profit	(17.0)	22.1	15.8	25.1	(25.8)	TR	CR	58.6	37.2	(36.5)
Income Taxes	(8.5)	3.7	5.6	6.9	(9.1)	TR	CR	8.1	7.1	(11.4)
Net Profit	(8.5)	18.4	10.2	18.2	(16.7)	TR	CR	50.6	30.1	(40.5)
Margin(%)	(4.4)	8.7	6.2	8.4	(10.4)	(18.7)%p	(5.9)%p	7.2	4.0	(3.3)%p

Note (1) K-IFRS consolidated basis

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



Marry My Husband

tvN, Amazon Prime Video
16 eps
1. Jan.~

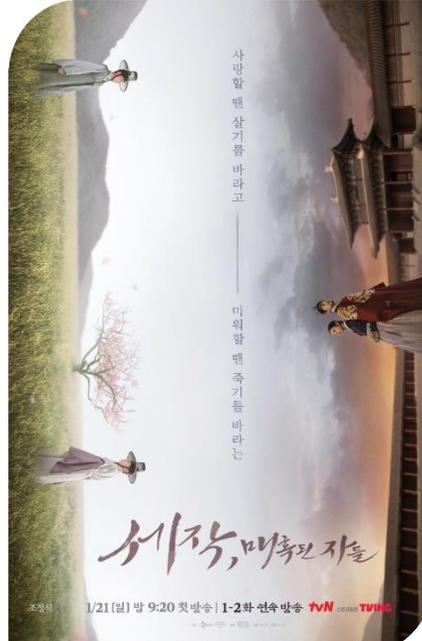


Wedding Impossible

tvN
12 eps
26. Feb.~

Captivating the King

tvN, Netflix
16 eps
21. Jan.~



Queen of Tears

tvN, Netflix
16 eps
16. Mar.~



Maestra: Strings of Truth

tvN, Disney+
12 eps
2. Dec.~14. Jan.



Premium Storyteller Group

Thank you

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