COMPANY UPDATE

2026. 8. 11

Tech Team

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AT A GLANCE

BUY

Target price	KRW33,000	29.9%
Current price	**KRW25,400**	
Market cap	KRW763.49b/USD538.28m	
Shares (float)	30,058,498 (45.2%)	
52-week high/low	KRW50,300/KRW19,700	
Avg daily trading value (60-day)	KRW2.0b/ USD1.4m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Studio Dragon (%)	13.4	-47.2	-48.2
Vs Kosdaq (%pts)	11.1	-31.2	-50.9

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	33,000	33,000	0.0%
2026E EPS	1,168	1,113	4.9%
2027E EPS	1,343	1,327	-1.2%

SAMSUNG vs THE STREET

No of estimates	11
Target price	38,000
Recommendation	4.0

※ Rating: 4 < → BUY, 3 = HOLD, 2 > → SELL

Samsung Securities

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Studio Dragon (253450)

A shift in the quality of growth

- Studio Dragon's 2Q results showed improved profitability, driven by distribution channel diversification and production efficiency gains.
- Its 2H earnings trajectory remains unchanged. It is likely to broaden the commercial potential of its IP and establish longer-term growth engines.

WHAT'S THE STORY?

2Q review—meets consensus: Studio Dragon reported 2Q sales of KRW145.3b (up 26.9% y-y) and an operating profit of KRW15.4b (turning around from a 2Q25 loss of KRW2.9b), in line with consensus. The number of episodes aired totaled 77 (vs 41 in 2Q25), of which 50 were broadcast on TV and 27 on OTT platforms (20 on Tving, 6 on Netflix, and 1 on Disney+). Distribution sales increased 37% y-y, driven by channel diversification, including the delivery of two dramas to terrestrial broadcasters. Combined with improved production efficiency, operating margin expanded to 10.6%. Starting in 2Q, dramas delivered to terrestrial broadcasters are recognized as 'distribution sales' rather than programming sales. To enhance the rationality of sales and cost recognition, the amortization period for content rights was also revised: global OTT pre-sales are now amortized over 4 months (down from 6 months), while general titles follow an accelerated schedule—64% amortized over the first 7 months, with full amortization extended to 48 months (up from 18 months). Approximately KRW0.8b in costs were reflected in 2Q related to these changes; excluding this amount, operating profit would have exceeded consensus.

(Continued on the next page)

SUMMARY 2Q26 RESULTS

(KRWb)	2Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	145.3	26.9	-6.4	2.4	-2.0
Operating profit	15.4	nm	140.1	1.8	3.8
Pre-tax profit	16.6	nm	94.6	10.6	8.6
Net profit	13.0	nm	98.3	12.9	17.3
Margins (%)					
Operating profit	10.6				
Pre-tax profit	11.4				
Net profit	8.9				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuations (x)			
P/E	124.5	21.7	18.9
P/B	1.6	0.9	0.8
EV/EBITDA	7.6	4.1	3.6
Div yield (%)	0.0	0.0	0.0
EPS growth (% y-y)	-69.2	240.2	15.0
ROE (%)	1.3	4.2	4.6
Per-share data (KRW)			
EPS	343	1,168	1,343
BVPS	26,623	28,589	29,932
DPS	0	0	0

2H earnings trajectory remains unchanged: The 2H broadcast lineup is likely to show variability based on the delivery timing of individual titles. While the number of airings on captive channels is projected to decline y-y, the terrestrial drama scheduled for October release will likely be delivered in 3Q. Some episodes of Netflix original Tantara (22 episodes), set for 4Q release, are also likely to be recognized in 3Q. Our 2H earnings outlook remains largely unchanged, though quarterly estimates have been adjusted to reflect revised delivery timing. Although some OTT original titles scheduled for 2027 may debut in 4Q, we have conservatively excluded any early revenue recognition from our estimates.

Profitability improvement and IP business expansion warrant attention: While the pace of programming recovery lags behind initial expectations, profitability continues to improve through production system upgrades and AI-driven cost optimizations. The company is deepening its IP-based initiatives—such as IP-driven commerce—and leveraging its content creation capabilities to broaden the commercial potential of its IP and establish longer-term growth engines.

Table 1. Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26E	4Q26E	2024	2025	2026E	2027E
Sales	192.1	137.1	90.3	130.6	133.8	114.5	136.5	145.9	155.3	145.3	124.4	141.7	550.1	530.7	566.6	645.1
Programing	47.3	30.7	21.6	27.6	33.2	17.3	27.6	37.0	48.4	15.5	28.3	32.3	127.2	115.2	124.5	140.5
Distribution	141.3	102.5	64.4	98.3	98.2	92.4	105.9	103.1	104.5	126.9	92.5	105.6	406.5	399.7	429.5	490.7
Other	3.5	3.9	4.3	4.6	2.3	4.7	3.0	5.7	2.4	2.9	3.5	3.8	16.4	15.7	12.6	13.9
Gross profit	28.7	18.1	5.9	15.3	11.4	3.8	17.1	24.7	12.6	22.6	18.7	20.5	68.0	57.0	74.4	86.0
SG&A	7.2	7.7	6.8	9.9	7.1	6.7	6.7	6.2	6.2	7.1	6.8	6.9	31.6	26.6	27.0	29.0
Operating profit	21.5	10.5	-0.9	5.4	4.3	-2.9	10.5	18.5	6.4	15.4	11.9	13.6	36.4	30.4	47.4	57.0
Non-operating profit	5.7	2.7	-3.1	-13.4	1.8	-3.5	1.3	-18.4	2.1	1.2	1.1	-6.8	-8.2	-18.8	-2.4	-5.6
Pre-tax profit	27.2	13.2	-4.1	-8.1	6.1	-6.4	11.8	0.2	8.5	16.6	13.0	6.8	28.2	11.6	44.9	51.5
Net profit (controlling)	20.2	8.2	-6.1	11.3	2.4	-3.7	8.9	2.8	6.6	13.0	10.2	5.3	33.5	10.3	35.1	40.4
Gross margin	14.9	13.2	6.5	11.7	8.5	3.3	12.5	16.9	8.1	15.5	15.0	14.5	12.4	10.7	13.1	13.3
Operating margin	11.2	7.6	-1.0	4.1	3.2	-2.5	7.7	12.7	4.1	10.6	9.6	9.6	6.6	5.7	8.4	8.8
Net margin (controlling)	10.5	5.9	-6.8	8.6	1.8	-3.3	6.5	1.9	4.2	9.0	8.2	3.8	6.1	1.9	6.2	6.3
Chg (% y-y)																
Sales	-9.0	-16.1	-58.5	-19.0	-30.3	-16.5	51.1	11.7	16.0	26.9	-8.9	-2.8	-27.0	-3.5	6.8	13.8
Programing	9.5	-27.6	-38.4	-17.2	-29.7	-43.6	28.0	33.9	45.5	-10.4	2.5	-12.8	-17.4	-9.4	8.0	12.8
Distribution	-14.7	-13.8	-64.2	-20.9	-30.5	-9.8	64.4	4.9	6.4	37.3	-12.7	2.4	-31.0	-1.7	7.5	14.2
Other	50.7	85.4	85.8	36.4	-33.3	20.9	-31.7	23.4	2.7	-39.1	19.2	-32.8	61.2	-3.8	-19.7	10.4
Gross profit	-7.0	-24.2	-79.5	253.4	-60.3	-79.2	190.0	62.0	10.6	497.8	9.0	-16.9	-22.6	-16.1	30.5	15.6
SG&A	-22.5	0.3	-1.5	21.3	-0.5	-12.8	-2.7	-37.6	-13.1	6.6	1.4	11.8	-1.3	-15.6	1.3	7.3
Operating profit	-0.4	-35.7	nm	nm	-80.1	nm	nm	246.3	50.1	nm	13.8	-26.5	-34.9	-16.6	56.1	20.4
Non-operating profit	1,078.1	nm	nm	nm	-68.2	nm	nm	nm	16.9	nm	-14.8	nm	nm	nm	nm	nm
Pre-tax profit	23.2	-16.8	nm	nm	-77.6	nm	nm	nm	40.2	nm	10.7	4,272.7	-24.2	-59.0	288.2	14.6
Net profit (controlling)	9.8	-20.0	nm	nm	-88.3	nm	nm	-75.3	177.0	nm	14.7	91.5	11.3	-69.2	240.2	15.0
Gross margin	0.3	-1.4	-6.7	9.0	-6.4	-9.9	6.0	5.3	-0.4	12.2	2.5	-2.5	0.7	-1.6	2.4	0.2
Operating margin	1.0	-2.3	-11.1	6.5	-8.0	-10.2	8.7	8.6	0.9	13.2	1.9	-3.1	-0.8	-0.9	2.6	0.5
Net margin (controlling)	1.8	-0.3	-15.1	19.0	-8.7	-9.2	13.3	-6.7	2.5	12.2	1.7	1.9	2.1	-4.1	4.3	0.1

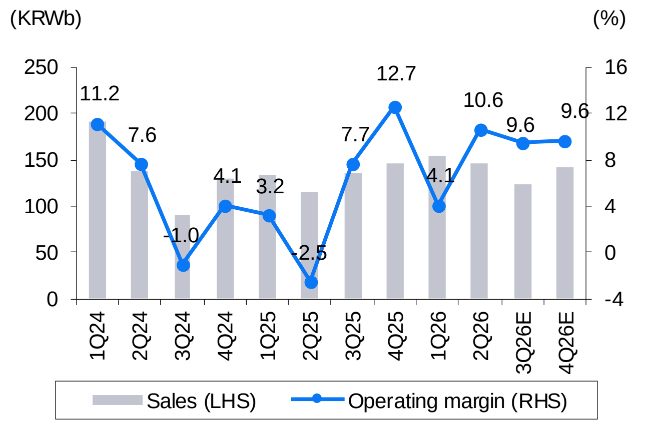
Source: Company data, Samsung Securities

Table 2. Drama lineup (from 2026)

Year	No.	Channel	Title	Air dates	Episodes	Writers	Director	Days
2026~	1	tvN	Undercover Miss Hong	Jan 17-Mar 8	16	Moon Hyunkyung	Park Seonho	Sat, Sun
	2		Our Universe	Feb 4-Mar 12	12	SooJin	Lee Hyunseok	Wed, Thu
	3		Siren's Kiss	Mar 2-Apr 7	12	Lee Young	Kim Chulgyu	Mon, Tue
	4		Mad Concrete Dreams	Mar 14-Apr 19	12	O Hangi	Lim Pilseong	Sat, Sun
	5		Filling for Love	Apr 25-May 31	12	Yeo Eunho	Lee Suhyeon	Sat, Sun
	6		See You at Work Tomorrow!	Jun 22-Jul 28	12	Kim Kyoungmin	Cho Eunsol	Mon, Tue
	7		My Favourite Employee	Aug 3-Sep 8	12	Lee Young	Park Jihyun	Mon, Tue
	8		Four Hands	Aug 29-Oct 4	12	Shin Yiwon	Park Hyunseok	Sat, Sun
	9		100Days Of Lies	Oct 10-Nov 29	16	Ryu Bori	Yoo Insik	Sat, Sun
	10		Gift	Dec 5-Jan 10	12	Min Jeong	Kim gyutae	Sat, Sun
			Retired Agent Management Team	Jan 4-	12	Song Hannah	Jin Changyu	Mon, Tue
			Asura Balbalta	TBD	12	Ahn Areum	Jeong Jihyun	
			The Second Signal	TBD	8	Kim Eunhee	Ahn Taejin	
			The Congressman Sends My Condolences	2027	16	Kwon Jongkwan	Park Sinwoo	Sat, Sun
			The Great Ok Suk	2027	12	Lee Ki Chul	Kim Hyung Shik	Sat, Sun
			Whale Star: The Gyeongseong Mermaid	2027	12	Lee hanul	Heo Jinho	Sat, Sun
			Promoter	2027	12	Ryu Kyungsun	Lee Jongseok	Sat, Sun
			Secret Love Tales of Soosung Palace	2027	12	Lee Seoan	Park Sujin	Sat, Sun
			My Reason to Die	2027	12	Kim Solji	Kim Heewon	Sat, Sun
			Unnatural	2027	12		Park Yuyoung	Sat, Sun
			Embassies in Korea	2027	14	Shin Haeun	Bae Hyunjin	Sat, Sun
	11	TVING	Yumi's Cells Season 3	Apr 13-May 4	8	Song Jaejung	Lee Sangyeop	Mon, Tue
	12		The Legend of Kitchen Soldier	May 11-Jun 16	12	Choi Ryong	Cho Namhyung	Mon, Tue
	13		Substitute College Entrance Exam	2026		Choi Hyeso0	Park Soyeon	
			Study Group Season 2	TBD		Eom Seonho	Lee Janghoon	
	14	Netflix	Soul Mate (made by Gtist, 1Q26)	May 14	8	Shunki Hashizume	Shunki Hashizume	
	15		Teach You a Lesson (*made by Gtist)	Jun 5	10	Lee Namgyu	Hong Jongchan	
	16		Notes from the Last Row (*made by Gtist)	Jun 26	6	Jang Myeongwoo	Kim Kyutae	
	17		Tantara	2026	22	Roh Heegyung	Lee Yunjeong	
			Granny	TBD			Han Dongwook	
			Men of the Harem	TBD		Hwang Jinyoung	Lee eungbok	
			First Doctor(*made by Gtist)	TBD		Kim Minseok	Hong Jongchan	
	18	Disney+	Goldland (1Q26)	Apr 29-May 27	10	Hwang Joyoon	Kim Seonghoon	
	19	KBS2	To My Beloved Thief	Jan 3-Feb 22	16	Lee sun	Ham Younggeol	Sat, Sun
	20	SBS	My Royal Nemesis (*made by Gill Pictures)	May 8-Jun 20	14	Kang Hyeonjoo	Han Taeseop	Fri, Sat
	21		Doctor X	Oct	12	Pyeon Sungeun	Lee Jeonglim	Fri, Sat
	22	MBC	Fifties Professionals	May 22-Jun 27	12	Jang Wonseob	Han Dongwha	Fri, Sat
		TBD	For my all husbands	TBD	12	Wang duri	Kim Jinwon	
			Soul	TBD		Park Jieun	Kim Wonseok	

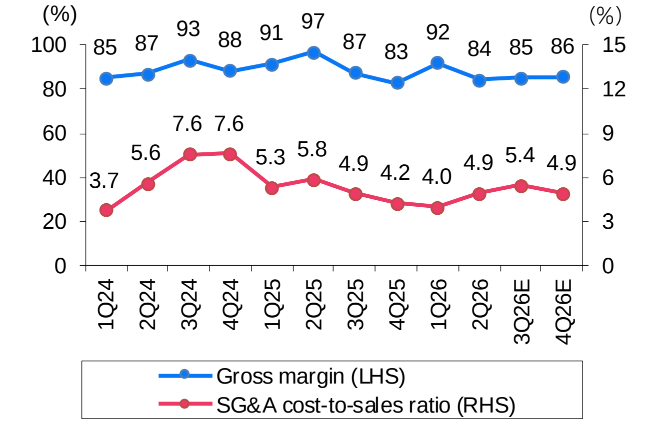
Note: Titles highlighted in green are streamed on Netflix, light blue Tving, and orange Disney+, yellow Amazon Prime
Source: Company data, Samsung Securities

Chart 1. Sales and operating margin



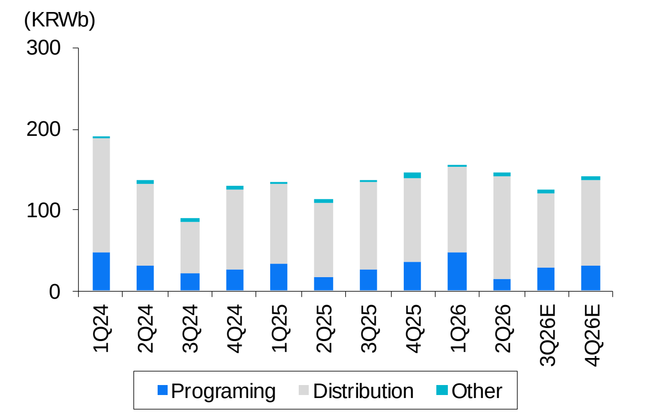
Source: Company data, Samsung Securities

Chart 2. Gross margin vs SG&A cost-to-sales ratio



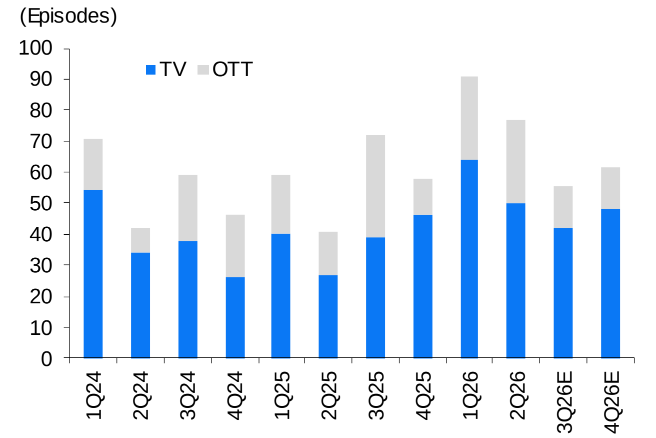
Source: Company data, Samsung Securities

Chart 3. Quarterly sales, by division



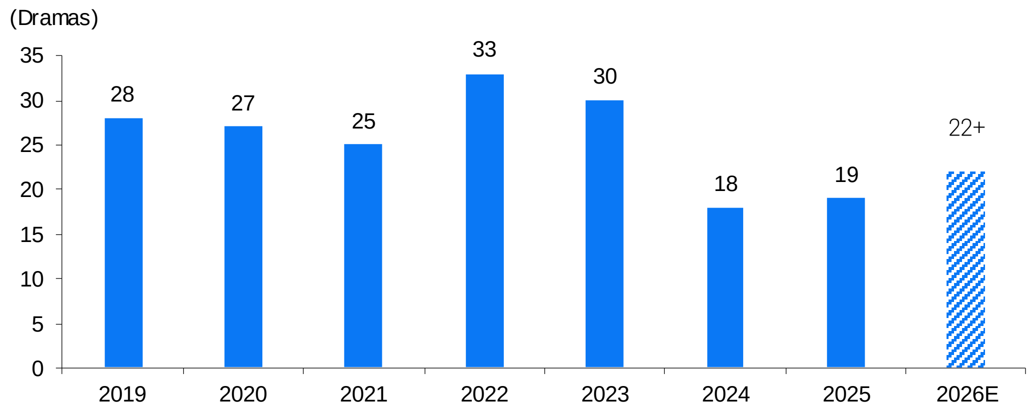
Source: Company data, Samsung Securities

Chart 4. Episodes supplied, by broadcaster type



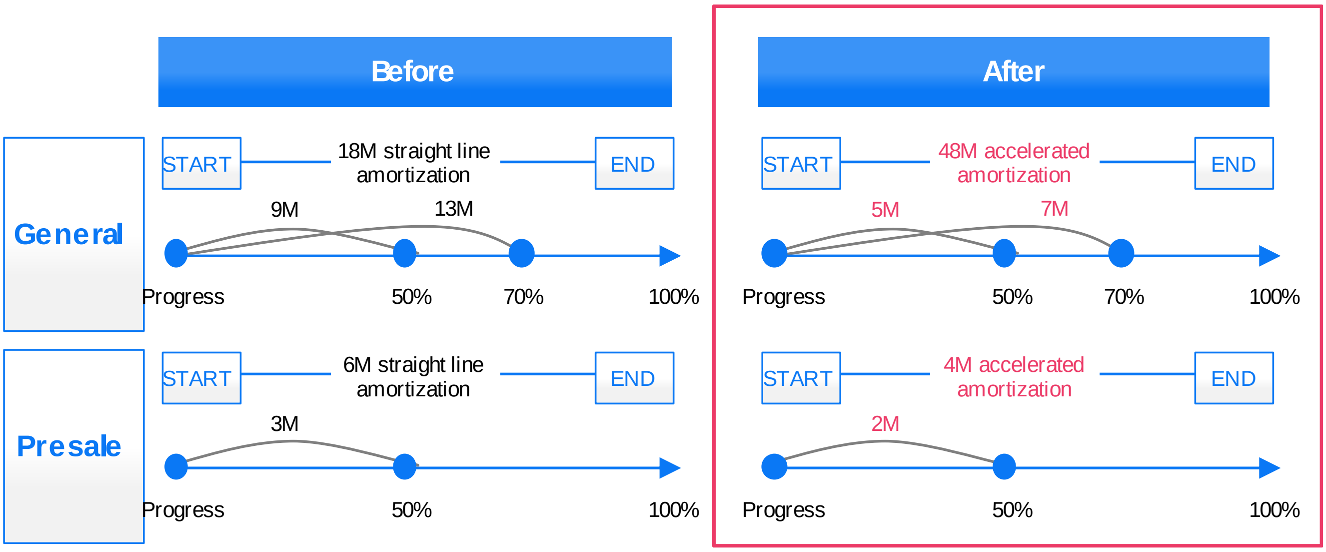
Source: Company data, Samsung Securities

Chart 5. Dramas delivered (annual)



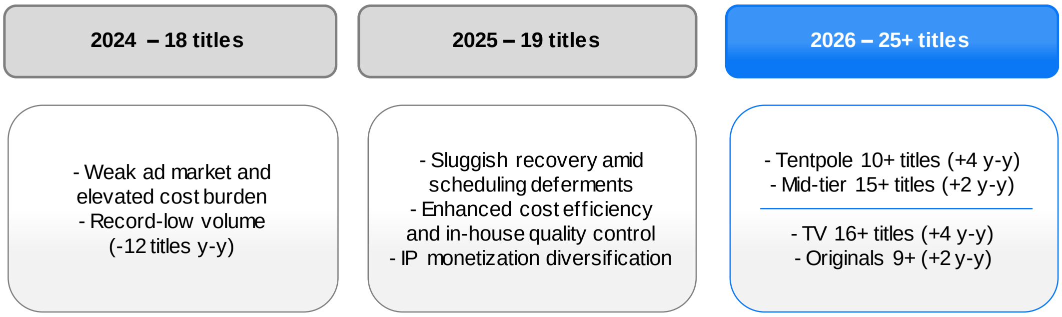
Note: 2026E estimate based on confirmed lineup; potential upside from additional overseas co-productions;
2026 production guidance of 25+ titles based on confirmed lineup (4Q25 earnings release, Feb 5, 2026)
Source: Company data, Samsung securities

Chart 6. Change in useful life criteria for rights



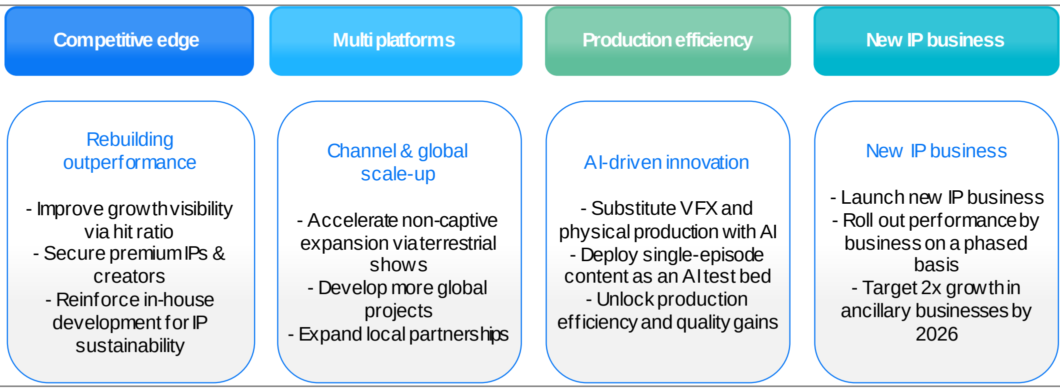
Note: Effective from 2Q26
Source: Studio Dragon, Samsung Securities

Chart 7. 2026 strategy: Core reset



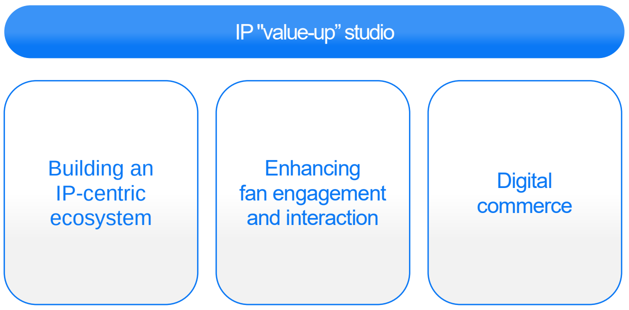
Source: Company data, Samsung Securities

Chart 8. 2026 strategy: Key execution pillars



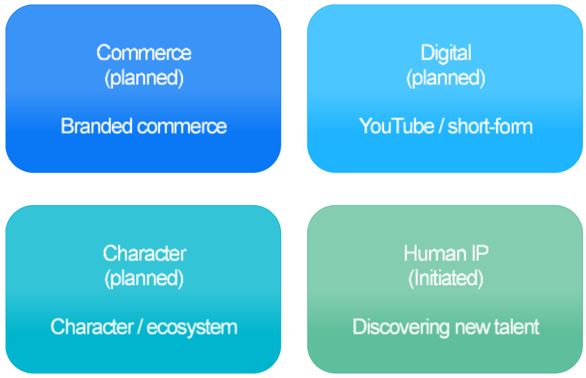
Source: Company data, Samsung Securities

Chart 9. Goal: Becoming an IP "value-up" studio



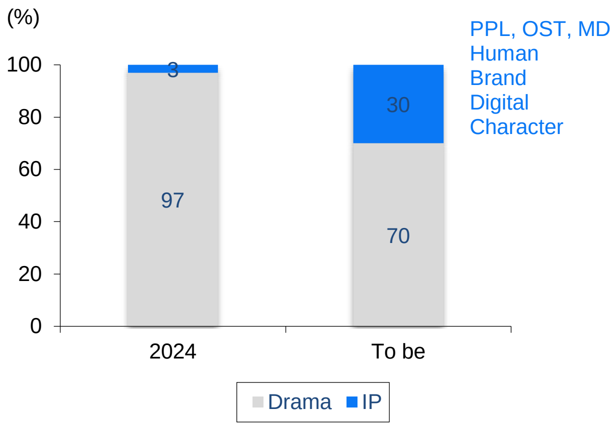
Source: Company data, Samsung Securities

Chart 10. Longer-term IP monetization across four areas



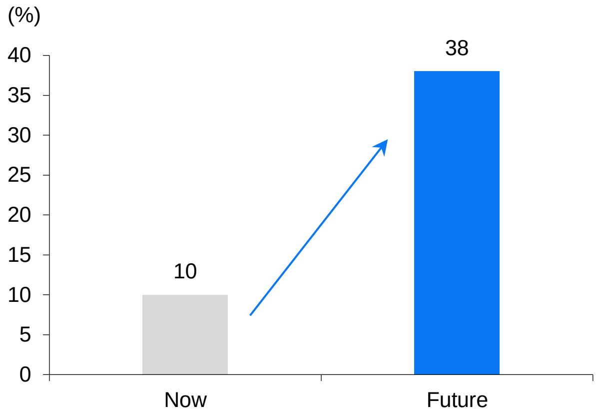
Source: Company data, Samsung Securities

Chart 11. Long-term revenue mix target



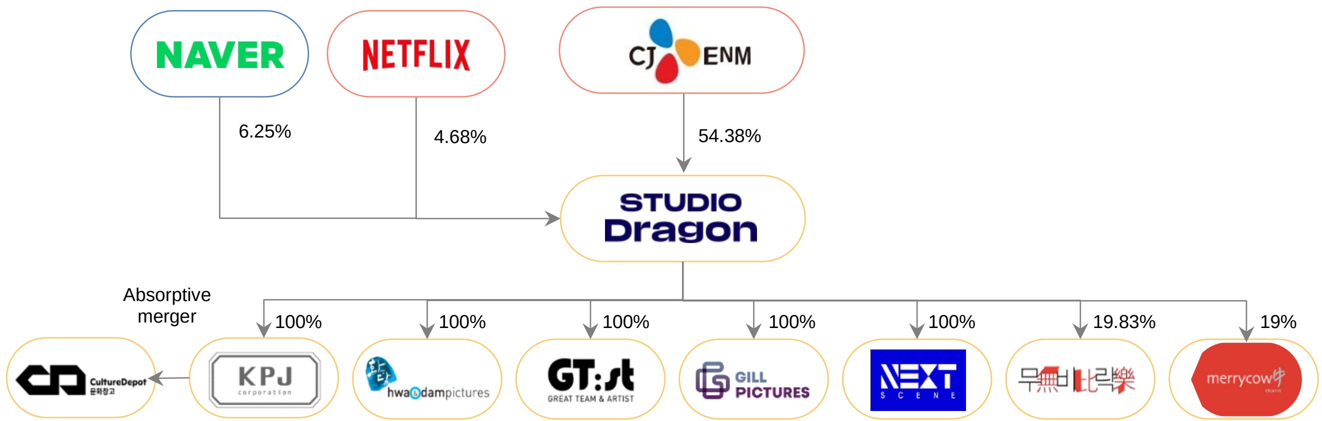
Source: Company data, Samsung Securities

Chart 12. IP share of operating profit: Long-term target



Source: Company data, Samsung Securities

Chart 13. Ownership structure



Note: As of 4Q25;
KPJ merged with Culture Depot in 3Q25;
Wholly owned subsidiary NextScene to merge with Studio Dragon (Jun 30, 2026)
Source: Company data, Samsung Securities

Table 3. Revisions to 2026 and 2027 forecasts

(KRWb)	2026E			2027E		
	Old	New	%	Old	New	%
Sales	564.7	566.6	0.4	648.0	645.1	-0.5
Operating profit	46.9	47.4	1.0	56.5	57.0	0.9
Operating margin (%, %pts)	8.3	8.4	0.1	8.7	8.8	0.1
Pre-tax profit	43.5	44.9	3.2	51.9	51.5	-0.9
Net profit (controlling)	33.5	35.1	4.9	39.9	40.4	1.2

Source: Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**550**	**531**	**567**	**645**	**703**
Cost of goods sold	482	474	492	559	607
Gross profit	**68**	**57**	**74**	**86**	**96**
Gross margin (%)	12.4	10.7	13.1	13.3	13.6
SG&A expenses	32	27	27	29	31
Operating profit	**36**	**30**	**47**	**57**	**64**
Operating margin (%)	6.6	5.7	8.4	8.8	9.2
Non-operating gains (losses)	**-8**	**-19**	**-2**	**-6**	**-6**
Financial profit	20	7	9	7	7
Financial costs	8	6	5	5	5
Equity-method gains (losses)	0	-0	0	0	0
Other	-20	-19	-7	-8	-8
Pre-tax profit	**28**	**12**	**45**	**51**	**59**
Taxes	-5	1	10	11	13
Effective tax rate (%)	-18.7	10.9	21.9	21.6	21.6
Profit from continuing operations	33	10	35	40	46
Profit from discontinued operations	0	0	0	0	0
Net profit	**33**	**10**	**35**	**40**	**46**
Net margin (%)	6.1	1.9	6.2	6.3	6.5
Net profit (controlling interests)	33	10	35	40	46
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	183	165	172	181	189
EBITDA margin (%)	33.3	31.1	30.3	28.1	26.8
EPS (parent-based) (KRW)	1,114	343	1,168	1,343	1,529
EPS (consolidated) (KRW)	1,114	343	1,168	1,343	1,529
Adjusted EPS (KRW)*	1,114	343	1,168	1,343	1,529

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**394**	**283**	**287**	**333**	**363**
Cash & equivalents	178	63	90	137	177
Accounts receivable	101	75	75	72	69
Inventories	0	0	0	0	0
Other current assets	115	145	122	125	117
Fixed assets	**532**	**752**	**765**	**775**	**777**
Investment assets	156	334	346	360	374
Tangible assets	12	11	8	7	6
Intangible assets	205	229	231	220	212
Other long-term assets	159	178	180	189	186
Total assets	**926**	**1,034**	**1,052**	**1,109**	**1,140**
Current liabilities	**169**	**210**	**175**	**187**	**175**
Accounts payable	5	7	7	9	10
Short-term debt	2	23	23	23	23
Other current liabilities	163	180	145	156	142
Long-term liabilities	**16**	**25**	**18**	**22**	**20**
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	16	25	18	22	20
Total liabilities	**186**	**234**	**193**	**209**	**195**
Owners of parent equity	**740**	**800**	**859**	**900**	**946**
Capital stock	15	15	15	15	15
Capital surplus	473	473	473	473	473
Retained earnings	275	285	320	360	406
Other	-24	27	51	51	51
Non-controlling interests' equity	**0**	**0**	**0**	**0**	**0**
Total equity	**740**	**800**	**859**	**900**	**946**
Net debt	-169	-33	-61	-108	-148

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**180**	**-10**	**133**	**179**	**162**
Net profit	33	10	35	40	46
Non-cash profit and expenses	159	156	132	133	133
Depreciation	4	3	2	2	1
Amortization	143	131	122	123	123
Other	12	21	8	8	9
Changes in A/L from operating activities	4	-173	-24	17	-4
Cash flow from investments	**10**	**-123**	**-121**	**-116**	**-106**
Change in tangible assets	-1	-1	0	0	0
Change in financial assets	0	0	0	-0	0
Other	11	-122	-122	-116	-106
Cash flow from financing	**-175**	**19**	**-3**	**-2**	**-2**
Change in debt	-172	21	-1	0	0
Change in equity	0	0	0	0	0
Dividends	0	0	0	0	0
Other	-3	-2	-2	-2	-2
Change in cash	20	-115	27	47	40
Cash at beginning of year	158	178	63	90	137
Cash at end of year	178	63	90	137	177
Gross cash flow	**192**	**166**	**167**	**173**	**179**
Free cash flow	**178**	**-11**	**133**	**179**	**162**

Note: *Excluding one-off items;
**Fully diluted, excluding one-off items;
***From companies subject to equity-method valuation
Source: Company data, Samsung Securities estimates

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	-27.0	-3.5	6.8	13.8	8.9
Operating profit	-34.9	-16.6	56.1	20.4	13.0
Net profit	11.3	-69.2	240.2	15.0	13.9
Adjusted EPS**	11.3	-69.2	240.2	15.0	13.9
Per-share data (KRW)					
EPS (parent-based)	1,114	343	1,168	1,343	1,529
EPS (consolidated)	1,114	343	1,168	1,343	1,529
Adjusted EPS**	1,114	343	1,168	1,343	1,529
BVPS	24,606	26,623	28,589	29,932	31,461
DPS (common)	0	0	0	0	0
Valuations (x)					
P/E***	38.6	124.5	21.7	18.9	16.6
P/B***	1.7	1.6	0.9	0.8	0.8
EV/EBITDA	6.1	7.6	4.1	3.6	3.3
Ratios (%)					
ROE	4.6	1.3	4.2	4.6	5.0
ROA	3.3	1.1	3.4	3.7	4.1
ROIC	9.7	7.2	9.3	11.3	13.2
Payout ratio	0.0	0.0	0.0	0.0	0.0
Dividend yield (common)	0.0	0.0	0.0	0.0	0.0
Net debt to equity	-22.8	-4.1	-7.0	-12.0	-15.6
Interest coverage (x)	7.8	25.3	26.4	32.4	36.6

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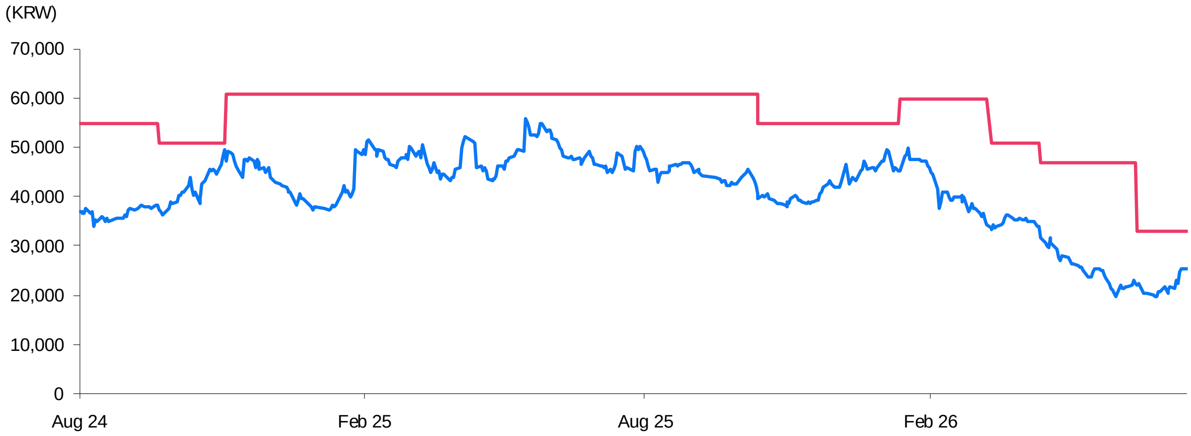
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/4/15	10/16	11/28	2025/11/7	2026/2/6	4/6	5/8	7/9
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	55000	51000	61000	55000	60000	51000	47000	33000
Gap* (average)	-27.80	-18.23	-24.45	-23.06	-31.03	-31.53	-46.68	
(max or min)**	-15.55	-3.14	-8.20	-10.00	-16.67	-28.63	-32.66	

Note: * [(average, maximum, or minimum share price over duration of target price minus target price) / target price] x 100%
** Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

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BUY	Expected to increase in value by 15% or more within 12 months and is highly attractive within sector
HOLD	Expected to increase/decrease in value by less than 15% within 12 months
SELL	Expected to decrease in value by 15% or more within 12 months

Industry

OVERWEIGHT	Expected to outperform market by 5% or more within 12 months
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UNDERWEIGHT	Expected to underperform market by 5% or more within 12 months

Note: *Effective Jul 27, 2023, BUY, HOLD, and SELL criteria are based on expectations of share-price moves of 15% or more within 12 months

Percentage of ratings in 12 months prior to 2026.06.30

BUY (85.5%)·HOLD (14.5%)·SELL (0%)

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