



# Investor Relations 1Q16

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May 16 2016

NEXSTREAMING

# Disclaimer

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All financial information contained in this IR material is based on consolidated K-IFRS that have not been reviewed by an independent auditor.

NexStreaming is not liable for providing future updates on all figures included in this IR material.

Investors should consider this IR material as only a single factor in making their Investment decision

# Table of Contents

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NexStreaming

Business Model

Global competitiveness

Market Trend

Highlight

1Q 2016 Summary

## Appendix

- Consolidated Financial Statements (K-IFRS)
- Employees
- Management

## Global Smart Multimedia Leader

*"High quality and exceptional multimedia software*

*Utilizing a variety of devices"*

**Nex**Player SDK

NexEditor  
SDK

KineMaster



NEXSTREAMING

# NexStreaming: History

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## 2002~2005

**September 2002**  
NexStreaming Corp.  
founded

**February 2003**  
R&D Center founded

**September 2003**  
Distributed mobile multimedia  
software for SK Teletch  
devices

**December 2003**  
Designated as a venture  
company  
(Small and Medium Business  
Administration)

**March 2004**  
Provides a streaming server  
for LG Telecom VOD services

**April 2004**  
Distributed multimedia  
software for PANTECH &  
CURITEL devices

**May 2005**  
Distributed Streaming Player  
for Samsung Electronics'  
EDGE

## 2006~2009

**February 2006**  
Mobile phone loaded  
NexStreaming Multimedia SW  
exceeded 30 models

**February 2007**  
Designated as a INNO-BIZ  
company

**July 2008**  
Signed contract with Samsung  
on distribution of Media Player

## 2010~2013

**January 2010**  
Signed contract with LG  
on distribution of multimedia  
player

**May 2011**  
Supplies Downloadable Player  
for Android for HBO GO Service

**December 2011**  
Listed on KOSDAQ

**January 2012**  
Signed contract with Real  
Madrid CF in Spain on  
distribution of Downloadable  
Player

**July 2012**  
Provides NexPlayer for Naver  
TV Application

**March 2013**  
Signed contract NHN on  
distribution of NexPlayer SDK

**April 2013**  
Signed contract with Time  
Warner Cable on distribution of  
NexPlayer SDK

**December 2013**  
Launches KineMaster  
on Android

## 2014~2015

**March 2014**  
Supplies KineMaster with  
Huawei in China

**June 2014**  
KineMaster, Designated a  
official application in Olleh Film  
Festival

**September 2014**  
NexPlayer exceeded more than  
300 million mobile phone

**April 2015**  
Signed contract with NAVER on  
distribution of NexPlayer SDK

**April 2015**  
KineMaster, Selected a 'Korean  
Best APP' on GooglePlay

**October 2015**  
Supplies NexSound SDK with  
Tencent in China

**December 2015**  
KineMaster exceeded more  
than 6 million users  
and won the top prize in App  
Awards 2015

## 2016~

**February 2016**  
Provides NexEditor SDK  
with Gionee in China

**2016. 3**  
Supplies NexPlayer360  
SDK with KT for GiGA VR  
baseball game live  
broadcast service



# Business Model (1)

## Expand Core technology

*From Mobile video player to editor*

## Diversify Core technology

*From **B2B**(Business To Business) to **B2C**(Business To Consumer)*

	Main Product	Feature	Customers	Revenue Model	Growth
B2B		<ul style="list-style-type: none"><li>• Support a variety of platform (Android, iOS, Windows8)</li><li>• HTTP Live Streaming, Latest Codec</li><li>• Global partnership (Dolby, DTS...)</li></ul>	Global Service Providers	Annual License	<ul style="list-style-type: none"><li>• Expanding global OTT business by using smart device</li></ul>
		<ul style="list-style-type: none"><li>• Thumbnail UI</li><li>• Extensive templates</li><li>• Full HD quality and Instant Preview</li><li>• Transition effect with video overlap</li></ul>	Global Smartphone Makers / Service Providers	Annual License / Royalty	<ul style="list-style-type: none"><li>• Applying new ideas through a variety of editing function</li><li>• Optimized business about finding new customers</li></ul>
B2C	KineMaster	<ul style="list-style-type: none"><li>• Featured by GooglePlay in 150 countries</li><li>• Exceed 700 million download</li><li>• A variety of filters and themes</li><li>• Full HD quality</li></ul>	Mobile Application Users	Subscription	<ul style="list-style-type: none"><li>• Possibility to platform</li><li>• Expectation of growth synergy with other business model</li><li>• Ability to develop new family apps with core technologies</li></ul>

### ✓ Strategy for B2B2C Business Model

Expansion of Business model from B2B, B2C to **B2B2C**



## Multimedia

### SDK(Software Development Kit) & Application

- Specialization in multimedia SDK, APP technologies
- Secure product competitiveness in accordance with diversifying core technology
- Expansion of business model through technology combinations

*Able to become a global leader  
in multimedia player and editor SW market*



DIRECTV

**turner**

**verizon**



at&t

**Singtel**



Real Madrid

**MLB.tv**



**HUAWEI**

**ZTE中兴**

**coolpad**

**CISCO**

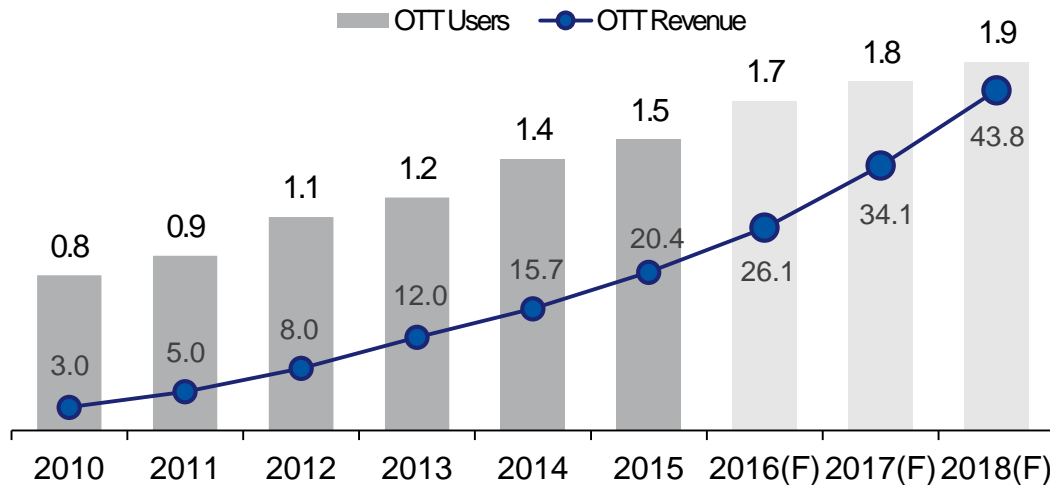
NexStreaming's direct/indirect customers (Media, Telecom, Sports, Solution Providers, Device makers)



# Market Trend (1)

<Table 1. Global OTT Users and Revenue>

(Unit: Billion, Billion USD)

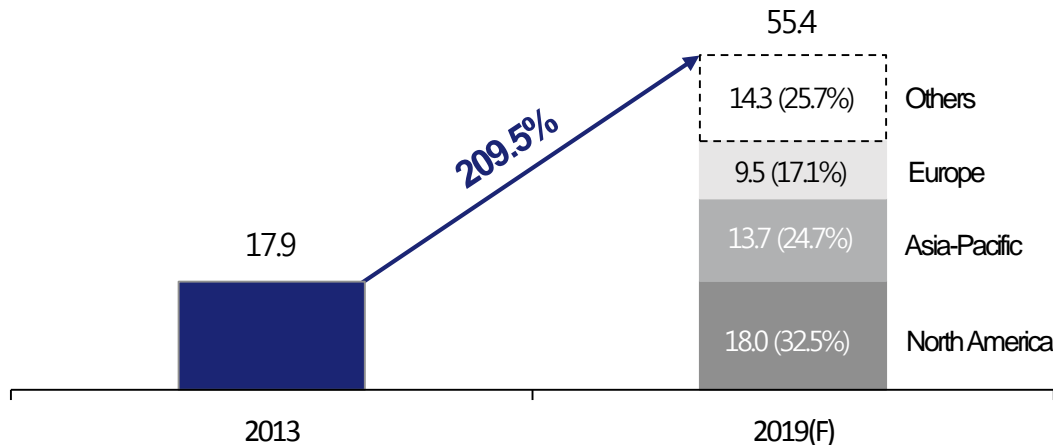


## Global OTT Market Trend

- Growth of global OTT Users: 12.0% a year
- Global OTT users in 2018: 1.9 billion (Table 1)
- Global OTT market size in 2019: 55.4 billion USD (662,203 billion KRW) (Table 2)  
→ 209.5% growth compared to 2013

<Table 2. Global OTT Market Forecast>

(Unit: Billion USD)

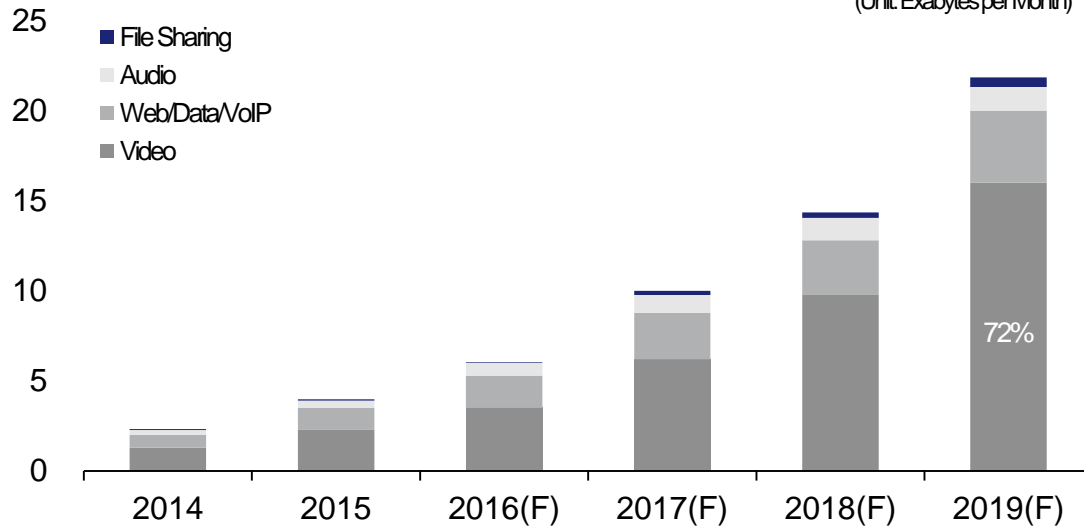


Source: ABI Research/Over The Top and Multiscreen Video Services

## Market Trend (2)

<Table 3. Global Mobile Data Traffic>

(Unit: Exabytes per Month)



### Global Mobile data Traffic Forecast

- Video is 72% of total mobile data traffic in 2019 (55% in 2014) (Table 3)
- Video and Audio streaming are 90% of total mobile cloud traffic in 2019 (Table 4)

#### • Table 4

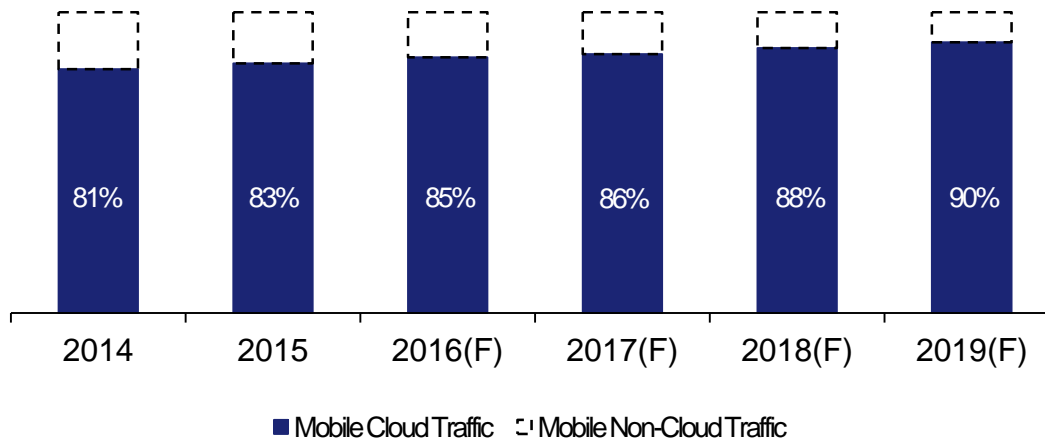
##### - Mobile Cloud Traffic

Video Streaming  
Audio Streaming  
Online Gaming  
Social Networking  
Web Browsing  
Online Storage

##### - Mobile Non-Cloud Traffic

IP Voice  
File Sharing  
File/App Downloading

<Table 4. Global Mobile Cloud Traffic>

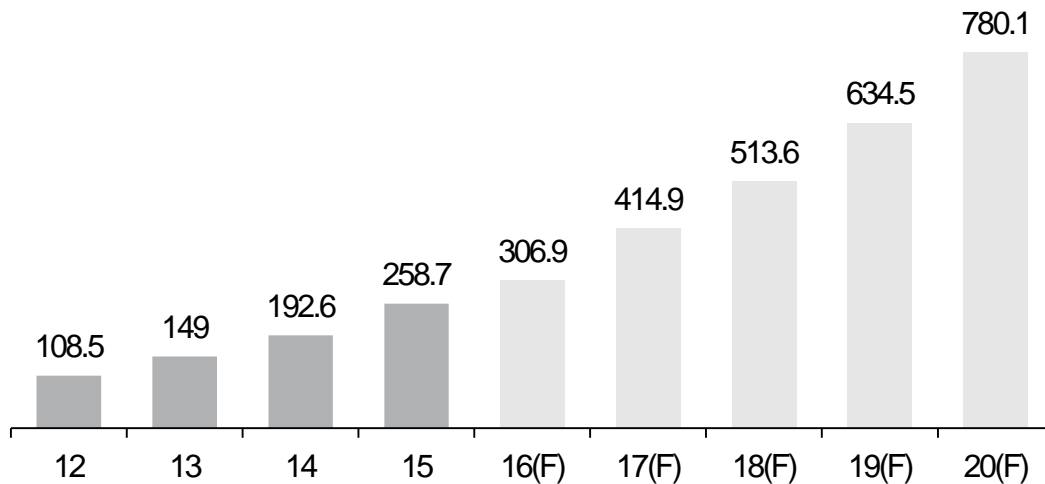


Source: Cisco / Visual Index Networking Index Global Mobile Data Traffic Forecast

## Market Trend (3)

<Table 5. Domestic OTT Market Forecast>

(Unit: Billion KRW)



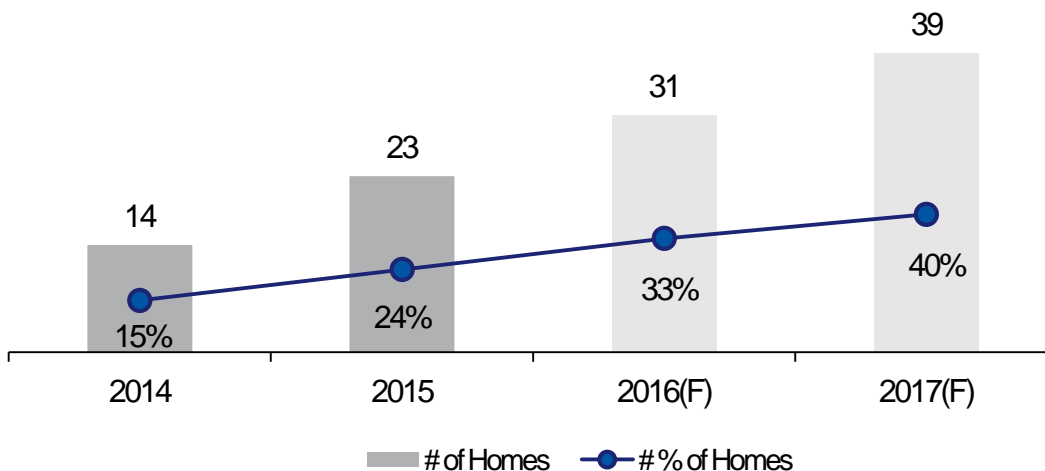
**634.5 billion KRW, Domestic OTT Market in 2019 (Table 5)**

**Growth streaming Player and related applications in the US in 2017**

- 40% (3,900 million households) of total Internet household in the US in 2017 will own streaming media player (Table 6)
- Streaming media player will exceed 210 million unit in 1Q17
- With growth of streaming media player sales, video application usage will increase

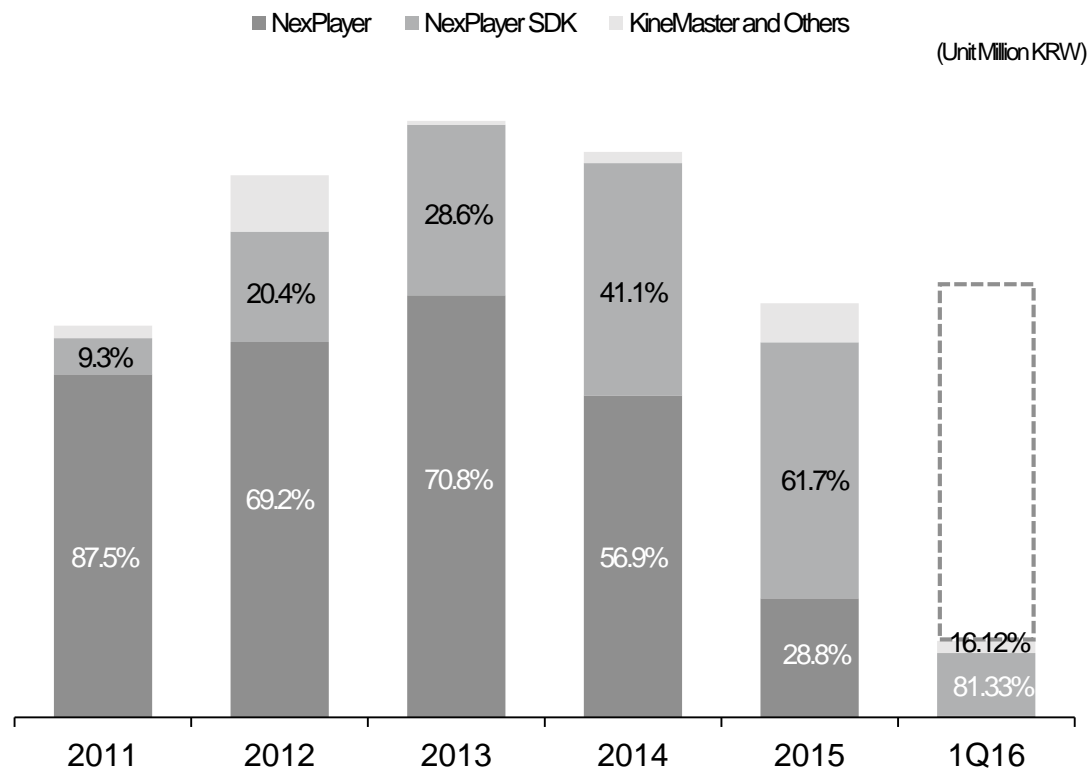
<Table 6. Streaming Media Player Internet Household Forecast>

(Unit: Households in Million)



Source: The NPD Group/Connected Intelligence,  
Connected Home Forecast

# Highlight



## Diversity in Revenue portfolio

- Diversity of revenue portfolio by reducing dependence of specific customers
- NexPlayer Revenue, 60 million KRW, YoY 96.0% Down
- NexPlayer SDK Revenue, 1,912 million KRW, YoY 0.6% Up

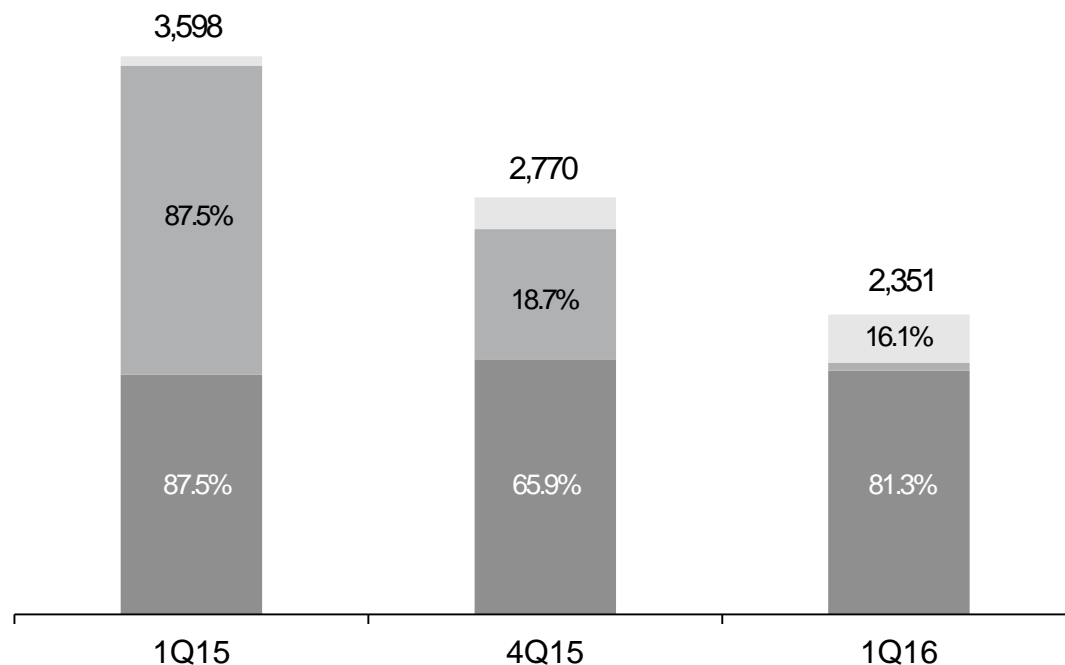
(Unit: Million KRW)

	2011	2012	2013	2014	2015	1Q16
NexPlayer	10,524	11,517	12,955	9,879	3,659	60
NexPlayer SDK	1,116	3,391	5,229	7,126	7,850	1,912
KineMaster and others	381	1,729	119	346	1,204	379
<b>Total</b>	<b>12,021</b>	<b>16,637</b>	<b>18,303</b>	<b>17,351</b>	<b>12,713</b>	<b>2,351</b>

# Highlight

■ NexPlayer SDK ■ NexPlayer ■ KineMaster and others

(Unit: Million KRW)



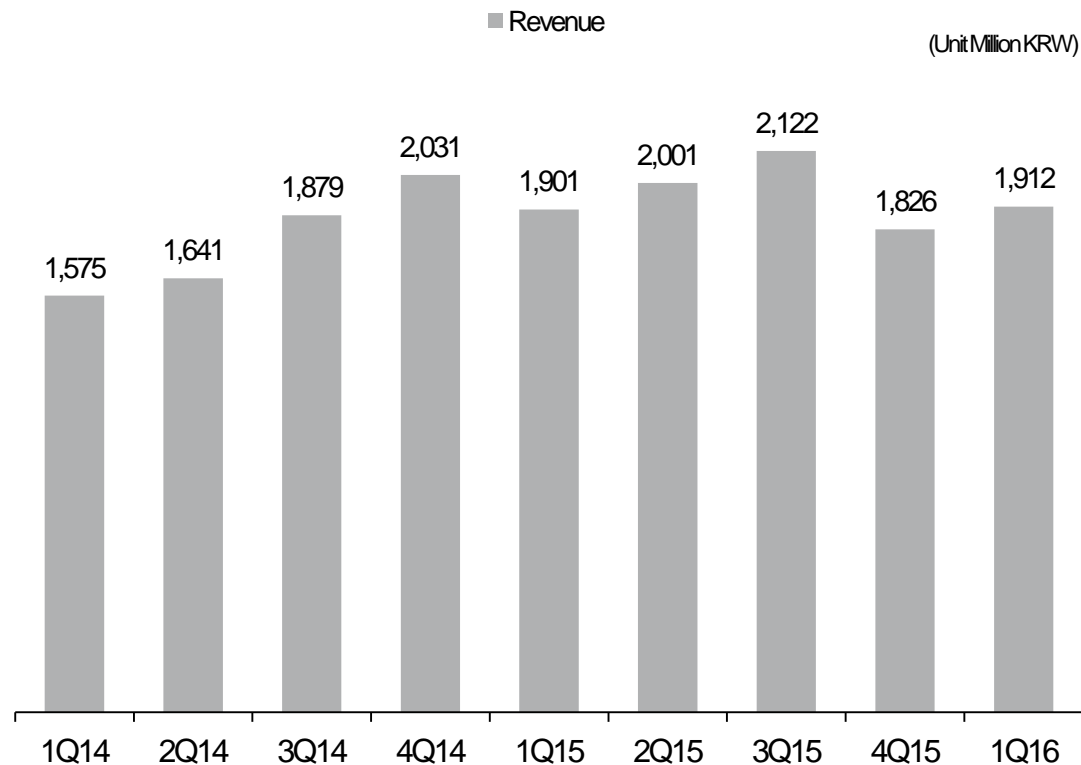
(Unit: Million KRW)

	1Q15	4Q15	1Q16	QoQ	YoY
<b>Total</b>	<b>3,598</b>	<b>2,770</b>	<b>2,351</b>	<b>-15.1%</b>	<b>-34.7%</b>
NexPlayer	1,517	519	60	-88.4%	-96.0%
NexPlayer SDK	1,901	1,826	1,912	4.7%	0.6%
KineMaster	66	145	152	4.8%	130.3%
Others	114	280	227	-18.9%	99.1%

## 1Q16 Highlight

- **1Q16 Revenue 2,351 million KRW**
- **NexPlayer SDK**  
QoQ 4.7%, YoY 0.6% Up  
- Stable revenue trend in global market
- **NexPlayer**  
QoQ 88.4%, YoY 96.0% Down  
- Due to competitor's threat and in-house development
- **KineMaster**  
QoQ 4.8%, YoY 130.3% Up  
- Increase in users according to add new features
- **Others**  
QoQ 18.9% Down, YoY 99.1% Up  
- New customers' revenue in global market

# Highlight: NexPlayer SDK



## 1Q16 Highlight

- NexPlayer SDK, 81.3% of total revenue
- Revenue QoQ 4.7%, YoY 0.6% Up
- Stable revenue trend according to securing global customers

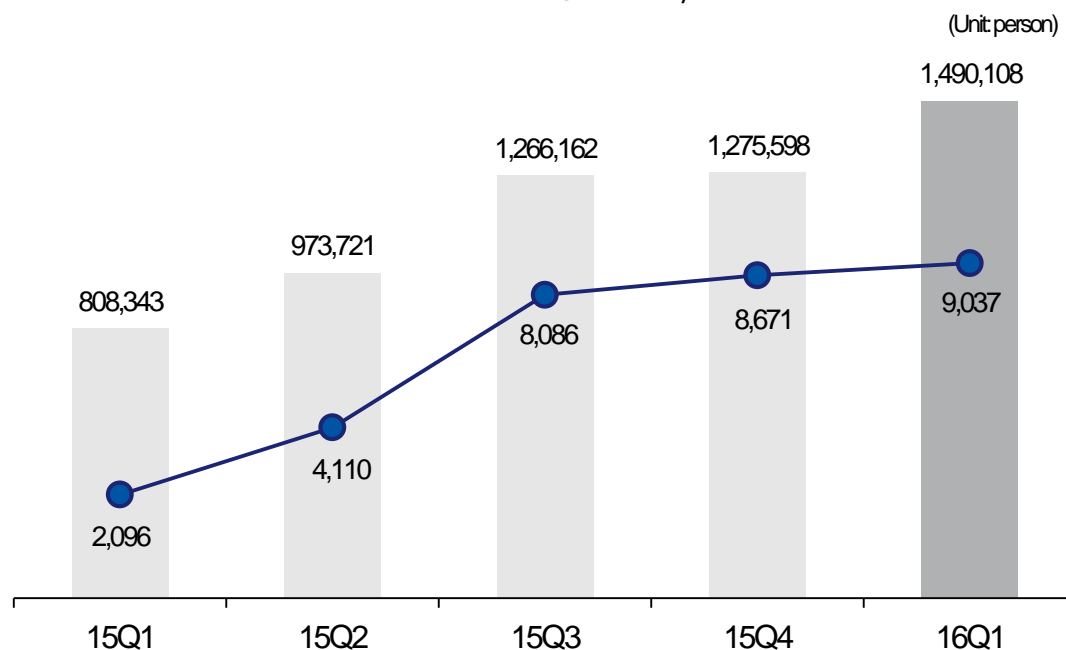
(Unit: Million KRW)

	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16
NexPlayer SDK Revenue	1,575	1,641	1,879	2,031	1,901	2,001	2,122	1,826	1,912
%	34.0%	39.5%	42.9%	48.5%	52.8%	61.2%	68.1%	65.9%	81.3%

# Highlight: KineMaster

■ MAU    ● ActivePayer

(Unit: person)



## 1Q16 Highlight

- **Active Users**  
QoQ 16.8%, YoY 84.3% Up
- **Active Payer**  
QoQ 4.2%, YoY 331.2% Up
- **CQGR**  
MAU 13.0%, Active Payer 33.9%  
(15Q1~16Q1)
- Increase in users and revenue according to add new features  
(Theme, Filter, Effects and etc.)

(Unit: Million KRW)

	1Q15	2Q15	3Q15	4Q15	1Q16
KineMaster Total Download	2,468,624	3,737,253	5,171,232	6,387,789	7,633,475
Active Users	808,343	973,721	1,266,162	1,275,598	1,490,108
% of Total Download	32.74%	26.05%	24.48%	19.97%	19.52%
Active Payer	2,096	4,110	8,086	8,671	9,037
% of Active Users	0.26%	0.42%	0.64%	0.68%	0.61%

# Appendix: Consolidated Financial Statements (K-IFRS)

Balance Sheet				Profit and Loss					
(Unit: Million KRW)	2014.12.31	2015.12.31	2016. 3. 31	(Unit: Million KRW)	1Q2014	2Q2015	3Q2015	4Q2015	1Q2016
<b>Current assets</b>	<b>28,164</b>	<b>25,704</b>	<b>23,702</b>	<b>Revenue</b>	<b>3,598</b>	<b>3,269</b>	<b>3,117</b>	<b>2,731</b>	<b>2,352</b>
Cash and cash equivalents	22,068	23,027	21,713	NexPlayer	1,517	1,021	602	519	60
Trade Receivables	5,718	2,147	1,209	NexPlayer SDK	1,911	1,991	2,123	1,826	1,912
Other current assets	378	530	780	KineMaster and others	180	247	392	386	380
<b>Non-current assets</b>	<b>1,945</b>	<b>2,450</b>	<b>3,721</b>	<b>Operating expense</b>	<b>3,710</b>	<b>3,771</b>	<b>3,686</b>	<b>3,729</b>	<b>3,785</b>
Property, plant and equipment	501	370	373	Employment Costs	1,856	1,915	1,757	1,951	1,715
Intangible Assets	848	592	554	Employee Benefits	187	189	167	196	165
Deposits Provided	568	864	1,558	Commission Fee	291	597	642	523	611
Other non-current assets	28	624	1,236	Development Expenses	247	159	257	254	247
<b>Total assets</b>	<b>30,109</b>	<b>28,153</b>	<b>27,423</b>	Advertising Expenses	156	82	57	41	107
<b>Current liabilities</b>	<b>4,372</b>	<b>4,289</b>	<b>4,333</b>	Outside order Expenses	361	302	280	254	260
Trade Payables	293	134	163	Others	612	527	526	510	680
Non-trade Payables	301	379	607	<b>Operating Income</b>	<b>-112</b>	<b>-502</b>	<b>-569</b>	<b>-998</b>	<b>-1,433</b>
Accrued Expenses	317	49	-	Other gains	51	108	280	-24	54
Advances from Customers	2,758	3,691	1	Other losses	96	67	127	103	236
Other current liabilities	703	36	3,563	Finance income	96	94	82	83	61
<b>Non-current liabilities</b>	<b>1,777</b>	<b>1,034</b>	<b>1,265</b>	<b>Financial cost</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Allowance for severance liability	1,466	579	802	Profit (loss) before tax	-62	-368	-334	-1,042	-1,554
Allowance for Other long employees	311	455	463	Income tax expense	-34	13	-130	-463	-550
<b>Total liabilities</b>	<b>6,149</b>	<b>6,324</b>	<b>5,598</b>	<b>Profit</b>	<b>-28</b>	<b>-380</b>	<b>-205</b>	<b>-579</b>	<b>-1,004</b>
Capital Stock	3,508	3,508	3,508	Other comprehensive income	-7	4	8	594	-1
Additional Paid-in and Other Capital	4,587	4,592	4,592	Adjustment of allowance for severance liability	1	-1	-1	598	-1
Elements of other stockholder's equity	-2,459	-2,672	-2,672	Cumulative Effect of Foreign Currency Translation	8	5	9	-3	-
Accumulated other comprehensive income	-1	1	1	<b>Total comprehensive income</b>	<b>-35</b>	<b>-376</b>	<b>-197</b>	<b>15</b>	<b>-1,004</b>
Retained earnings	18,324	17,401	16,396	Controlling interest	-35	-376	-197	15	-1,004
<b>Total equity</b>	<b>23,959</b>	<b>22,830</b>	<b>21,825</b>	Non-controlling interest	-	-	-	-	-
<b>Total equity and liabilities</b>	<b>30,109</b>	<b>28,153</b>	<b>27,423</b>	<b>EPS (Unit: KRW)</b>	<b>-4</b>	<b>-58</b>	<b>-31</b>	<b>-88</b>	<b>-154</b>



# Appendix: Employees

(Unit: person)

	2011	2012	2013	2014	1Q15	2Q15	3Q15	4Q15	1Q16
NexStreaming (HQ)	71	85	100	111	105	103	100	104	106
Overseas	4	5	8	11	11	10	10	10	10
<b>Total Headcount</b>	<b>75</b>	<b>90</b>	<b>108</b>	<b>122</b>	<b>116</b>	<b>113</b>	<b>110</b>	<b>114</b>	<b>116</b>

- **Overseas offices**

NEXSTREAMING EUROPE SLU, NEXSTREAMING USA, INC., BEIJING NEXSTREAMING TECHNOLOGY CO.,LTD.

Taiwan Office

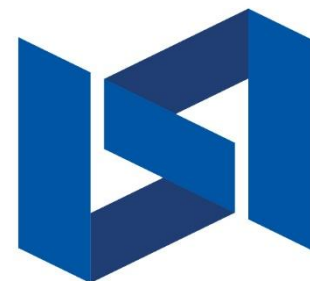


## Appendix: Management

<b>CEO / President</b>	<b>Il-Taek Lim</b> <ul style="list-style-type: none"><li>• Seoul National University Ph.D. in Electronic Engineering</li><li>• LG Corporate Institute of Technology</li><li>• Serome Technology</li><li>• <b>President</b></li></ul>
<b>COO / EVP</b>	<b>Jae-Won Chung</b> <ul style="list-style-type: none"><li>• KAIST, Electrical and Electronic: Engineering (PhD)</li><li>• Hyundai Electronics</li><li>• Serome Technology</li><li>• <b>Head of Business&amp;Planning</b></li></ul>
<b>CTO / VP</b>	<b>Kyeong-Joong Kim</b> <ul style="list-style-type: none"><li>• Yonsei University: Electronic Engineering (PhD)</li><li>• Hyundai Electronics</li><li>• Serome Technology</li><li>• <b>Head of Research &amp; Developmen</b></li></ul>
<b>CFO / EVP</b>	<b>Chong-Ho Lee</b> <ul style="list-style-type: none"><li>• Seoul National University: Master of Economics</li><li>• Goodmornig Shinhan Securities</li><li>• Hikari Tsushin Capital Korea</li><li>• <b>Head of Administration</b></li></ul>
<b>Director</b>	<b>Chang-yong Cho</b> <ul style="list-style-type: none"><li>• Korea University: Master of International studies</li><li>• KISA (Korea Internet &amp; Security Agency)</li><li>• <b>Solborn Investment</b></li><li>• <b>Director</b></li></ul>

### Well qualified and experienced management placed in key position

- Over 30yrs key experience in specific area, streaming software



## Investor Relations

### IR Contact

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