

# Investor Relations 2Q16

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August 11, 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.

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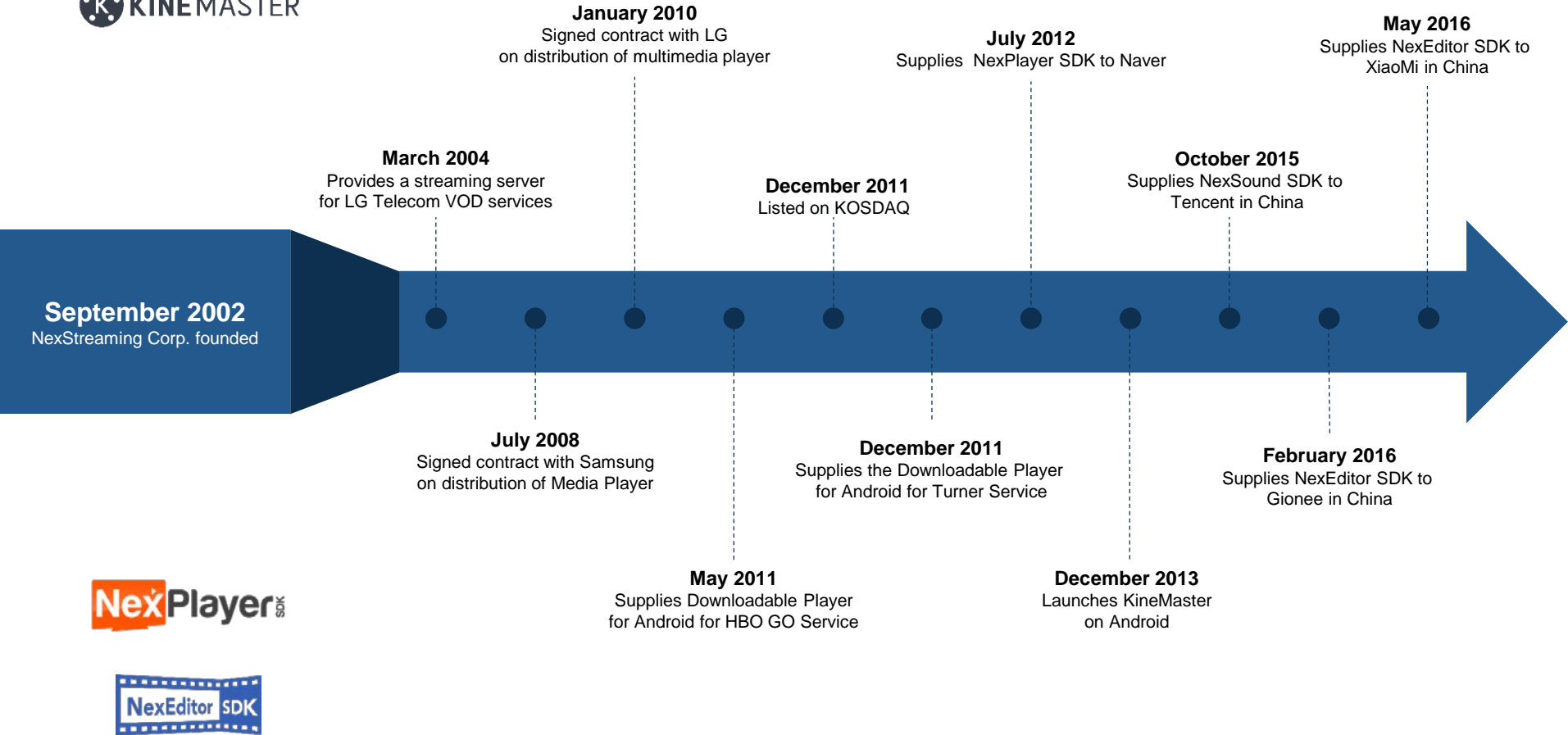
## Global Smart Multimedia Leader

*“High quality and exceptional multimedia software*

*Utilizing a variety of devices”*






# NexStreaming - History



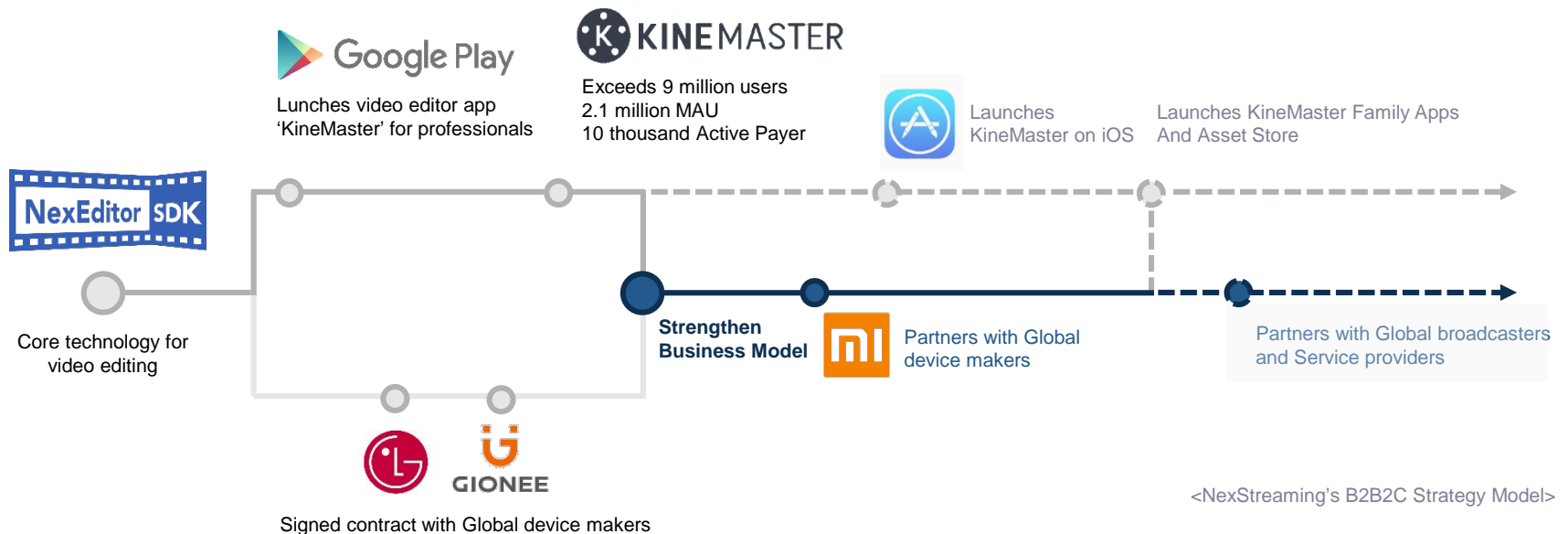
## Expand Core Technology

*Product portfolio : From mobile **video player SDK** to mobile **video editor SDK**  
Business model : From **B2B** to **B2C***

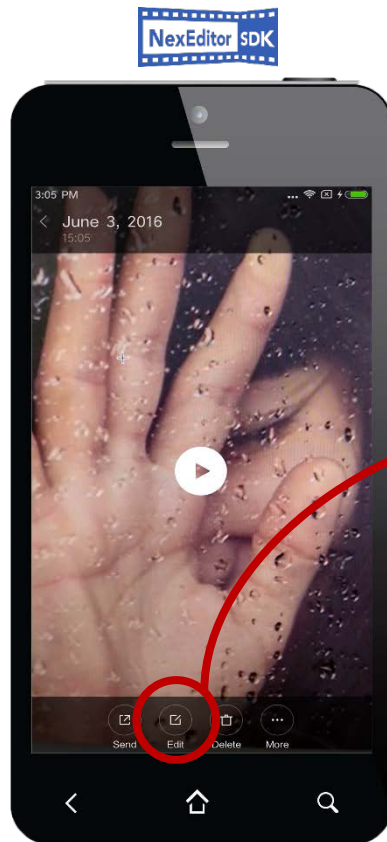
	Main Product	Feature	Customers	Revenue Model	Growth
B2B		<ul style="list-style-type: none"> <li>• Support a variety of platform (Android, iOS, Windows8)</li> <li>• HTTP Live Streaming, Latest Codec</li> <li>• Global partnership (Dolby, DTS...)</li> </ul>	Global Service Providers	Annual License	<ul style="list-style-type: none"> <li>• Expanding global OTT business by using smart device</li> </ul>
B2B2C		<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	<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		<ul style="list-style-type: none"> <li>• Featured by GooglePlay in 150 countries</li> <li>• Exceed 9 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>

## Partnership opportunities with \_\_\_\_\_ for B2B2C

- ① Smartphone manufacturers
- ② Action Camera/Drone manufacturers
- ③ Photo/Video service providers
- ④ Service providers



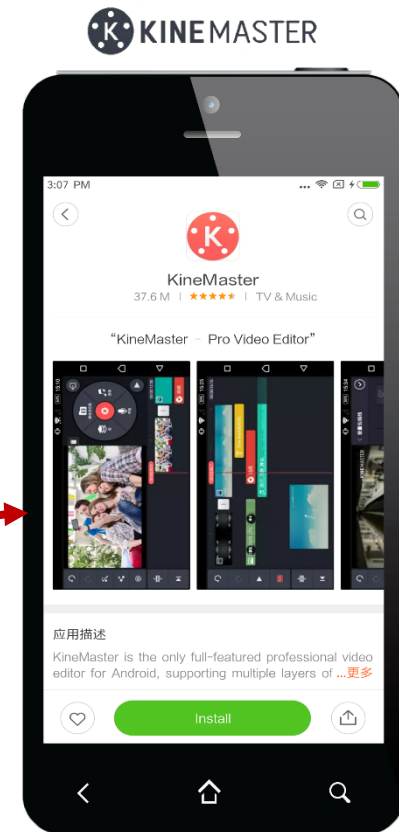
Number of Downloads  
Number of Paid-Users



MIUI Gallery



MIUI Video Editing  
Forward by NexEditor SDK



KineMaster page at  
XiaoMi Appstore

Link  
Directly



## Multimedia SDK(software Development Kit) & Application

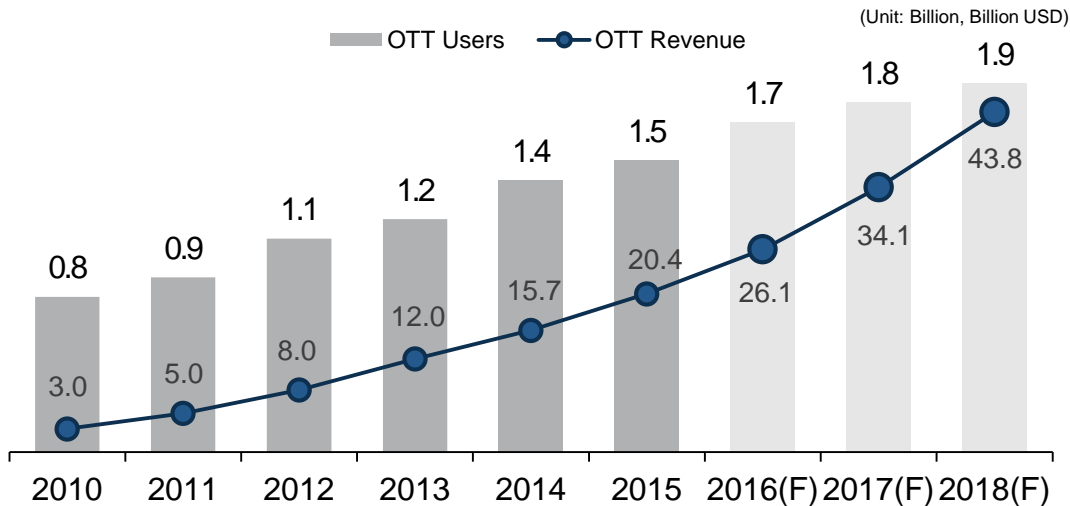
- Specialization in multimedia mobile player SDK and video editing SDK technologies
- Secure product competitiveness in accordance with diversifying core technology
- Expansion of business model through technology combinations
- Able to become a global leader in multimedia player and editor SW market



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

# Market Trend – Global OTT

<Table 1. Global OTT Users and Revenue>

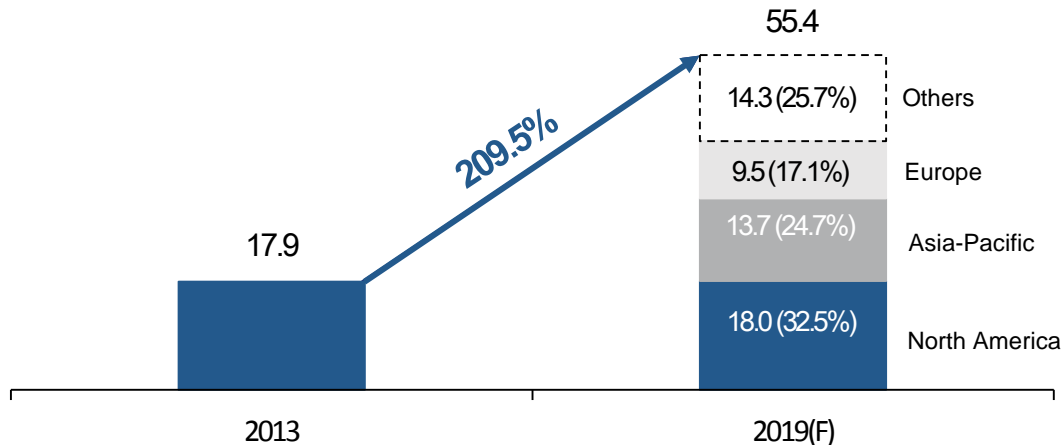


## Global OTT Market Trend

- 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>

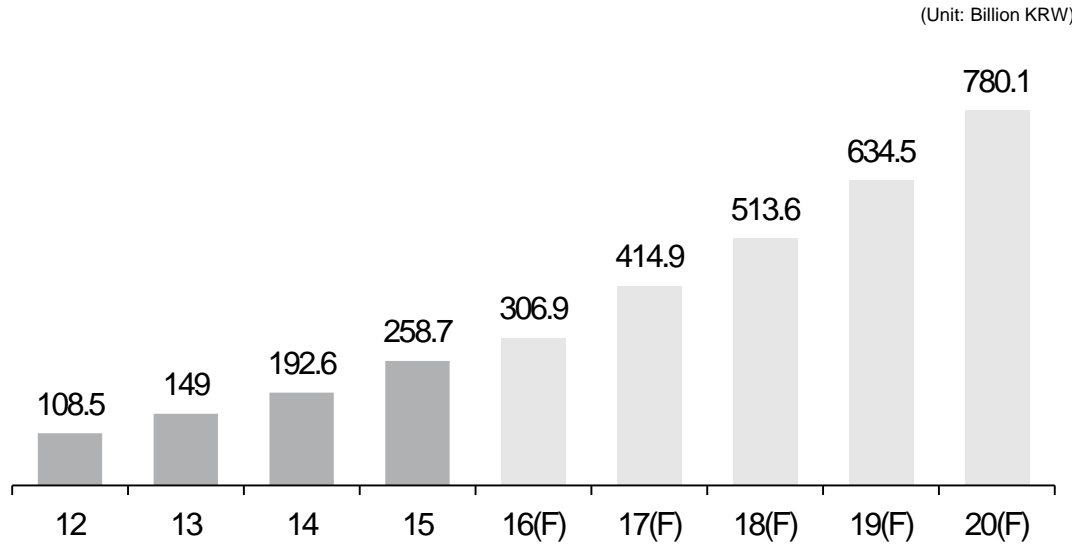
(Unit: Billion, Billion USD)



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

# Market Trend – Domestic OTT

<Table 5. Domestic OTT Market Forecast>

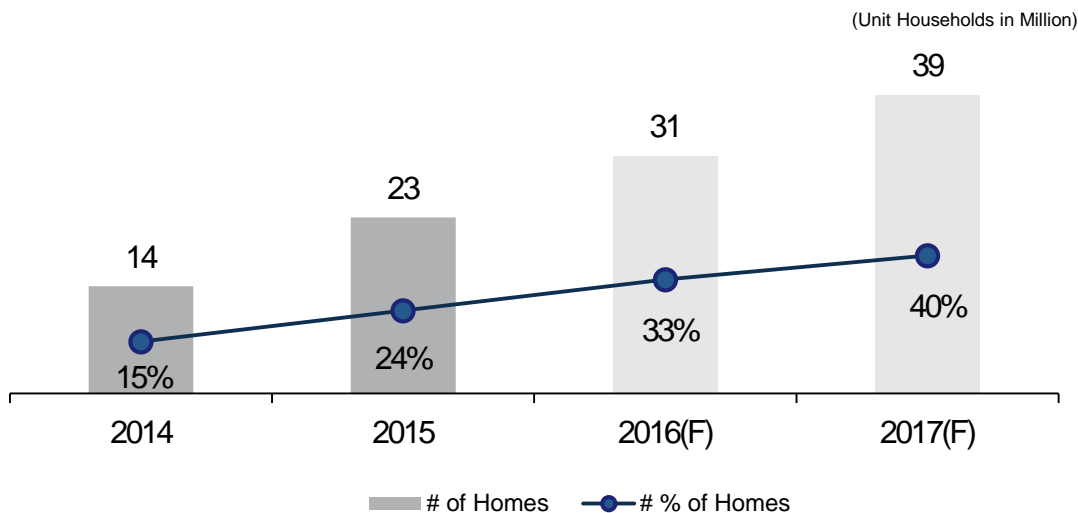


**634.5 billion KRW, Domestic OTT Market in 2019 (Table 5)**

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

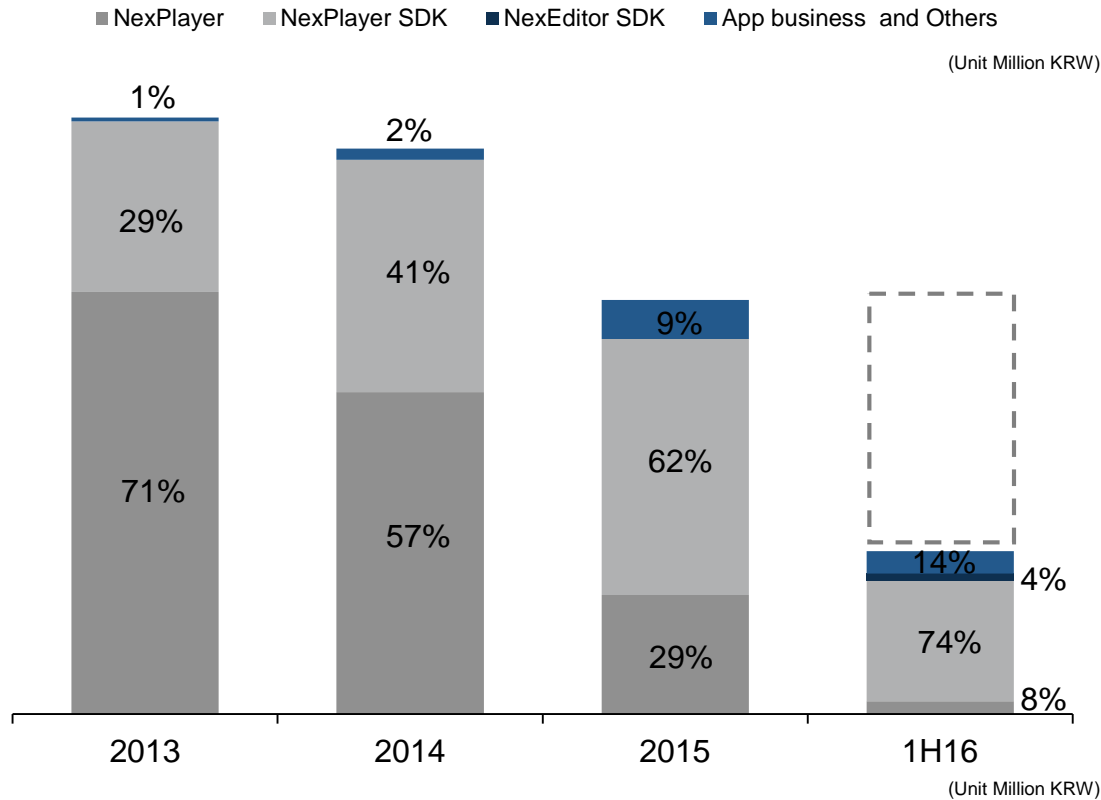
- 40% (3,900 million households) of total Internet household in the US in 2017 will own streaming media player (Table 6)
- Streaming media player will exceed 210 million unit in 1Q17
- With growth of streaming media player sales, video application usage will increase

<Table 6. Streaming Media Player Internet Household Forecast>



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

# Highlight



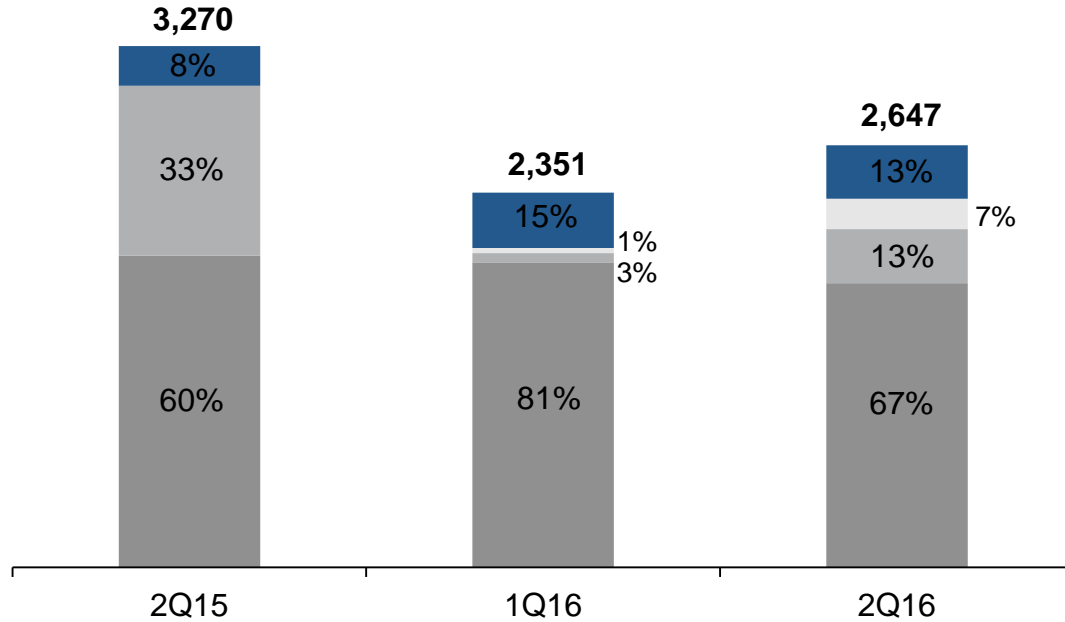
	2013	2014	2015	1Q16	2Q16	1H16
NexPlayer	12,955	9,879	3,659	60	340	400
NexPlayer SDK	5,229	7,126	7,850	1,912	1,782	3,694
NexEditor SDK	0	0	0	32	191	223
App business and Others	119	346	1,204	347	335	682
<b>Total</b>	<b>18,303</b>	<b>17,351</b>	<b>12,713</b>	<b>2,351</b>	<b>2,648</b>	<b>4,999</b>

## Diversity in Revenue portfolio

- Diversity of revenue portfolio by reducing dependence of specific customers
- **NexPlayer SDK**  
QoQ -7% Down, YoY -9% Down  
- NexPlayer SDK revenue slightly decreased due to intense competition and weak demand.
- **NexPlayer**  
QoQ 359% Up, YoY -68% Down  
- Due to competitor's threat and in-house development
- **NexEditor SDK**  
QoQ 1,024% Up
- **App business and Others**  
QoQ -4% Down, YoY 35% Up  
- Increase in users according to add new features

# Highlight

■ NexPlayer SDK ■ NexPlayer ■ NexEditor SDK ■ App business and Others  
(Unit Million KRW)



(Unit Million KRW)

	2Q15	1Q16	2Q16	QoQ	YoY
<b>Total</b>	<b>3,270</b>	<b>2,351</b>	<b>2,648</b>	13%	-19%
NexPlayer	1,068	60	340	467%	-68%
NexPlayer SDK	1,954	1,912	1,782	-7%	-9%
NexEditor SDK	0	32	191	497%	0
App business and Others	248	347	335	-3%	35%

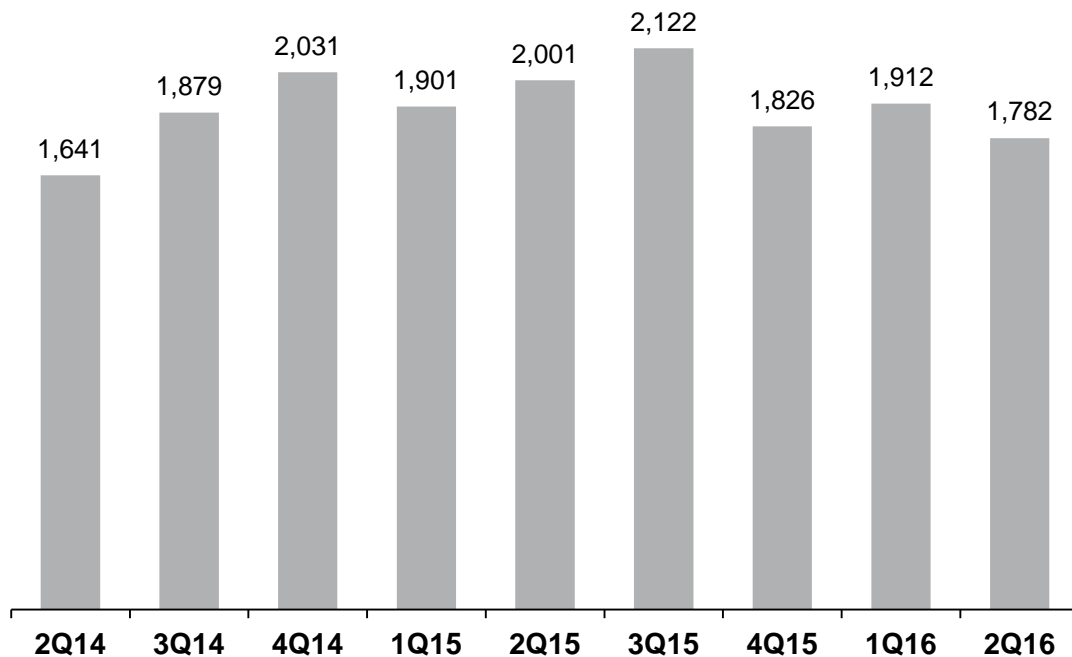
## 2Q16 Highlight

- **2Q16 Revenue 2,648 million KRW**
- **NexPlayer SDK**  
QoQ -7% Down, YoY -9% Down  
- NexPlayer SDK revenue slightly decreased due to intense competition and weak demand.
- **NexPlayer**  
QoQ 467% Up, YoY -68% Down  
- Due to competitor's threat and in-house development
- **NexEditor SDK**  
- New product portfolio has been added.  
- Contract with the most iconic smartphone maker Xiaomi and Gionee.
- **App business and Others**  
QoQ -3% Down, YoY 35% Up  
- Increase in users according to add new features

# Highlight: NexPlayer SDK

(Unit Million KRW)

■ Revenue



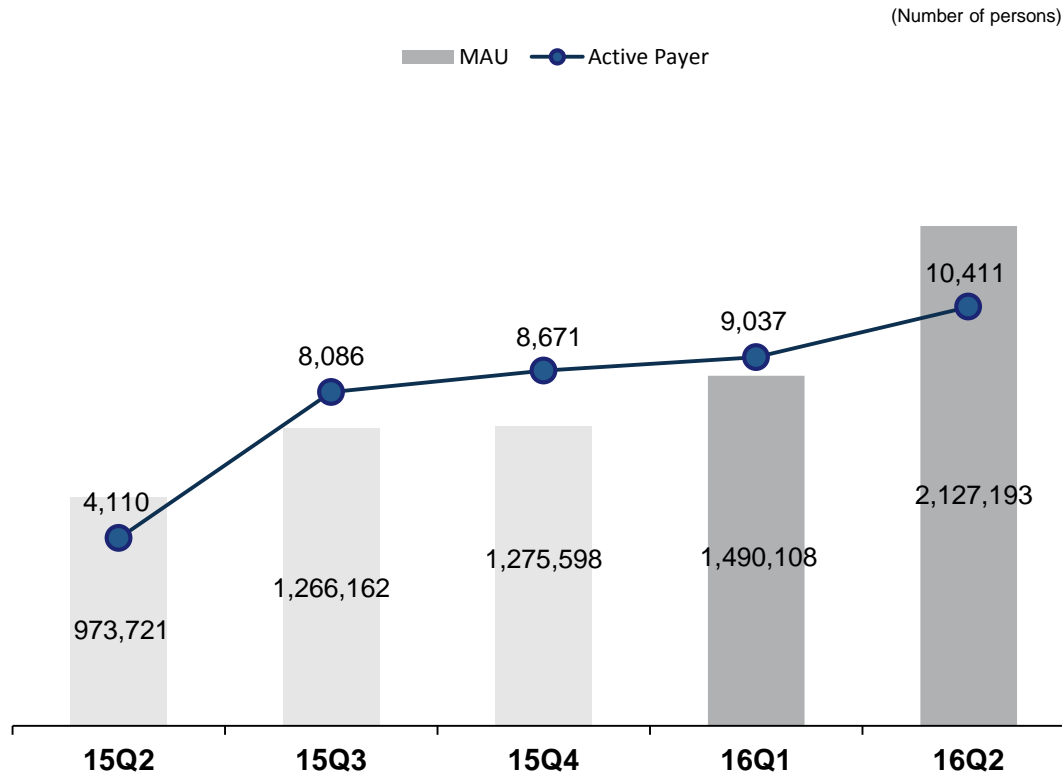
## 2Q16 Highlight

- NexPlayer SDK, 73.9% Up of total revenue
- Revenue QoQ -7% Down, YoY -9% Down
- NexPlayer SDK revenue slightly decreased due to intense competition and weak demand.
- NexPlayer360 SDK will create new business opportunities.  
; Contract with ZigBang which is No.1 real-estate app in Korea.

(Unit Million KRW)

	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16
NexPlayer SDK Revenue	1,641	1,879	2,031	1,901	2,001	2,122	1,826	1,912	1,782
%	39.5%	42.9%	48.5%	52.8%	61.2%	68.1%	65.9%	81.3%	73.9%

# Highlight: App Business



## 2Q16 Highlight

- Exceed 9 million downloads in Google Play
- MAU QoQ 42.8% Up, YoY 118.5% Up
- Active Payer QoQ 15.2% Up, YoY 153.3% Up
- CQGR: MAU 22.6% Up, Active Payer 30.8% Up (15Q2~16Q2)
- Increase in users and revenue according to add new features (Theme, Filter, Effects and etc.)
- Serviced in more than 135 countries
- Support 11 languages
- Preparing to lunch iOS version

(Unit Million KRW)

	2Q15	3Q15	4Q15	1Q16	2Q16
App business	114	143	145	152	183
%	3.49%	4.59%	5.23%	6.47%	6.91%

# Appendix: Consolidated Financial Statements (K-IFRS)

Balance Sheet				Profit and Loss					
( Unit: Million KRW)	2015.12.31	2016. 3. 31	2016. 6. 30	( Unit: Million KRW)	3Q2015	4Q2015	1Q2016	2Q2016	1H2016
<b>Current assets</b>	<b>25,704</b>	<b>23,702</b>	<b>23,212</b>	<b>Revenue</b>	<b>3,117</b>	<b>2,731</b>	<b>2,351</b>	<b>2,648</b>	<b>4,999</b>
Cash and cash equivalents	23,027	21,713	20,293	NexPlayer	602	519	60	340	400
Trade Receivables	2,147	1,209	2,515	NexPlayer SDK	2,123	1,826	1,912	1,782	3,694
Other current assets	530	780	403	NexEditor SDK	-	-	32	191	223
<b>Non-current assets</b>	<b>2,450</b>	<b>3,721</b>	<b>3,067</b>	App Business and others	392	386	347	335	682
Property, plant and equipment	370	373	765	<b>Operating expense</b>	<b>3,686</b>	<b>3,729</b>	<b>3,785</b>	<b>3,609</b>	<b>7,394</b>
Intangible Assets	592	554	516	Employment Costs	1,757	1,951	1,715	1,621	3,336
Deposits Provided	864	1,558	1,008	Employee Benefits	167	196	165	163	328
Other non-current assets	624	1,236	778	Commission Fee	642	523	611	635	1,246
<b>Total assets</b>	<b>28,153</b>	<b>27,423</b>	<b>26,279</b>	Development Expenses	257	254	247	258	505
<b>Current liabilities</b>	<b>4,289</b>	<b>4,333</b>	<b>4,429</b>	Advertising Expenses	57	41	107	113	220
Trade Payables	134	163	99	Outside order Expenses	280	254	260	152	412
Non-trade Payables	379	607	368	Others	526	510	680	667	1,347
Accrued Expenses	49	-	9	<b>Operating Income</b>	<b>-569</b>	<b>-998</b>	<b>-1,433</b>	<b>-968</b>	<b>-2,401</b>
Advances from Customers	3,691	1	1	Other gains	280	-24	54	63	117
Other current liabilities	36	3,563	3,952	Other losses	127	103	236	61	297
<b>Non-current liabilities</b>	<b>1,034</b>	<b>1,265</b>	<b>1,420</b>	Finance income	82	83	61	50	111
Allowance for severance liability	579	802	975	<b>Financial cost</b>	-	-	-	-	-
Allowance for Other long employees	455	463	445	Profit (loss) before tax	-334	-1,042	-1,554	-916	-2,470
Deferred Tax Liabilities	-	-	-	Income tax expense	-130	-463	-550	479	-71
<b>Total liabilities</b>	<b>6,324</b>	<b>5,598</b>	<b>5,849</b>	<b>Profit</b>	<b>-205</b>	<b>-579</b>	<b>-1,004</b>	<b>-1,395</b>	<b>-2,399</b>
Capital Stock	3,508	3,508	3,508	Other comprehensive income	8	594	-1	-5	-6
Additional Paid-in and Other Capital	4,592	4,592	4,592	Adjustment of allowance for severance liability	-1	598	-1	-	-1
Elements of other stockholder's equity	-2,672	-2,672	-2,672	Cumulative Effect of Foreign Currency Translation	9	-3	-	-5	-5
Accumulated other comprehensive income	1	1	1	<b>Total comprehensive income</b>	<b>-197</b>	<b>15</b>	<b>-1,004</b>	<b>-1,400</b>	<b>-2,404</b>
Retained earnings	17,401	16,396	15,001	Controlling interest	-197	15	-1,004	-1,400	-2,404
<b>Total equity</b>	<b>22,830</b>	<b>21,825</b>	<b>20,430</b>	Non-controlling interest	-	-	-	-	0
<b>Total equity and liabilities</b>	<b>28,153</b>	<b>27,423</b>	<b>26,279</b>	EPS (Unit: KRW)	-31	-88	-154	-214	-367



# Appendix: Employees

(Number of persons)

	2012	2013	2014	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16
NexStreaming (HQ)	85	100	111	105	103	100	104	106	98
Overseas	5	8	11	11	10	10	10	10	14
<b>Total Headcount</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>	<b>112</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



# NEXSTREAMING

## Investor Relations

Planning Team  
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