



Investor Relations 3Q16

October 14, 2016

NEXSTREAMING

Disclaimer

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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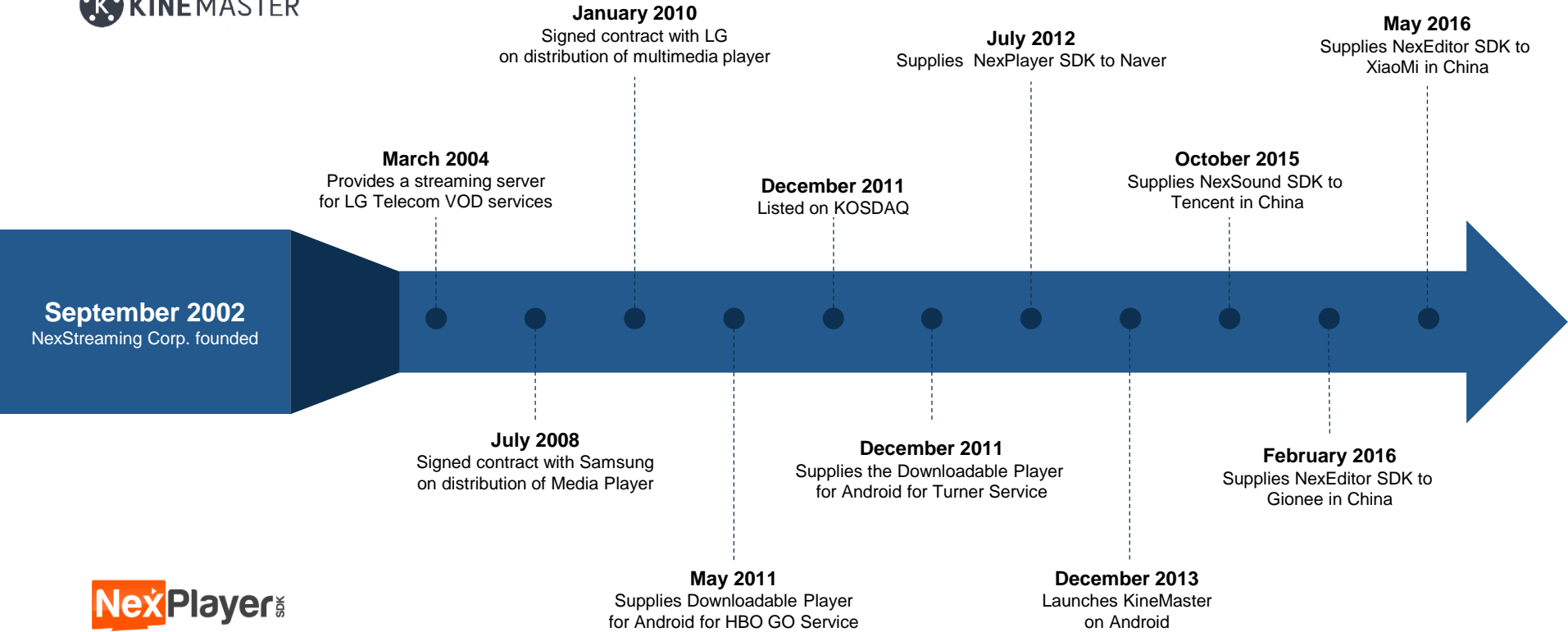
Global Smart Multimedia Leader

"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***

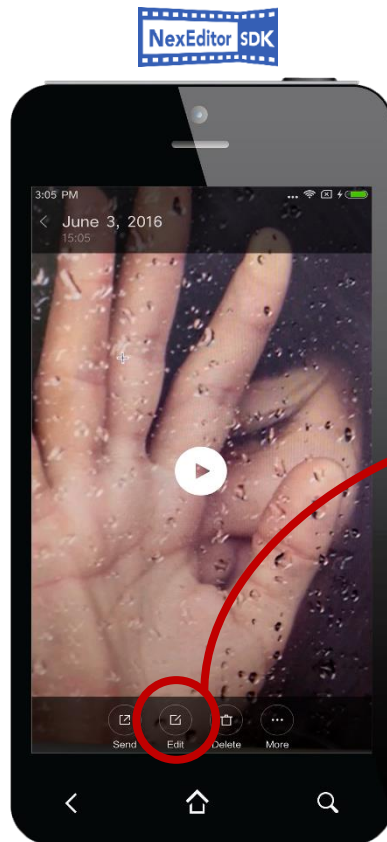
	Main Product	Feature	Customers	Revenue Model	Growth
B2B		<ul style="list-style-type: none"> • Support a variety of platform (Android, iOS, Windows8) • HTTP Live Streaming, Latest Codec • Global partnership (Dolby, DTS...) 	Global Service Providers	Annual License	<ul style="list-style-type: none"> • Expanding global OTT business by using smart device
B2B2C		<ul style="list-style-type: none"> • Thumbnail UI • Extensive templates • Full HD quality and Instant Preview • Transition effect with video overlap 	Global Smartphone Makers/ Service Providers	Annual License	<ul style="list-style-type: none"> • Applying new ideas through a variety of editing function • Optimized business about finding new customers
B2C		<ul style="list-style-type: none"> • Featured by GooglePlay in 150 countries • Exceed 9 million download • A variety of filters and themes • Full HD quality 	Mobile Application Users	Subscription	<ul style="list-style-type: none"> • Possibility to platform • Expectation of growth synergy with other business model • Ability to develop new family apps with core technologies

Partnership opportunities with _____ for B2B2C

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



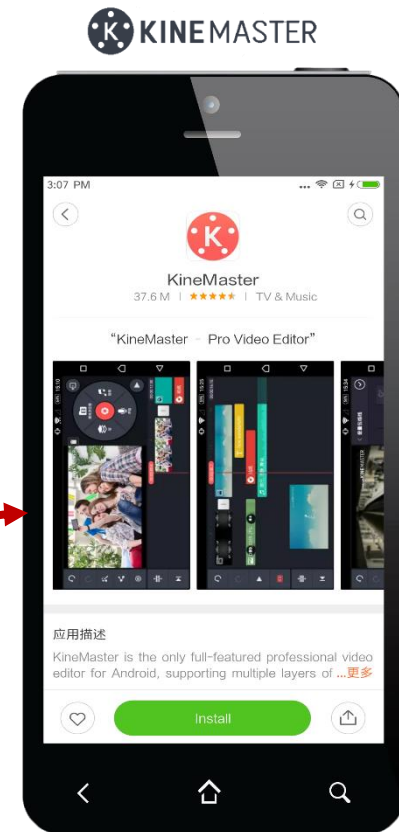
Number of Downloads
Number of Paid-Users



MIUI Gallery



MIUI Vide Editing
Forward by NexEditor SDK



KineMaster page at
XiaoMi Appstore

Link
Directly

Multimedia SDK(software Development Kit) & Application

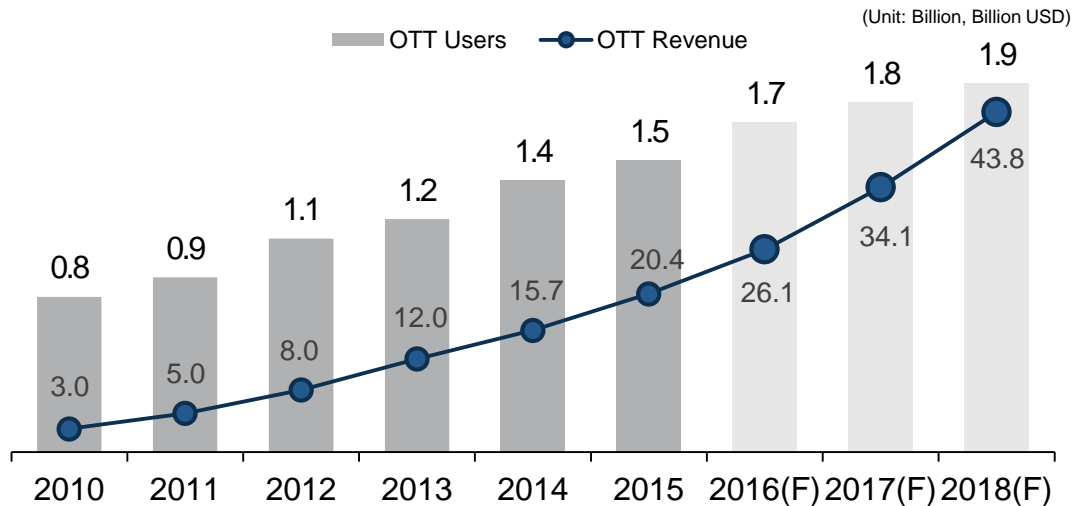
- Specialization in multimedia mobile player SDK and video editing SDK technologies
- Secure product competitiveness in accordance with diversifying core technology
- Expansion of business model through technology combinations
- Able to become a global leader in multimedia player and editor SW market



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

Market Trend – Global OTT

<Table 1. Global OTT Users and Revenue>

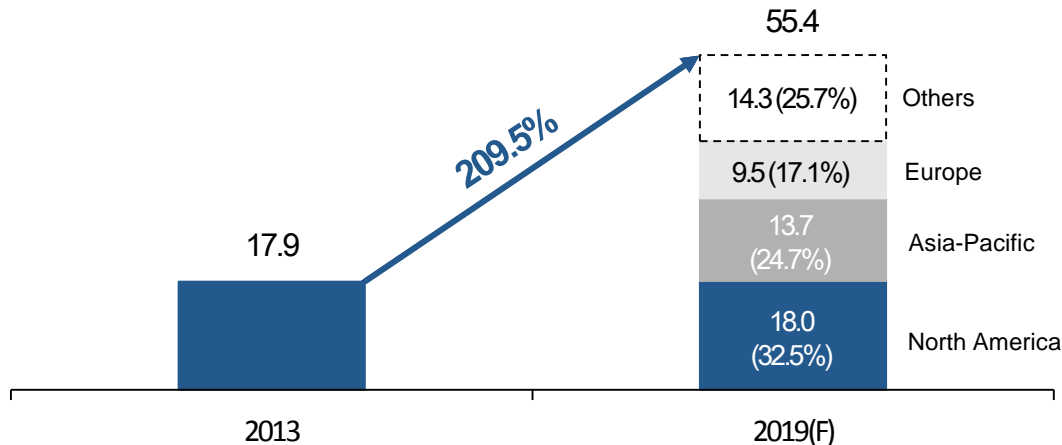


Global OTT Market Trend

- 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>

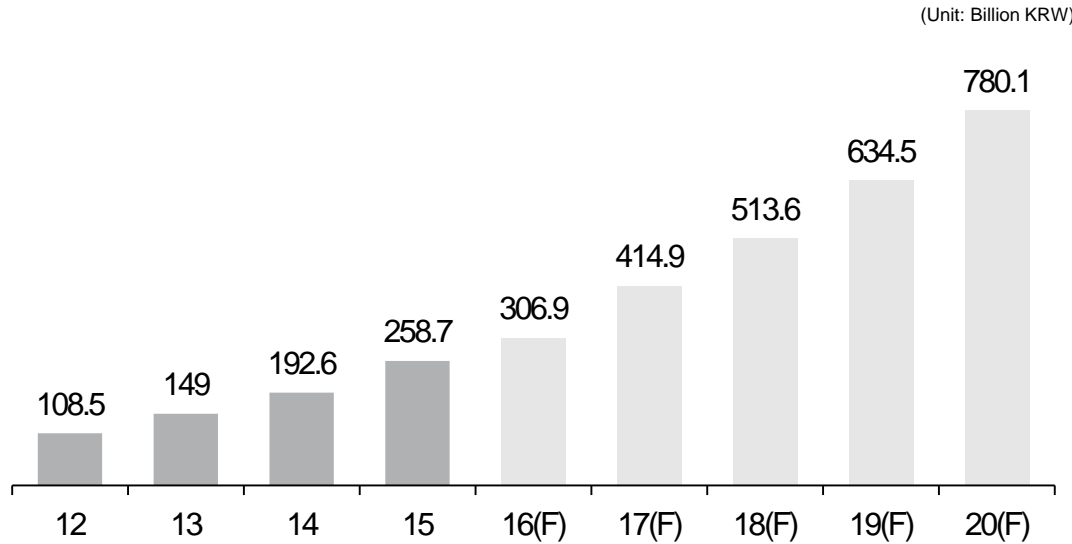
(Unit: Billion, Billion USD)



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

Market Trend – Domestic OTT

<Table 5. Domestic OTT Market Forecast>

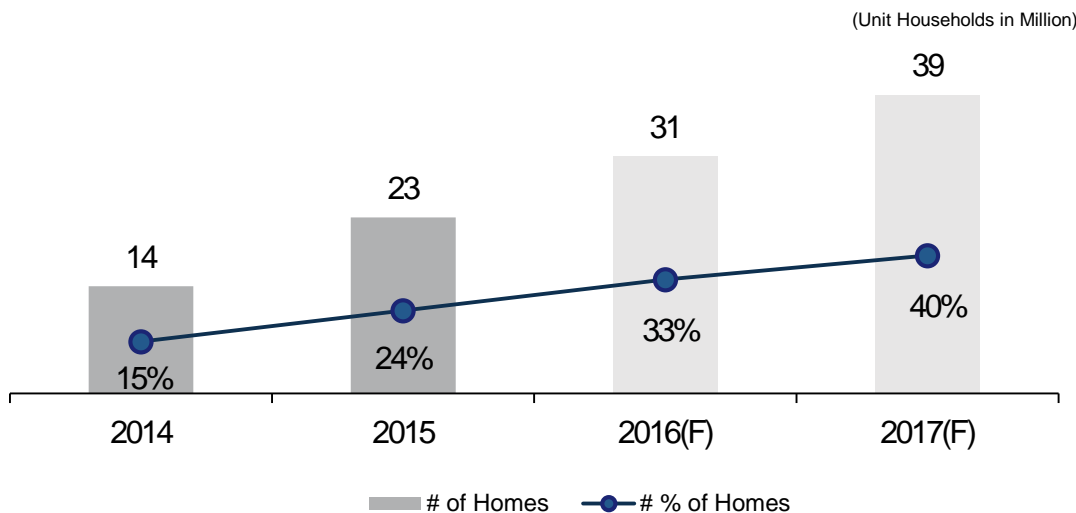


634.5 billion KRW, Domestic OTT Market in 2019 (Table 5)

Growth streaming Player and related applications in the US in 2017

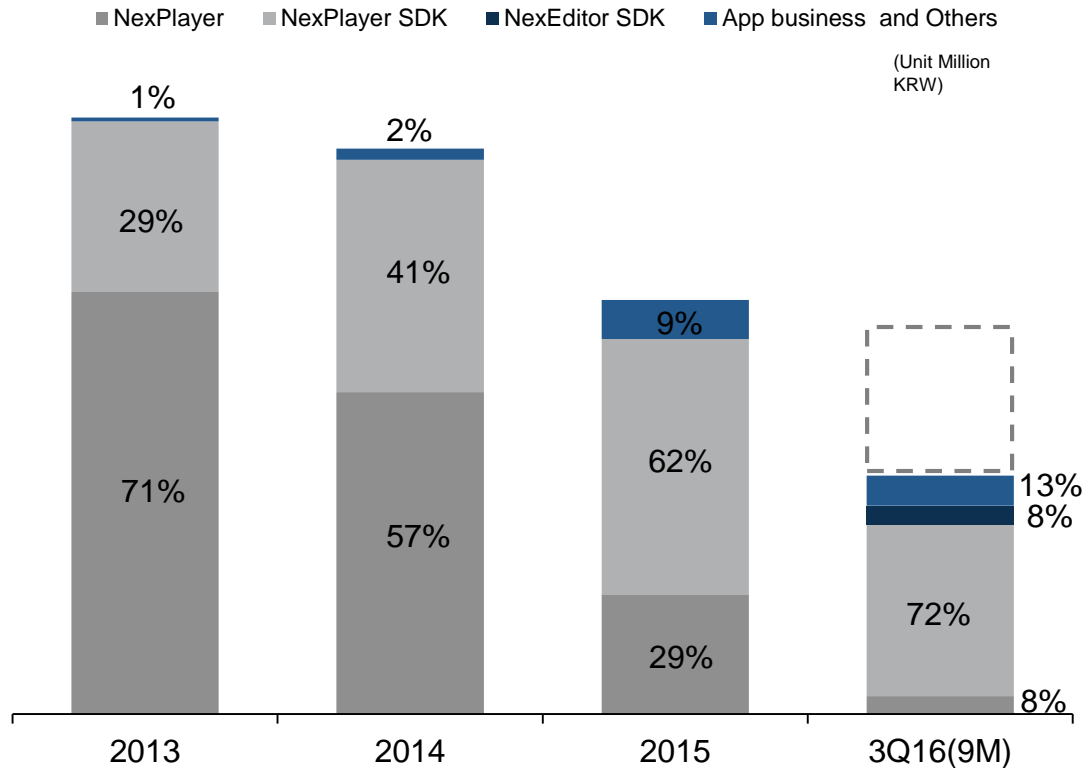
- 40% (3,900 million households) of total Internet household in the US in 2017 will own streaming media player (Table 6)
- Streaming media player will exceed 210 million unit in 1Q17
- With growth of streaming media player sales, video application usage will increase

<Table 6. Streaming Media Player Internet Household Forecast>



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

Highlight



(Unit Million KRW)

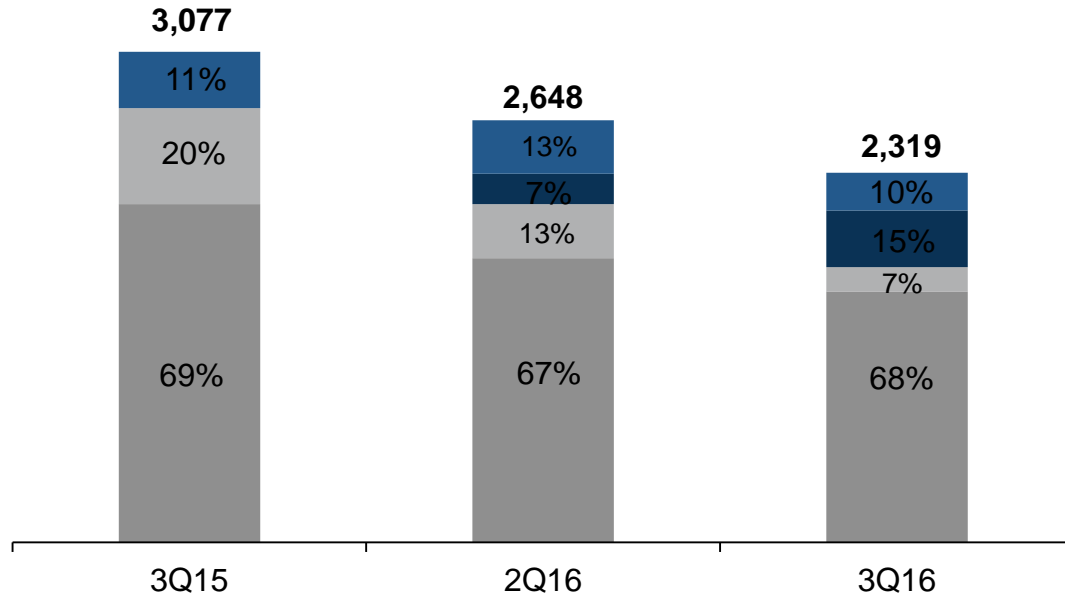
	2013	2014	2015	3Q16(9M)
NexPlayer	12,955	9,879	3,659	553
NexPlayer SDK	5,229	7,126	7,850	5,267
NexEditor SDK	0	0	0	578
App business and Others	119	346	1,204	920
Total	18,303	17,351	12,713	7,318

Diversity in Revenue portfolio

- Diversity of revenue portfolio by reducing dependence of specific customers
- **NexPlayer SDK**
QoQ -12% Down, YoY -26% Down
- NexPlayer SDK revenue slightly decreased due to intense competition and weak demand.
- **NexPlayer**
QoQ -55% Down, YoY -75% Down
- Due to competitor's threat and in-house development
- **NexEditor SDK**
OoQ 86% Up
- New product portfolio has been added.
- **App business and Others**
QoQ -29% Down, YoY -33% Down
- Increase in users according to add new features

Highlight

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



	3Q15	2Q16	3Q16	QoQ	YoY
Total	3,076	2,648	2,319	-12%	-25%
NexPlayer	2,122	340	153	-55%	-75%
NexPlayer SDK	602	1,782	1,573	-12%	-26%
NexEditor SDK	-	191	355	86%	-
App business and Others	353	335	238	-29%	-33%

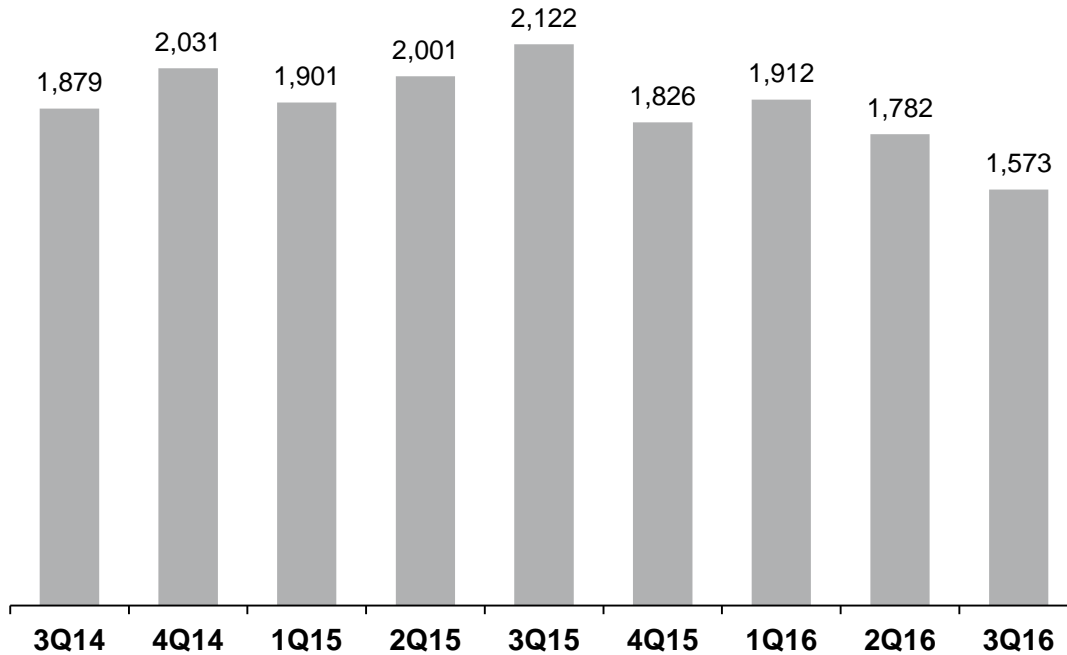
3Q16 Highlight

- **3Q16 Revenue 2,319 million KRW**
- **NexPlayer SDK**
QoQ -12% Down, YoY -26% Down
- NexPlayer SDK revenue slightly decreased due to intense competition and weak demand.
- **NexPlayer**
QoQ -55% Down, YoY -75% Down
- Due to competitor's threat and in-house development
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QoQ 86% Up
- New product portfolio has been added.
- **App business and Others**
QoQ -29% Down, YoY -33% Down
- Increase in users according to add new features

Highlight: NexPlayer SDK

(Unit Million KRW)

■ Revenue



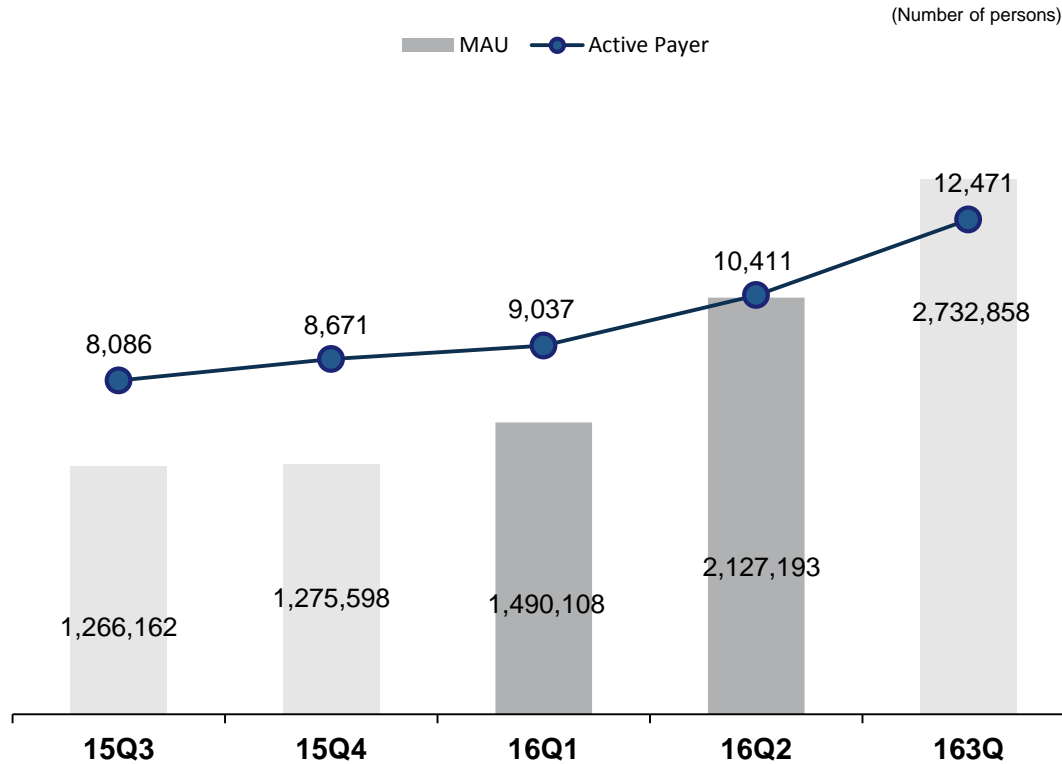
3Q16 Highlight

- NexPlayer SDK, 72.0% Up of total revenue
- Revenue QoQ -12% Down, YoY -26% 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)

	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16
NexPlayer SDK Revenue	1,879	2,031	1,901	2,001	2,122	1,826	1,912	1,782	1,573
%	42.9%	48.5%	52.8%	61.2%	68.1%	65.9%	81.3%	73.9%	72.0%

Highlight: App Business



3Q16 Highlight

- Exceed 10 million downloads in Google Play
- MAU QoQ 28.5% Up, YoY 115.8% Up
- Active Payer QoQ 19.8% Up, YoY 54.2% Up
- CQGR: MAU 22.2% Up, Active Payer 11.6% Up (15Q3~16Q3)
- 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)

	3Q15	4Q15	1Q16	2Q16	3Q16
App business	143	145	152	183	202
%	4.59%	5.23%	6.47%	6.91%	7.3%

Appendix: Consolidated Financial Statements (K-IFRS)

Balance Sheet			Profit and Loss					
(Unit: Million KRW)	2015.12.31	2016. 9. 30	(Unit: Million KRW)	4Q2015	1Q2016	2Q2016	1H2016	3Q2016(9M)
Current assets	25,704	21,426	Revenue	2,731	2,351	2,648	4,999	7,229
Cash and cash equivalents	23,027	19,221	NexPlayer	519	60	340	400	153
Trade Receivables	2,147	1,895	NexPlayer SDK	1,826	1,912	1,782	3,694	1,573
Other current assets	530	311	NexEditor SDK	-	32	191	223	355
Non-current assets	2,450	3,105	App Business and others	386	347	335	682	238
Property, plant and equipment	370	733	Operating expense	3,729	3,785	3,609	7,394	10,751
Intangible Assets	592	501	Employment Costs	1,951	1,715	1,621	3,336	4,911
Deposits Provided	864	1,008	Employee Benefits	196	165	163	328	496
Other non-current assets	624	864	Commission Fee	523	611	635	1,246	1,670
Total assets	28,153	24,532	Development Expenses	254	247	258	505	761
Current liabilities	4,289	4,106	Advertising Expenses	41	107	113	220	306
Trade Payables	134	118	Outside order Expenses	254	260	152	412	706
Non-trade Payables	379	448	Others	510	680	667	1,347	1,901
Accrued Expenses	49	151	Operating Income	-998	-1,433	-968	-2,401	-3,522
Advances from Customers	3,691	1	Other gains	-24	54	63	117	143
Other current liabilities	36	3,388	Other losses	103	236	61	297	646
Non-current liabilities	1,034	1,489	Finance income	83	61	50	111	152
Allowance for severance liability	579	1029	Financial cost	-	-	-	-	-
Allowance for Other long employees	455	449	Profit (loss) before tax	-1,042	-1,554	-916	-2,470	-3,873
Deferred Tax Liabilities	-	11	Income tax expense	-463	-550	479	-71	11
Total liabilities	6,324	5,595	Profit	-579	-1,004	-1,395	-2,399	-3,885
Capital Stock	3,508	3,508	Other comprehensive income	594	-1	-5	-6	-8
Additional Paid-in and Other Capital	4,592	4,592	Adjustment of allowance for severance liability	598	-1	-	-1	-2
Elements of other stockholder's equity	-2,672	-2,672	Cumulative Effect of Foreign Currency Translation	-3	-	-5	-5	-6
Accumulated other comprehensive income	1	-5	Total comprehensive income	15	-1,004	-1,400	-2,404	-3,893
Retained earnings	17,401	13,514	Controlling interest	15	-1,004	-1,400	-2,404	-3,893
Total equity	22,830	18,937	Non-controlling interest	-	-	-	-	-
Total equity and liabilities	28,153	24,532	EPS (Unit: KRW)	-88	-154	-214	-367	-595

Appendix: Employees

(Number of persons)

	2013	2014	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16
NexStreaming (HQ)	100	111	105	103	100	104	106	98	96
Overseas	8	11	11	10	10	10	10	14	13
Total Headcount	108	122	116	113	110	114	116	112	109

- **Overseas offices**

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



Appendix: Board of directors

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



NEXSTREAMING

Investor Relations

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