

Investor Relations 1Q17

May 15, 2017

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

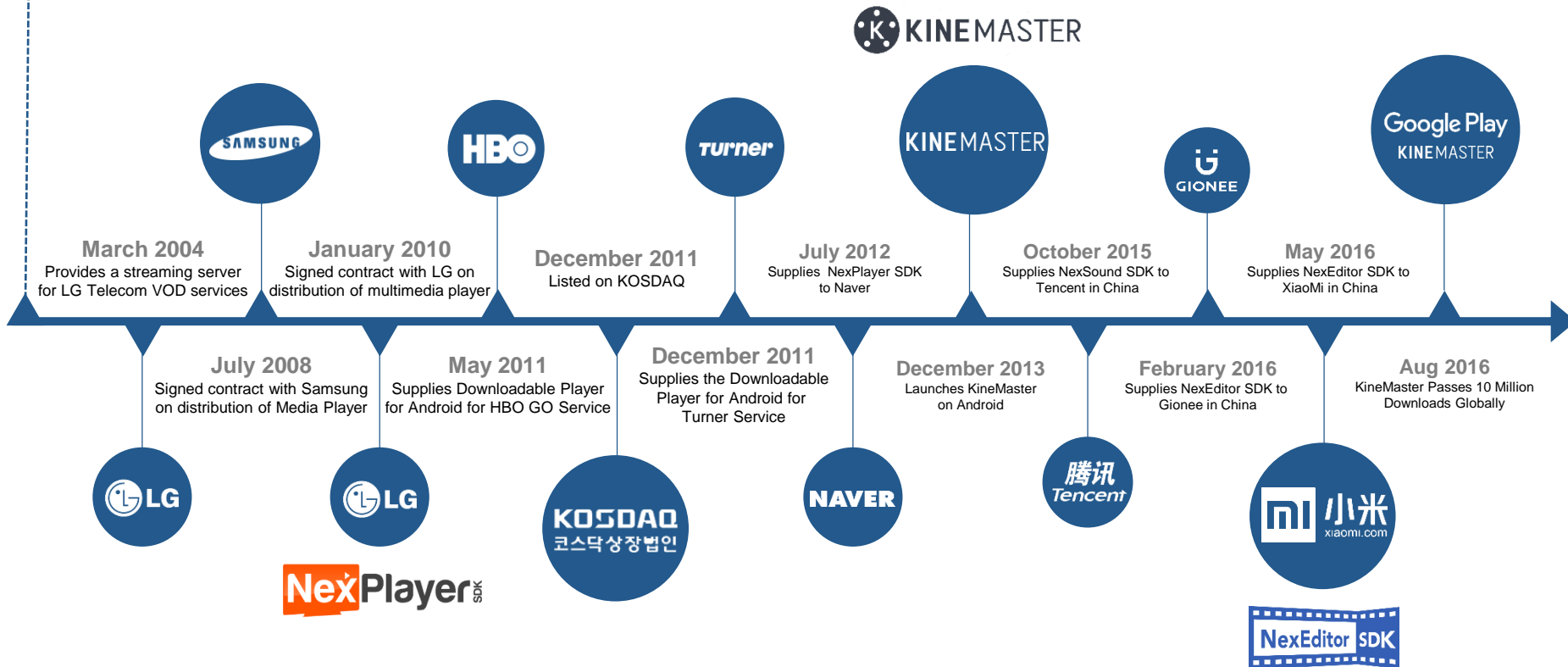
Utilizing a variety of devices”



NexStreaming - History

September 2002

NexStreaming Corp. founded



NexStreaming's Core Technology

Player

B2B

Video Player SDK
for mobile app



Feature

- Support a variety of platform (Android, iOS, Windows8)
- HTTP Live Streaming, Latest Codec
- Global partnership (Dolby, DTS...)

Customers

- Global Service Providers

Revenue Model

- Annual License

Growth

- Expanding global OTT business by using smart device

Editor

B2B

Video Editor SDK
for mobile app



Feature

- Thumbnail UI
- Asset store with extensive templates
- Full HD quality and Instant Preview
- Transition effect with video overlap

Customers

- Global Smartphone Makers
- Service Providers

Revenue Model

- Annual License

Growth

- Applying new ideas through a variety of editing function
- Optimized business about finding new customers

B2C

Video Editor App
for mobile



Feature

- Featured by GooglePlay in 150 countries
- Exceed 10 million download
- A variety of filters and themes
- Full HD quality

Customers

- Mobile Application Users

Revenue Model

- Subscription

Growth

- Possibility to platform
- Expectation of growth synergy with other business model
- Ability to develop new family apps with core technologies

B2B2C

Asset Store
for video editor app and SDK



Feature

- A wide variety of Themes, Soundtracks and Text Effects
- Auto editing of raw video
- Direct link to KineMaster

Customers

- Global Smartphone Makers
- Service Providers

Revenue Model

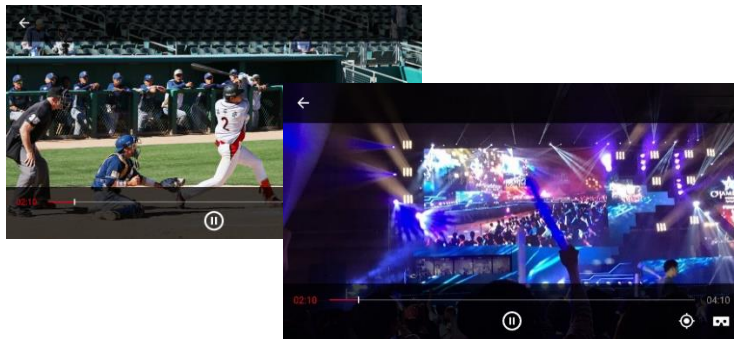
- Paid-asset, Subscription, Royalty, Ad and License

Growth

- Expectation of growth synergy with other business model
- Huge opportunities for Asset license

Provide Best synergy through Cross Platform Integration

NexPlayer SDK, the most suitable solution for streaming services



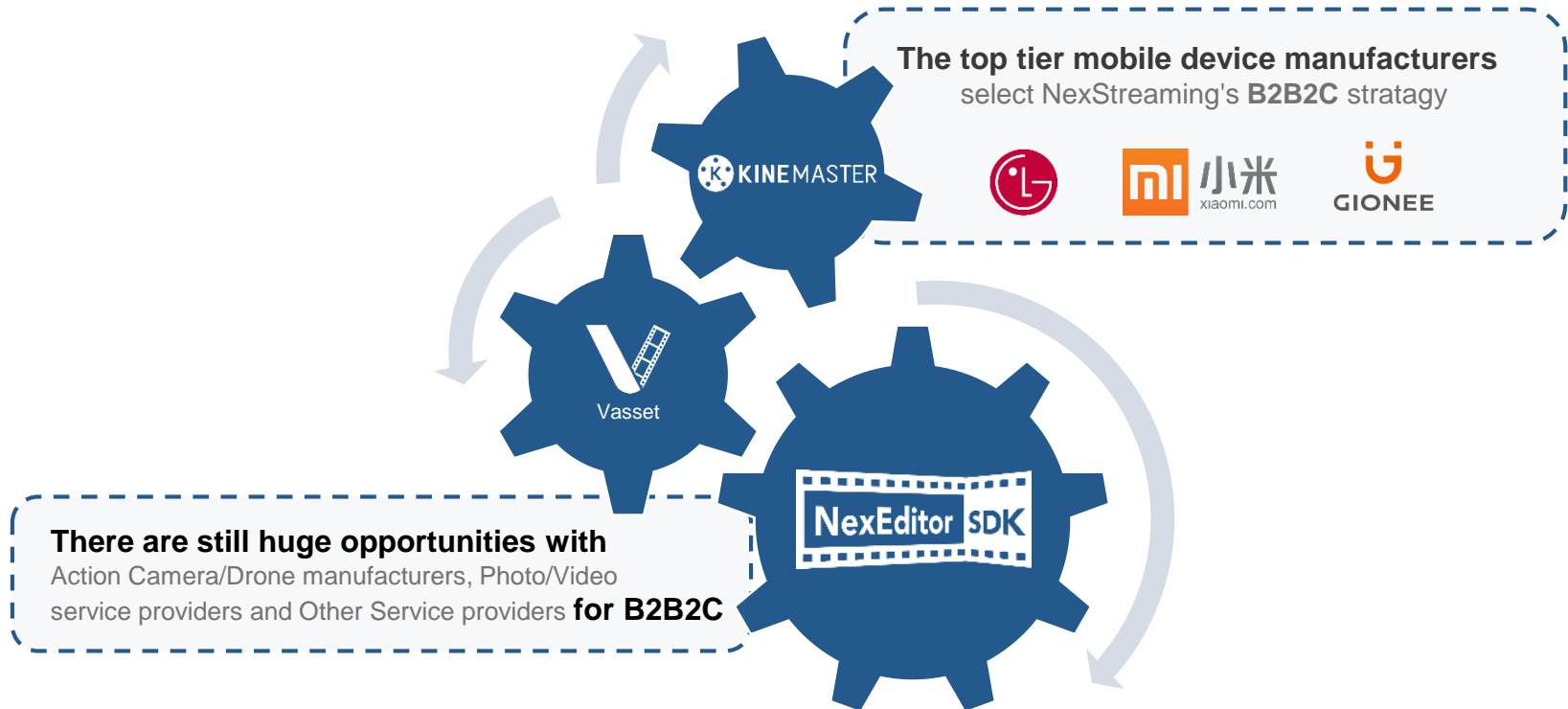
<Commercial reference for NexPlayer 360 SDK>



- *Market proven solution*
- *Multiscreen*
- *Various streaming protocols support*
- *Intelligent Adaptive Bitrate (ABR) algorithms*
- *Quickly catch up with new OS version*
- *Advanced features*
- *Latest codecs*
- *Actively working at many international organizations*

Growing partnership opportunities for B2B2C

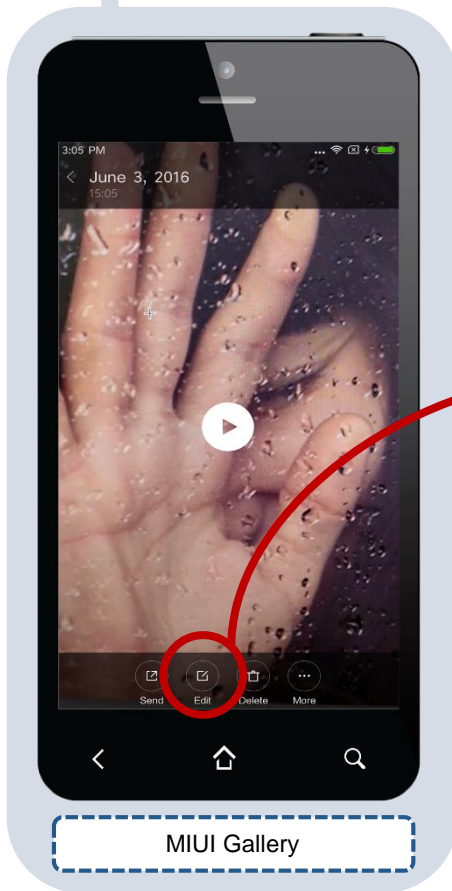
NexEditor SDK provide fast and simple video editor with seamless linking to KineMaster and Asset store for advanced video editing



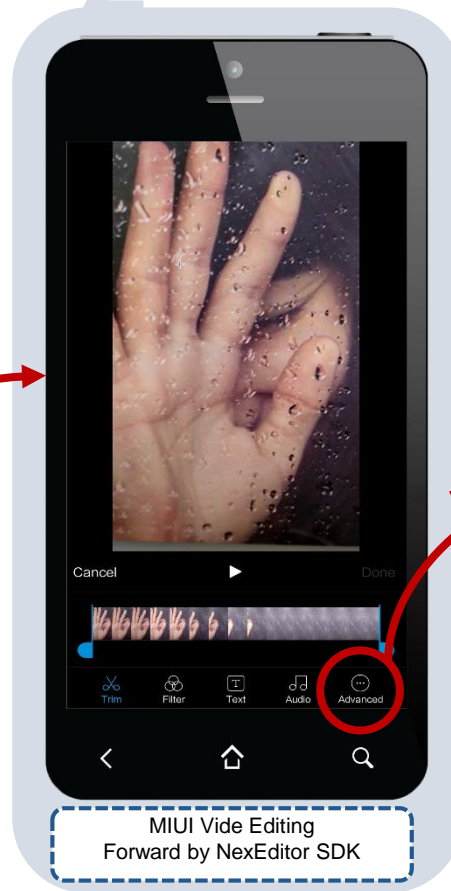
Growing massive user base

Increase Downloads and Paid-Users

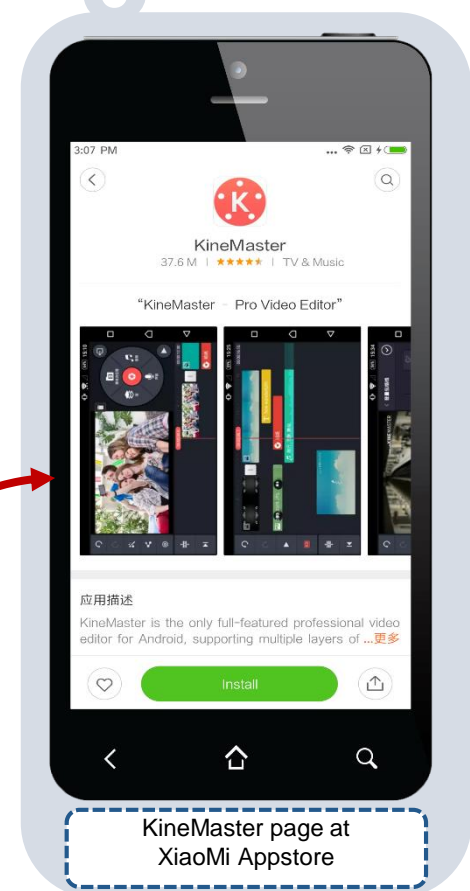
1 NexEditor SDK
integrated into MIUI 8.0



2 NexEditor SDK
integrated into MIUI 8.0



3 seamless linking to
KineMaster



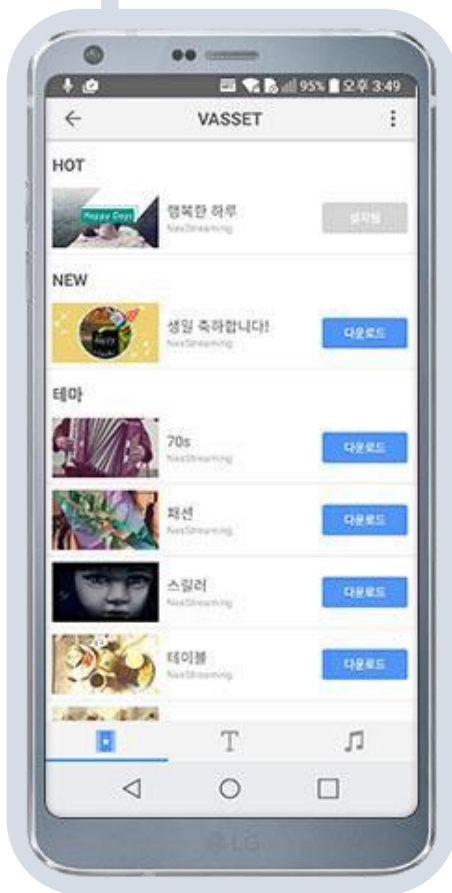
Link
Directly

Gain synergy effect with Asset store

Diversify the ways of user editing experience

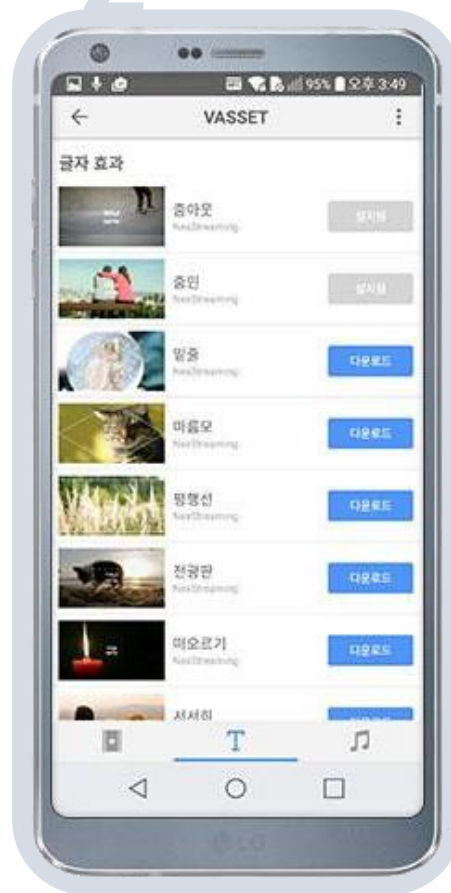
1

Theme category
of the VASSET in LG G6



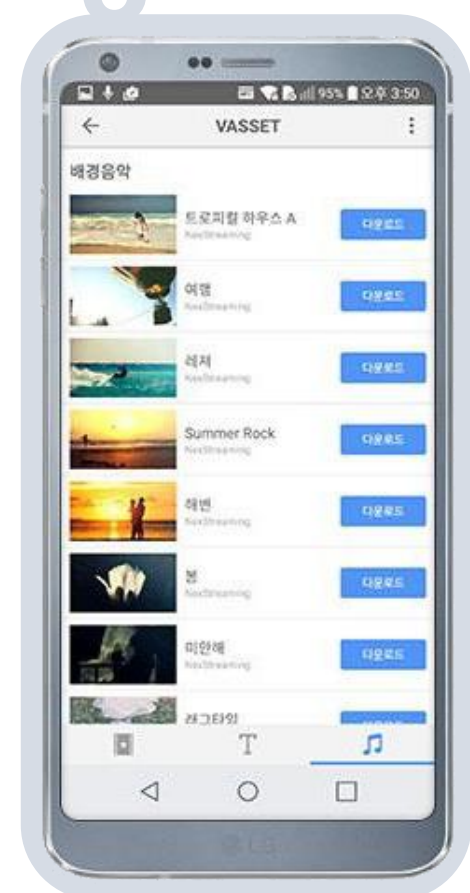
2

Text Effect category
of the VASSET in LG G6

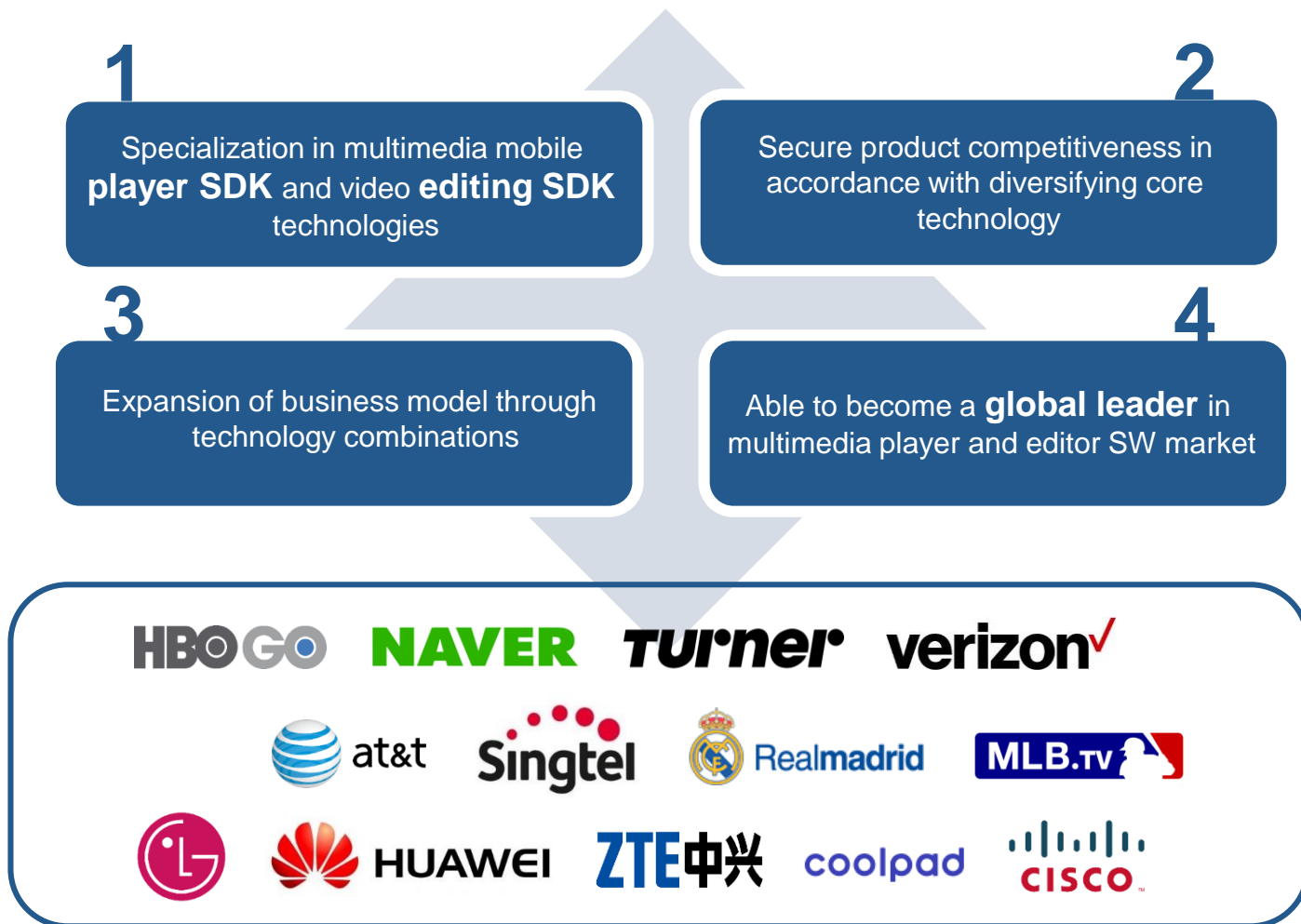


3

BGM category
of the VASSET in LG G6



Mobile Multimedia SDK & Application



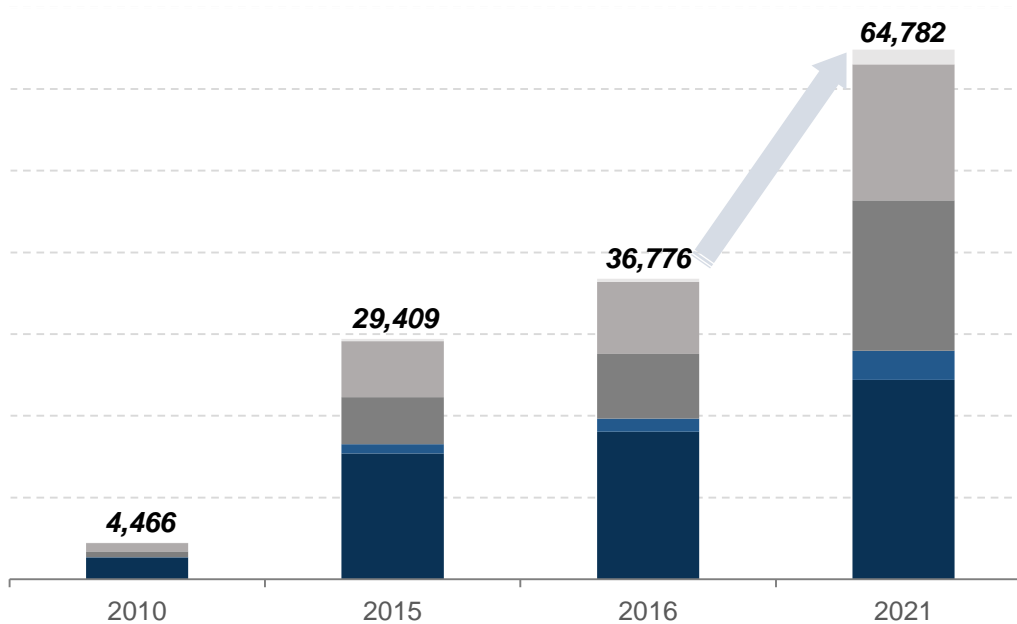
NexStreaming's direct/indirect customers (Media, Telecom, Sports, Solution Providers, Device makers)

Market Trend – Global OTT

<Table 1. Global OTT TV & Video revenue forecasts by 2021>

(Unit: Million USD)

■ North America ■ Latin America ■ Asia Pacific ■ Europe ■ Others



	2010	2015	2016	2021
North America	2,674	15,389	18,078	24,387
Latin America	32	1,152	1,596	3,586
Asia Pacific	707	5,741	7,894	18,396
Europe West	1,014	6,396	8,199	14,642
Europe East	26	454	633	1,976
MENA	13	255	339	1,328
Sub-Sahara Africa	-	22	37	467

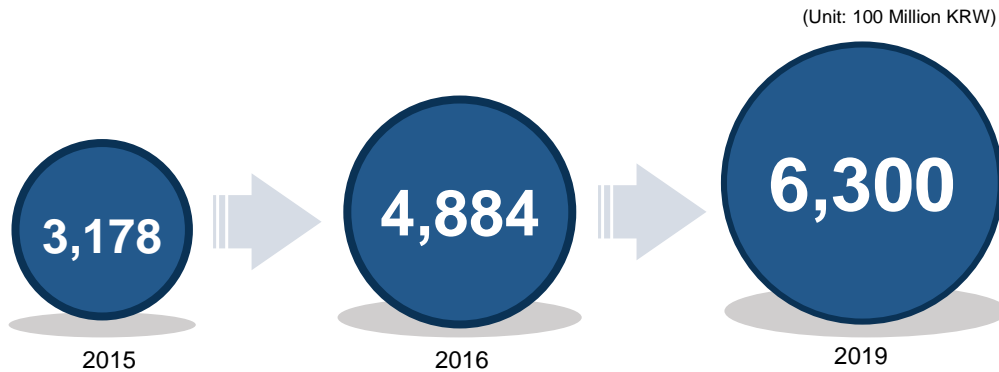
Global OTT Market Trend

- Bringing the market to \$64.78 billion by 2021, up 120% from \$29.4 billion in 2015.
- 58% increase in North America to \$24.4 billion in 2021 from \$15.4 billion in 2015.
- The one of the key factor driving the growth of OTT market is increase in the number of connected device users.

(Source: digital TV research/ Global OTT TV and Video Forecasts)

Market Trend – Domestic OTT

<Table 2. Domestic OTT market size>

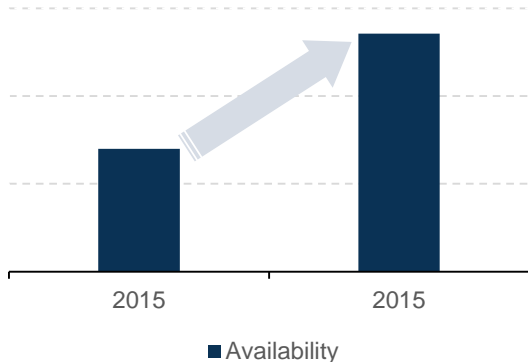


Domestic OTT Market Trend

- Bringing the market to KRW 488 billion in 2016, up 53.68% from KRW 317 billion in 2015.
- Market size is expected to reach KRW 630 billion in 2019.
- The OTT service availability increased by 14.30% from the same time in 2015.
- 97.30% users using smart device for OTT service.

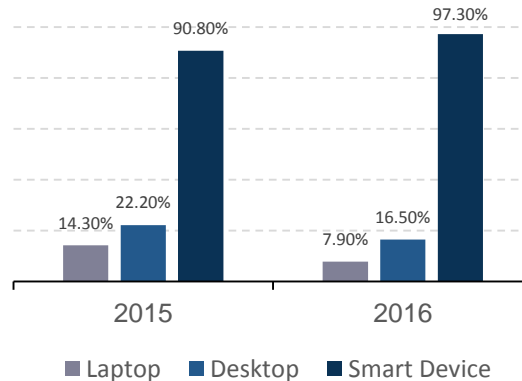
<Table 3. Domestic OTT service availability>

(Unit: %)



<Table 4. Domestic OTT service device>

(Unit: %)



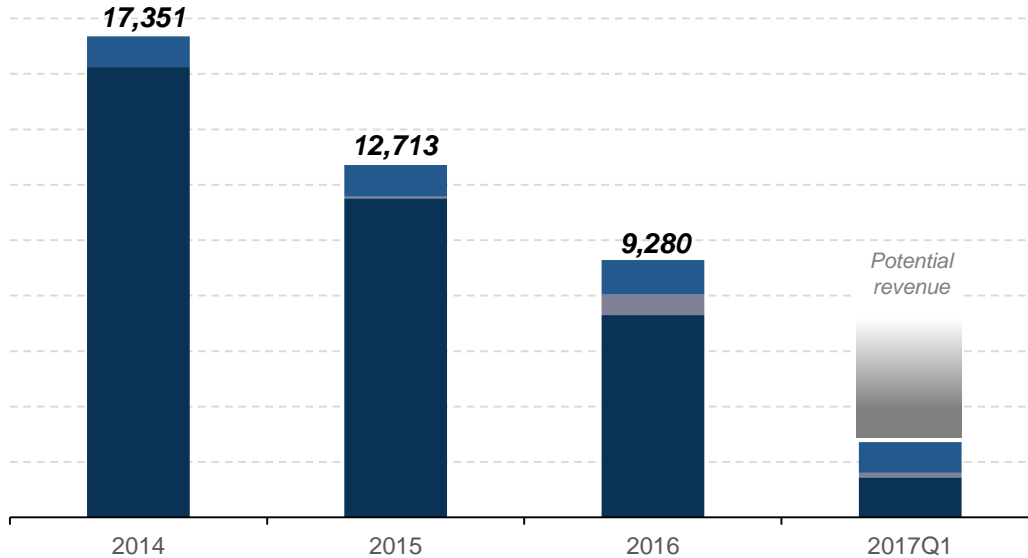
*** The percentage of 7,385 people surveyed who using OTT service for the past week

(Source: Korea Communications Commission)

Highlight - Yearly

(Unit Million KRW)

■ NexPlayer SDK ■ NexEditor SDK ■ App business and Others



(Unit Million KRW)

Business	Product	2014	2015	2016	2017Q1
Player Business	NexPlayer SDK and NexPlayer	16,244	11,509	7,295	1,452
	NexEditor SDK	0	64	748	159
Editor Business	App business and Others	1,107	1,140	1,237	1,108
Total		17,351	12,713	9,280	2,719

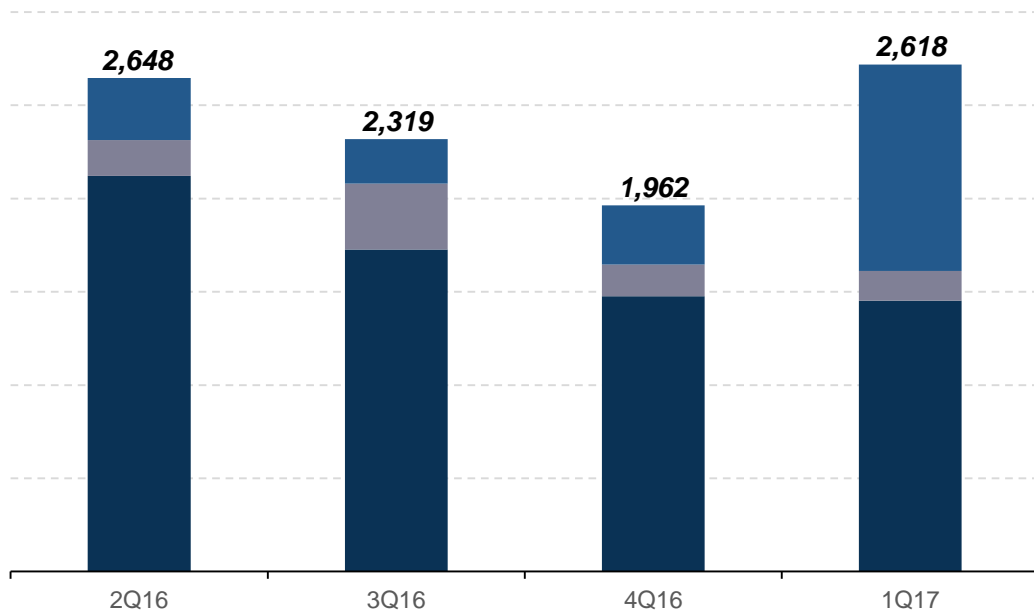
New business model may have Significant upside potential

- **NexPlayer SDK**
 - QoQ -1.56% Down, YoY -24.06% Down
 - NexPlayer SDK revenue slightly decreased due to intense competition.
- **NexEditor SDK**
 - OoQ -6.47% Up, YoY 396.88% Up
 - New customers has been added with B2B2C model.
- **App business and Others**
 - QoQ 249.53% Up, YoY 172.24% Up
 - Add a bunch of new functions to KineMaster.
 - KineMaster iOS version is due soon.
 - Others: Diversity of revenue portfolio by reducing dependence of specific customers.
- **VASSET**
 - New business model (VASSET+NexEditorSDK+KineMaster) may have significant upside potential.

Highlight - Quarterly

(Unit Million KRW)

■ NexPlayer SDK ■ NexEditor SDK ■ App business and Others



1Q17 Highlight

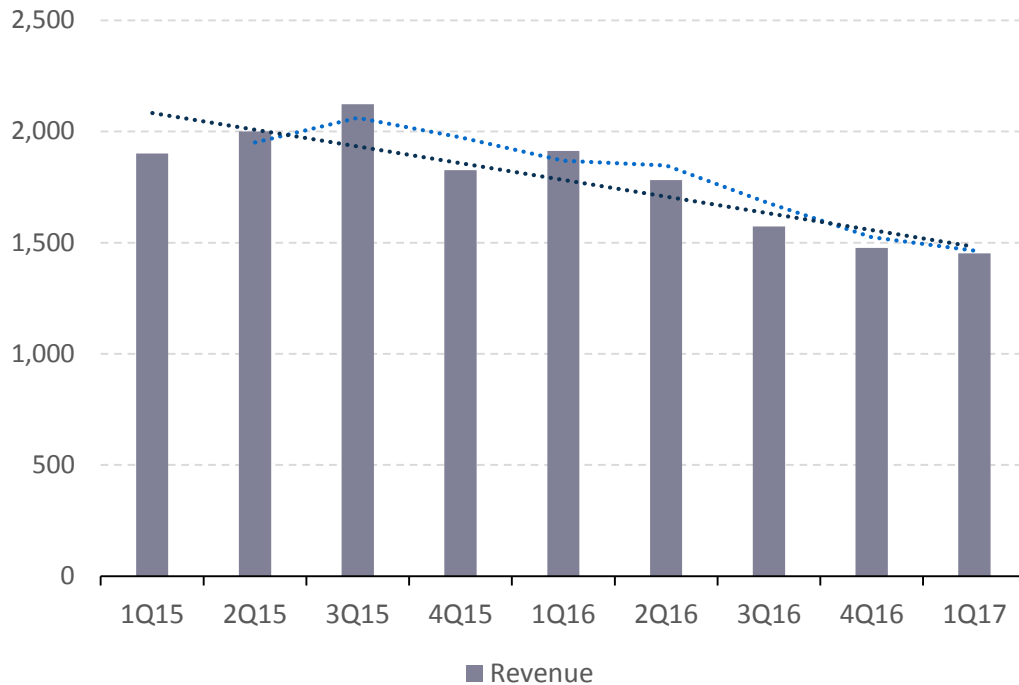
- **1Q17 Revenue 2,719 million KRW**
- **NexPlayer SDK**
 - 53.39% of total revenue
 - The rates declined slightly due to intense competition.
- **NexEditor SDK**
 - 5.87% of total revenue
- **App business and Others**
 - 40.74% of total revenue
 - QoQ 249.53% Up, YoY 218.39% Up with KineMaster uptrend.
 - Expect new opportunities for B2B2C with VASSET(asset store) in the near future.

(Unit Million KRW)

Business	Product	1Q16	4Q16	1Q17	QoQ	YoY
Player Business	NexPlayer SDK and NexPlayer	1,972	1,475	1,452	-8.41%	-26.37%
	NexEditor SDK	32	170	159	-6.47%	396.88%
Editor Business	App business and Others	348	317	1,108	249.53%	218.39%
Total		2,351	1,962	2,719	33.44%	15.65%

Highlight – NexPlayer SDK Revenue Trend

(Unit Million KRW)



1Q17 Highlight

- **NexPlayer SDK, 53.4% of total revenue**
- QoQ -1.63% Down, YoY -24.06% Down of revenue
- NexPlayer SDK revenue slightly decreased due to intense competition.
- NexPlayer360 SDK is expected to explore new business opportunities for Service Providers.

(Unit Million KRW)

	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17
NexPlayer SDK Revenue	1,901	2,001	2,122	1,826	1,912	1,782	1,573	1,476	1,452
%	52.8%	61.2%	68.1%	65.9%	81.3%	73.9%	72.0%	75.2%	53.4%

Appendix: Consolidated Financial Statements (K-IFRS)

Balance Sheet			Profit and Loss					
(Unit: Million KRW)	2016. 12.31	2017. 3.31	(Unit: Million KRW)	1Q2016	2Q2016	3Q2016	4Q2016	1Q2017
Current assets	19,123	17,672	Revenue	2,351	2,641	2,237	2,113	2,717
Cash and cash equivalents	10,936	9,861	Player Business	1,972	2,122	1,726	1,476	1,452
Trade Receivables	1,795	1,374	Editor Business	184	374	511	401	417
Other current assets	6,392	6,438	Other Business	195	145	-	236	848
Non-current assets	2,717	2,862	Operating expense	3,785	3,609	3,357	3,558	3,585
Property, plant and equipment	687	630	Employment Costs	1,715	1,621	1,573	1,577	1,313
Intangible Assets	461	423	Employee Benefits	165	163	169	180	84
Deposits Provided	1,010	1,009	Commission Fee	611	635	424	664	922
Other non-current assets	559	799	Development Expenses	247	258	256	279	406
Total assets	21,841	20,534	Advertising Expenses	107	113	86	53	88
Current liabilities	3,471	3,524	Outside order Expenses	260	152	294	268	266
Trade Payables	98	91	Others	680	667	555	537	507
Non-trade Payables	450	711	Operating Income	-1,433	-968	-1,120	-1,445	-869
Accrued Expenses	41	70	Other gains	54	63	26	211	46
Advances from Customers	2,858	2,595	Other losses	236	61	350	-426	582
Other current liabilities	24	57	Finance income	61	50	42	23	81
Non-current liabilities	433	451	Financial cost	-	-	-	-	24
Allowance for severance liability	-	-	Profit (loss) before tax	-1,554	-916	-1,404	-785	-1,347
Allowance for Other long employees	433	451	Income tax expense	-550	479	82	593	13
Deferred Tax Liabilities	-	-	Profit	-1,004	-1,395	-1,486	-1,378	-1,361
Total liabilities	3,905	3,974	Total comprehensive income	-1,004	-1,400	-1,488	-1,002	-1,376
Capital Stock	3,508	3,508	Controlling interest	-1,004	-1,400	-1,488	-1,002	-1,376
Additional Paid-in and Other Capital	4,592	4,592	Non-controlling interest	-	-	-	-	-
Elements of other stockholder's equity	-2,672	-2,672	EPS (Unit: KRW)	-154	-214	-228	-211	-208
Accumulated other comprehensive income	2	-8						
Retained earnings	12,507	11,140						
Total equity	17,936	16,560						
Total equity and liabilities	21,841	20,534						

Appendix: Employees

(Number of persons)

	2013	2014	2015	2Q16	3Q16	4Q16	1Q17
NexStreaming (HQ)	100	111	105	98	96	93	83
Overseas	8	11	11	14	13	12	9
Total Headcount	108	122	116	112	109	105	92

- **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
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

Planning Team

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