

Investor Relations 2Q17

August 11, 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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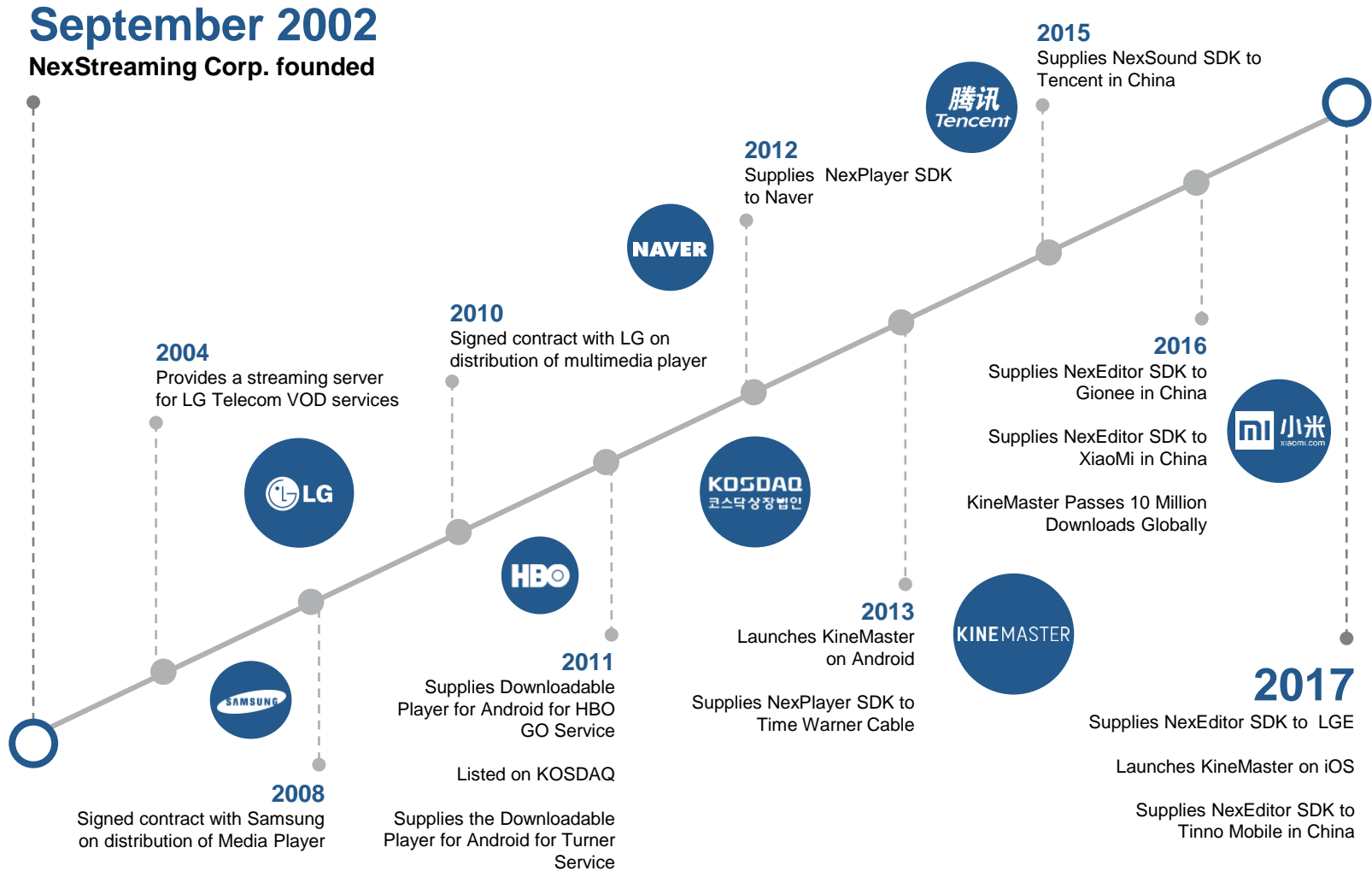
Global Smart Multimedia Leader

“High quality and exceptional multimedia software

Utilizing a variety of devices”



NexStreaming - History



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

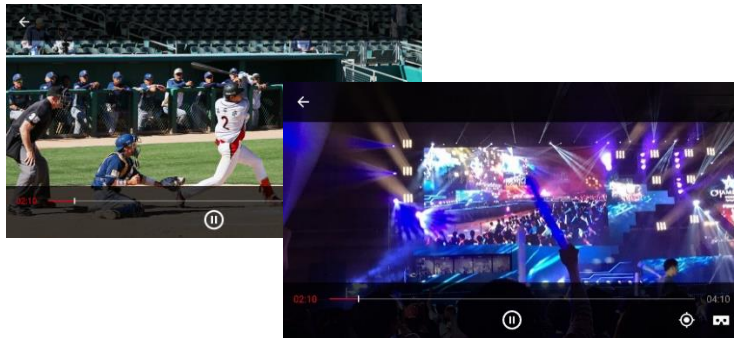
- Paid-asset, Subscription, Royalty, Ad and License

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



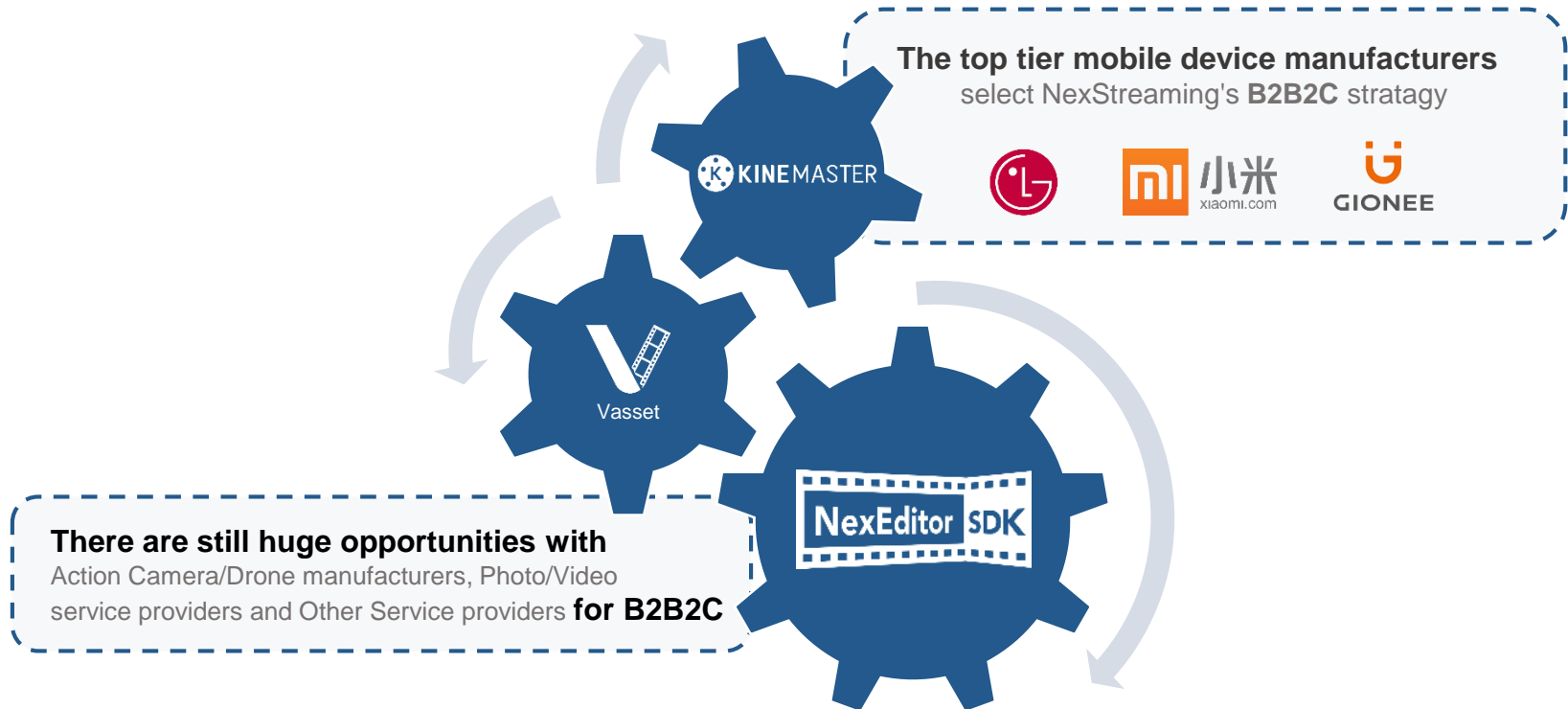
<Commercial reference for NexPlayer 360 SDK>



- *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

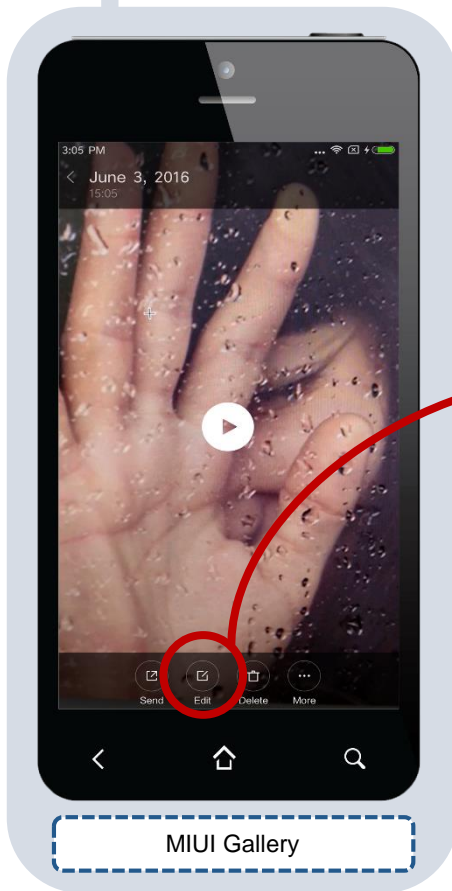
NexEditor SDK provide fast and simple video editor with seamless linking to KineMaster and Asset store for advanced video editing



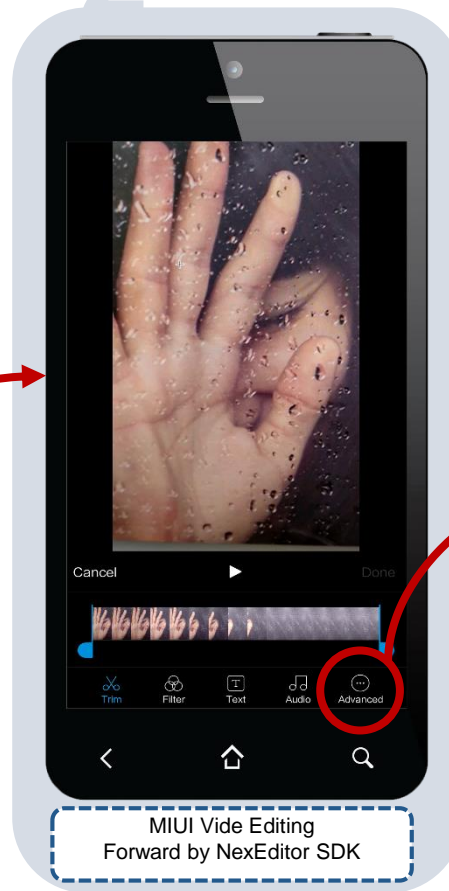
Growing massive user base

Increase Downloads and Paid-Users

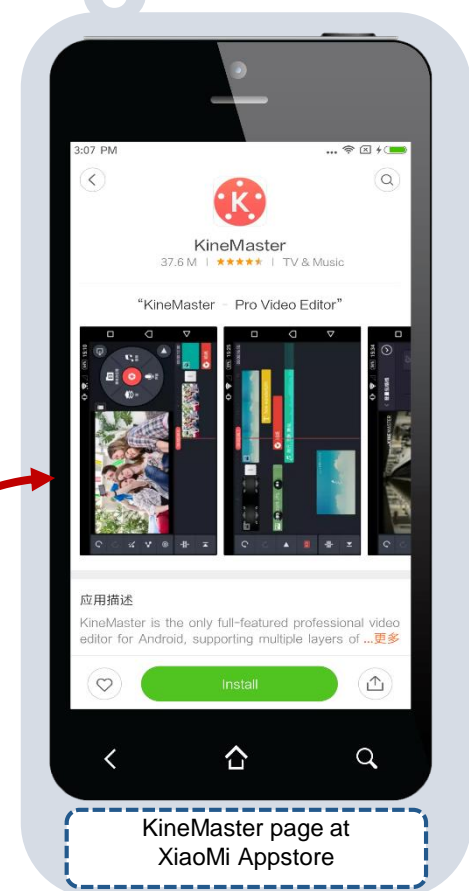
1 **NexEditor SDK**
integrated into MIUI 8.0



2 **NexEditor SDK**
integrated into MIUI 8.0



3 seamless linking to
KineMaster



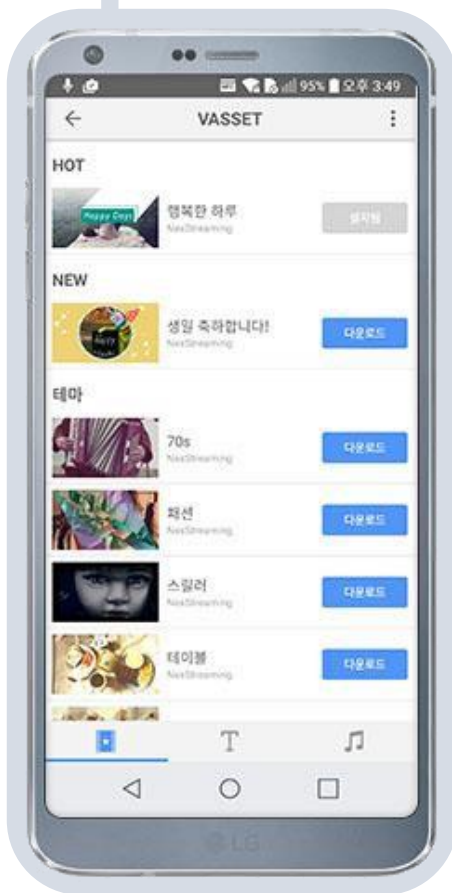
Link
Directly

Gain synergy effect with Asset store

Diversify the ways of user editing experience

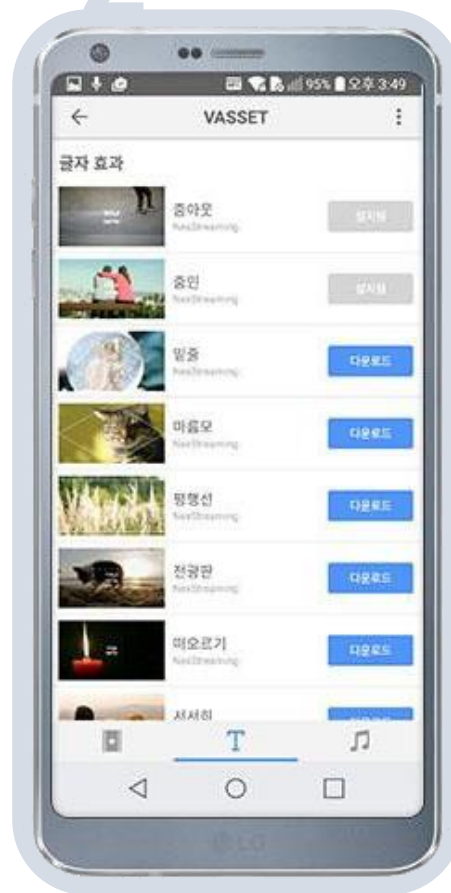
1

Theme category
of the VASSET in LG G6



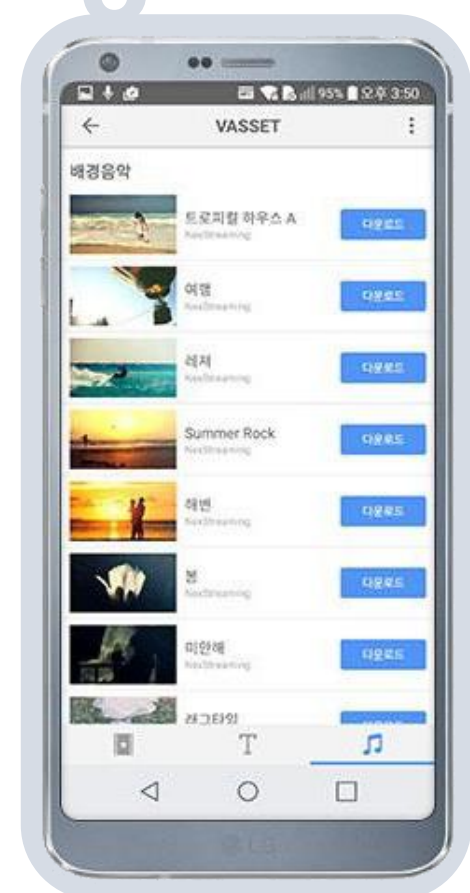
2

Text Effect category
of the VASSET in LG G6

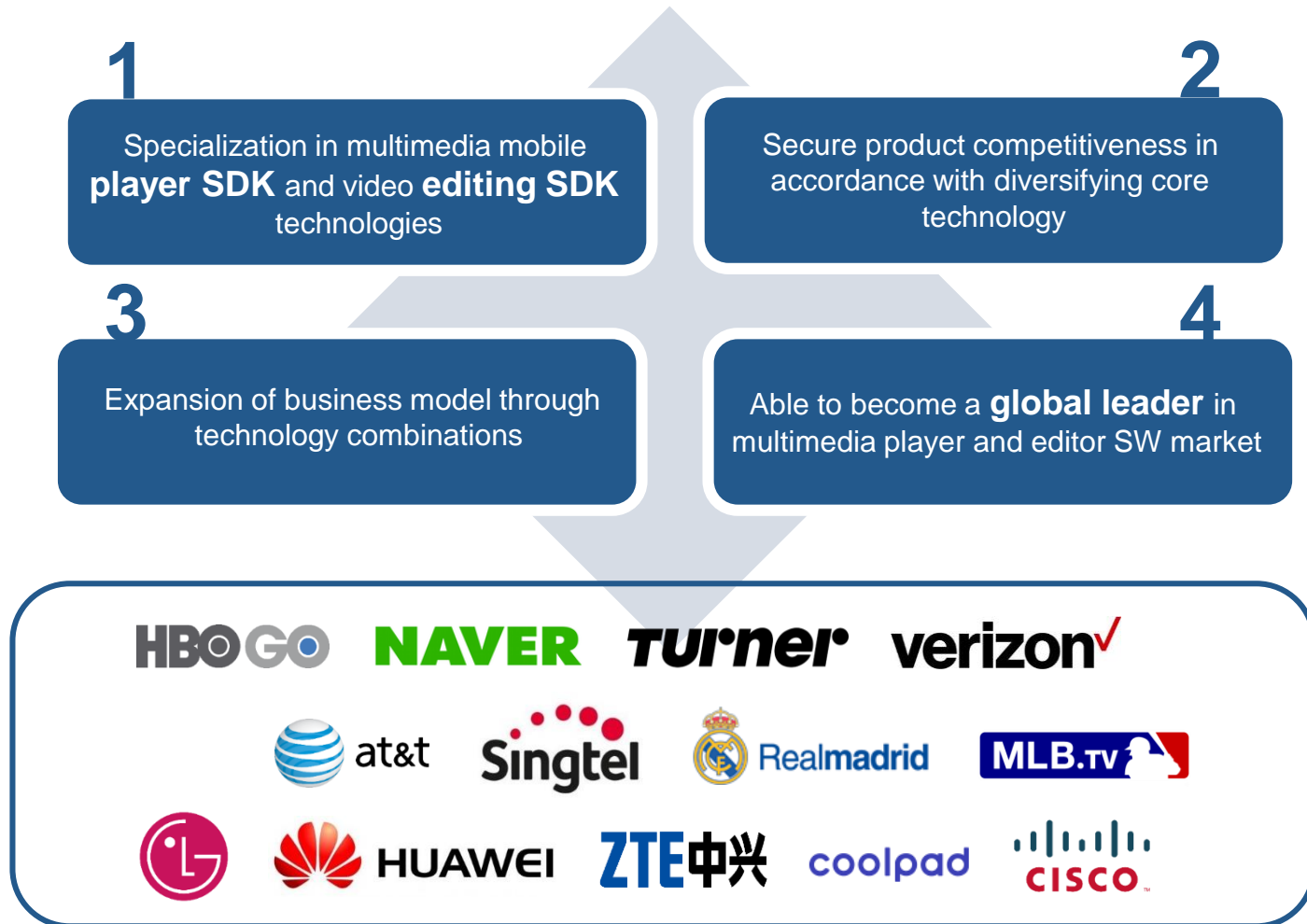


3

BGM category
of the VASSET in LG G6



Mobile Multimedia SDK & Application



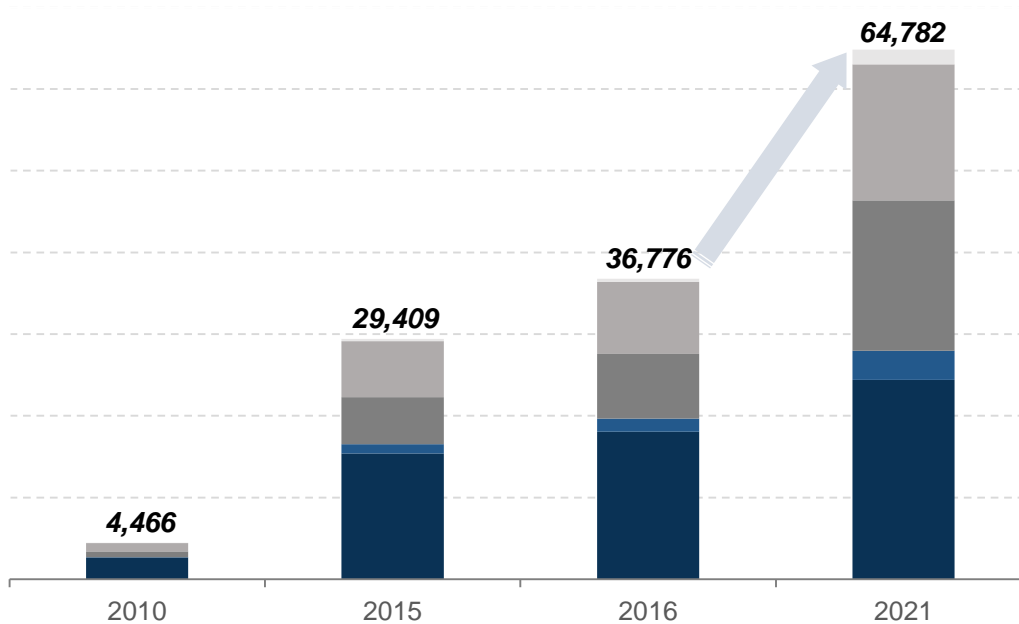
NexStreaming's direct/indirect customers (Media, Telecom, Sports, Solution Providers, Device makers)

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

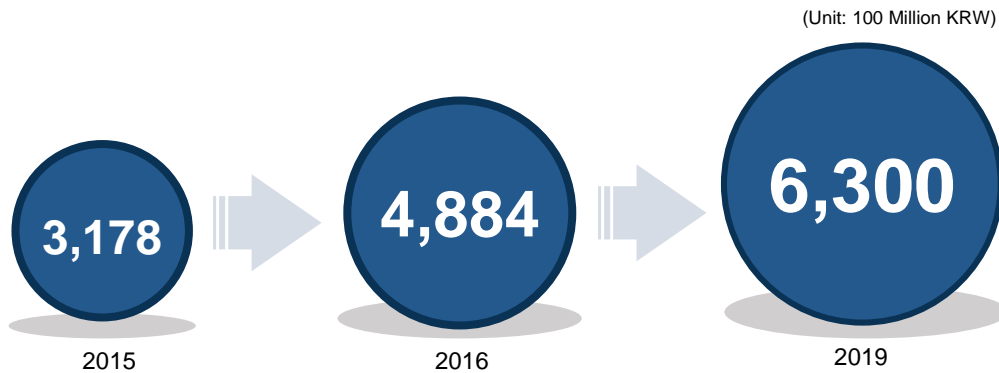
Global OTT Market Trend

- 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>

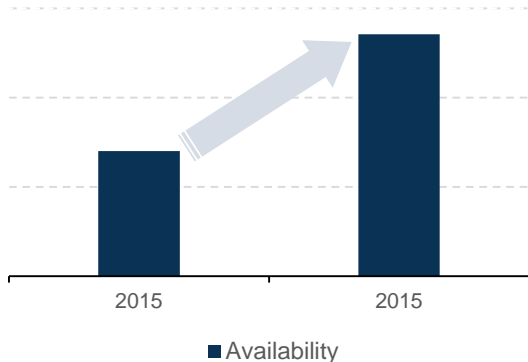


Domestic OTT Market Trend

- 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.

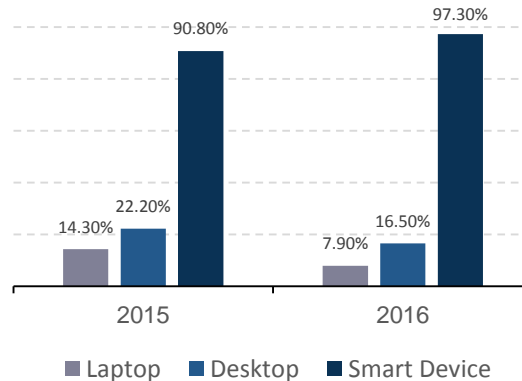
<Table 3. Domestic OTT service availability>

(Unit: %)



<Table 4. Domestic OTT service device>

(Unit: %)



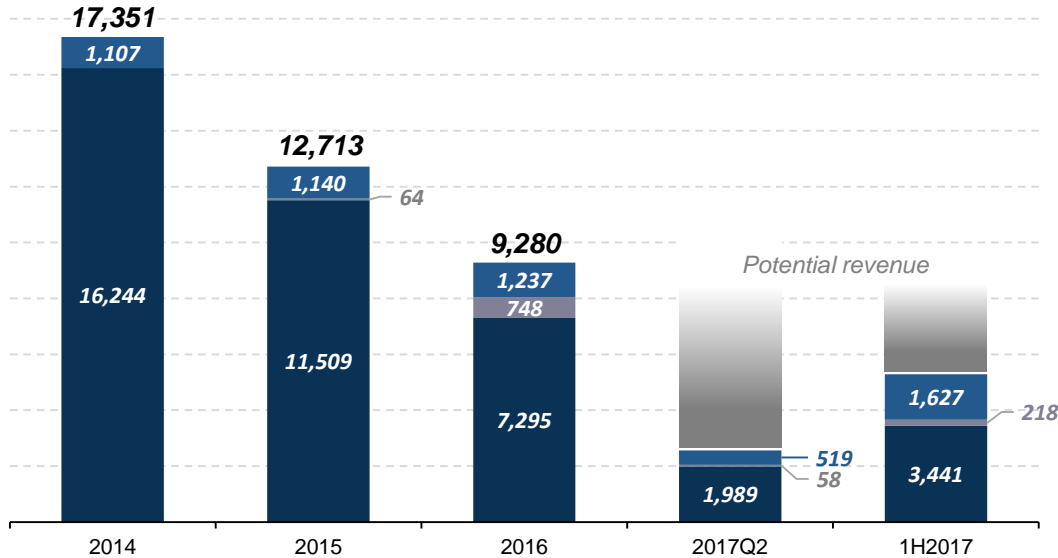
*** The percentage of 7,385 people surveyed who using OTT service for the past week

(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	2017Q2	1H2017
Player Business	NexPlayer SDK and NexPlayer	16,244	11,509	7,295	1,989	3,441
	NexEditor SDK	-	64	748	58	218
Editor Business	App business and Others	1,107	1,140	1,237	519	1,627
Total		17,351	12,713	9,280	2,567	5,286

New business model may have Significant upside potential

- **NexPlayer SDK and NexPlayer**
 - YoY -6.69% Down
 - NexPlayer SDK revenue slightly decreased due to intense competition.

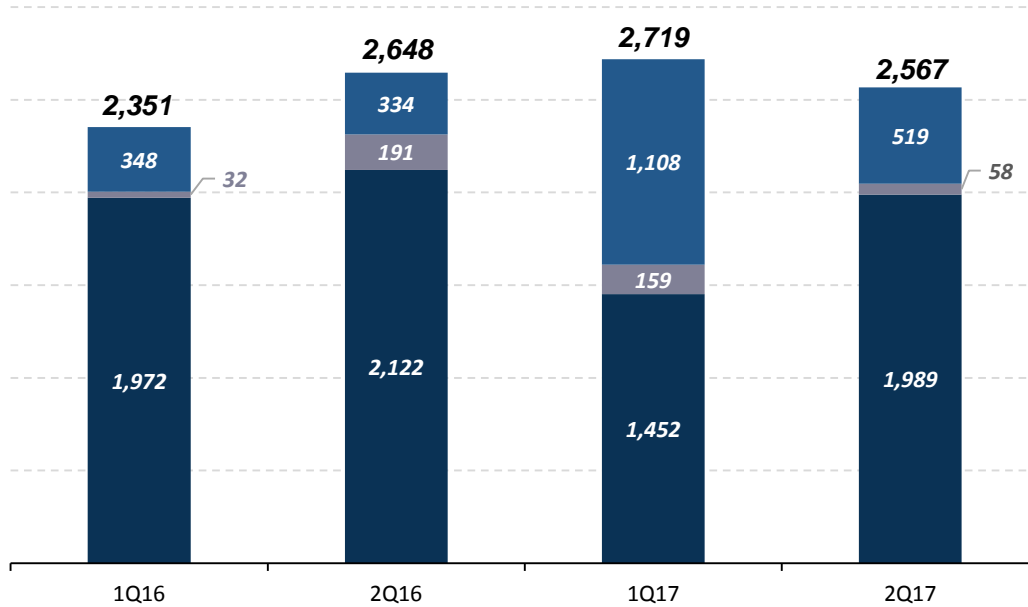
- **NexEditor SDK**
 - YoY 229.31% Up
 - New customers is added with B2B2C model in the China market.
 - The new product portfolio 'VASSET' (VASSET+NexEditorSDK+KineMaster) may have significant upside potential.

- **App business and Others**
 - YoY 35.65% Up
 - Add a bunch of new functions to KineMaster.
 - KineMaster iOS version is released.
 - Others: Diversity of revenue portfolio by reducing dependence of specific customers.

Highlight - Quarterly

(Unit Million KRW)

■ NexPlayer SDK ■ NexEditor SDK ■ App business and Others



2Q17 Highlight

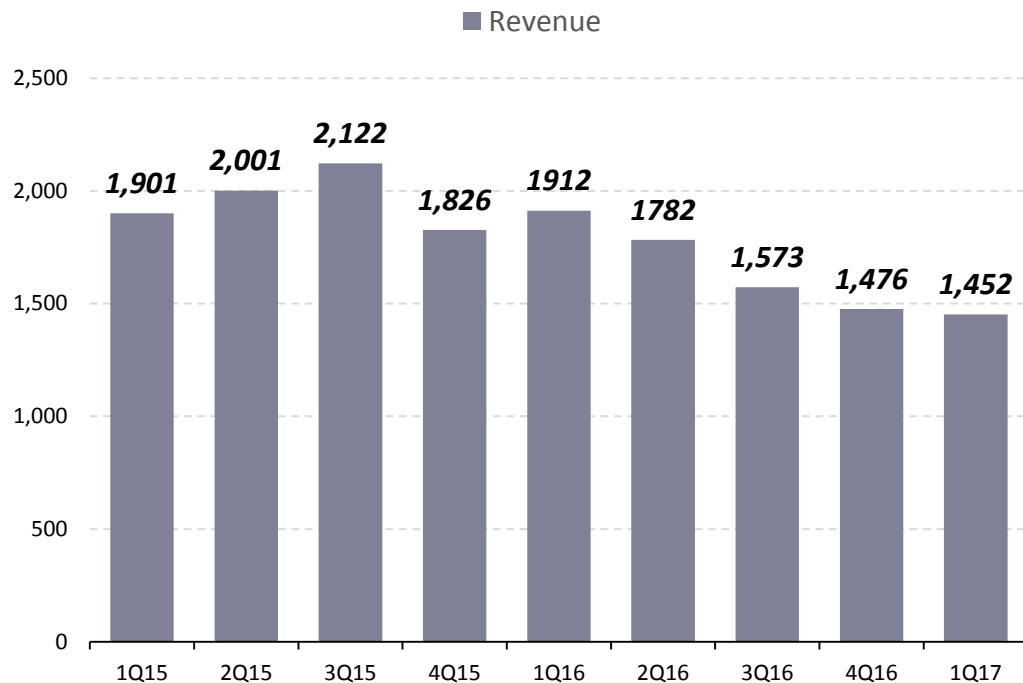
- 2Q17 Revenue 2,567 million KRW
- NexPlayer SDK and NexPlayer**
 - 77.48% of total revenue
 - QoQ 27.00% Down
 - The rates declined slightly due to intense competition.
- NexEditor SDK**
 - 2.26% of total revenue
 - OoQ -174.14% Down
 - Lots of VASSET(asset store) items are under development.
- App business and Others**
 - 20.22% of total revenue
 - QoQ 113.49% Down
 - KineMaster continues to show steady growth in revenue and subscribers since its release.

(Unit Million KRW)

Business	Product	2Q16	1Q17	2Q17	1H2017	QoQ	YoY
Editor Business	NexEditor SDK	191	159	58	218	-174.14%	-229.31%
	App business and Others	334	1,108	519	1,627	-113.49%	35.65%
Total		2,648	2,719	2,567	5,286	-5.92%	-3.16%

Highlight – NexPlayer SDK Revenue Trend

(Unit Million KRW)



2Q17 Highlight

- **NexPlayer SDK, 65.3% 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)

	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17
NexPlayer SDK Revenue	2,001	2,122	1,826	1,912	1,782	1,573	1,476	1,452	1,678
%	61.2%	68.1%	65.9%	81.3%	73.9%	72.0%	75.2%	53.4%	65.3%

Appendix: Consolidated Financial Statements (K-IFRS)

Balance Sheet			Profit and Loss					
(Unit: Million KRW)	2016. 12.31	2017. 6.30	(Unit: Million KRW)	3Q2016	4Q2016	1Q2017	2Q2017	1H2017
Current assets	19,123	18,889	Revenue	2,237	2,113	2,717	2,587	5,304
Cash and cash equivalents	10,936	10,675	Player Business	1,726	1,476	1,452	1,989	3,441
Trade Receivables	1,795	2,961	Editor Business	511	401	417	364	781
Other current assets	6,392	5,253	Other Business	-	236	848	234	1,082
Non-current assets	2,717	2,107	Operating expense	3,357	3,558	3,585	3,080	6,666
Property, plant and equipment	687	586	Employment Costs	1,573	1,577	1,313	1,195	2,508
Intangible Assets	461	385	Employee Benefits	169	180	84	87	172
Deposits Provided	1,010	1,010	Commission Fee	424	664	922	796	1,718
Other non-current assets	559	126	Development Expenses	256	279	406	398	804
Total assets	21,841	20,996	Advertising Expenses	86	53	88	66	154
Current liabilities	3,471	4,324	Outside order Expenses	294	268	266	116	382
Trade Payables	98	65	Others	555	537	507	422	928
Non-trade Payables	450	139	Operating Income	-1,120	-1,445	-869	-493	-1,361
Accrued Expenses	41	-	Other gains	26	211	46	56	102
Advances from Customers	2,858	4,042	Other losses	350	-426	582	-106	476
Other current liabilities	24	78	Finance income	42	23	81	34	116
Non-current liabilities	433	465	Financial cost	-	-	24	-1	23
Allowance for severance liability	-	-	Profit (loss) before tax	-1,404	-785	-1,347	-296	-1,643
Allowance for Other long employees	433	465	Income tax expense	82	593	13	59	72
Deferred Tax Liabilities	-	-	Profit	-1,486	-1,378	-1,361	-355	-1,715
Total liabilities	3,905	4,789	Total comprehensive income	-1,493	-1,002	-1,376	-352	-1,729
Capital Stock	3,508	3,508	Controlling interest	-1,493	-1,002	-1,376	-352	-1,729
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)	-228	-211	-208	-54	-263
Accumulated other comprehensive income	2	1						
Retained earnings	12,507	10,779						
Total equity	17,936	16,207						
Total equity and liabilities	21,841	20,996						

Appendix: Employees

(Number of persons)

	2013	2014	2015	3Q16	4Q16	1Q17	2Q17
NexStreaming (HQ)	100	111	105	96	93	83	81
Overseas	8	11	11	13	12	9	10
Total Headcount	108	122	116	109	105	92	91

- **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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