



Investor Relations 4Q17

March 31st, 2018

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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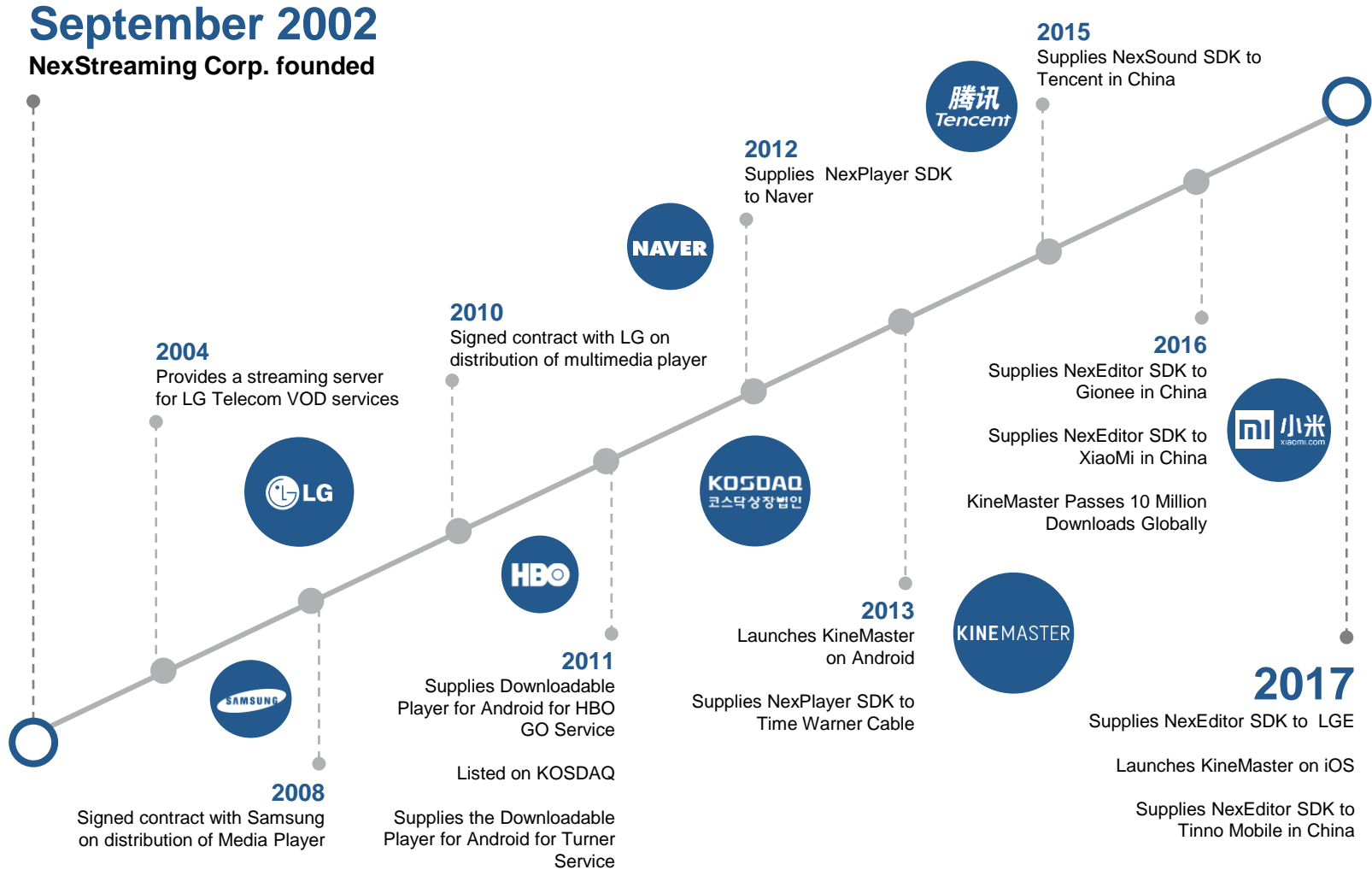
Global Smart Multimedia Leader

"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



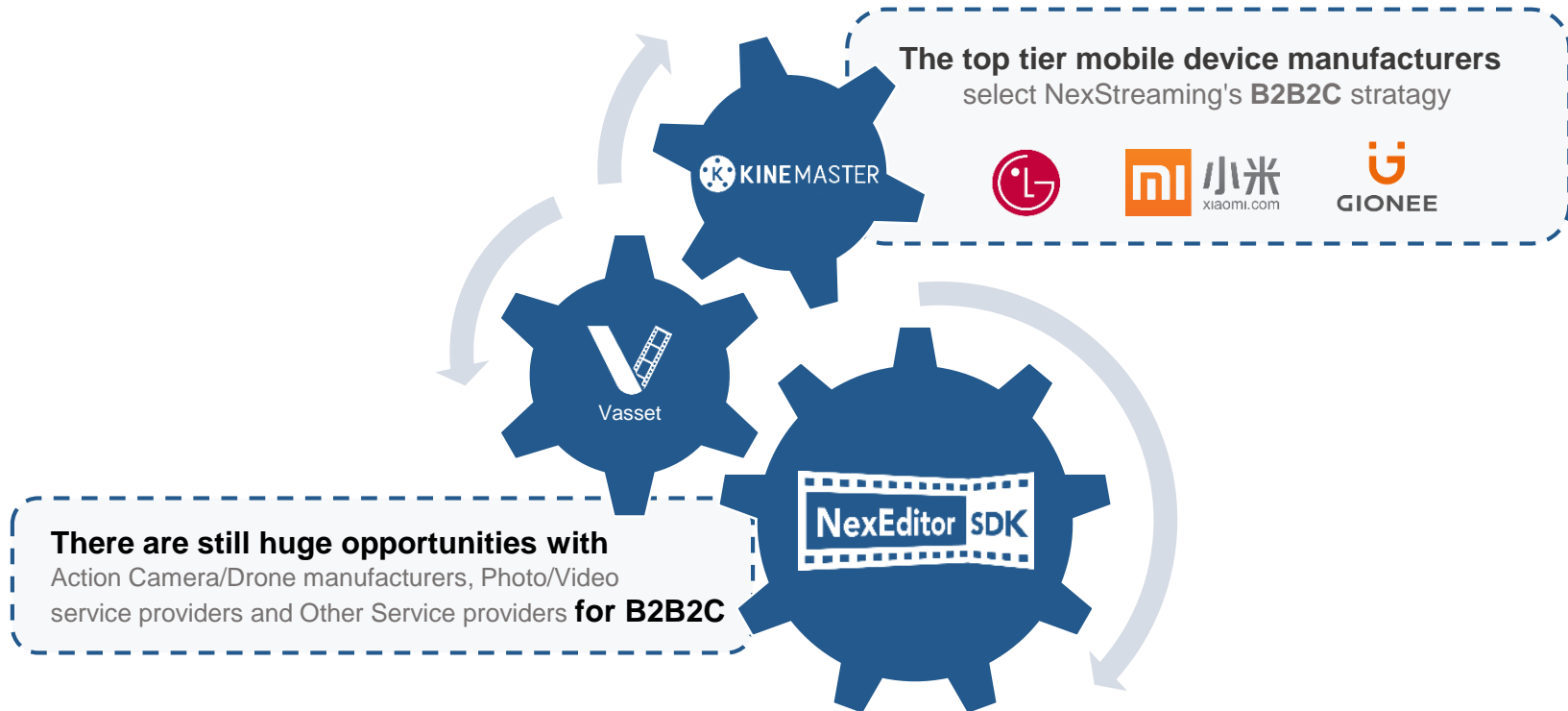
<Commercial reference for NexPlayer 360 SDK>



- ***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

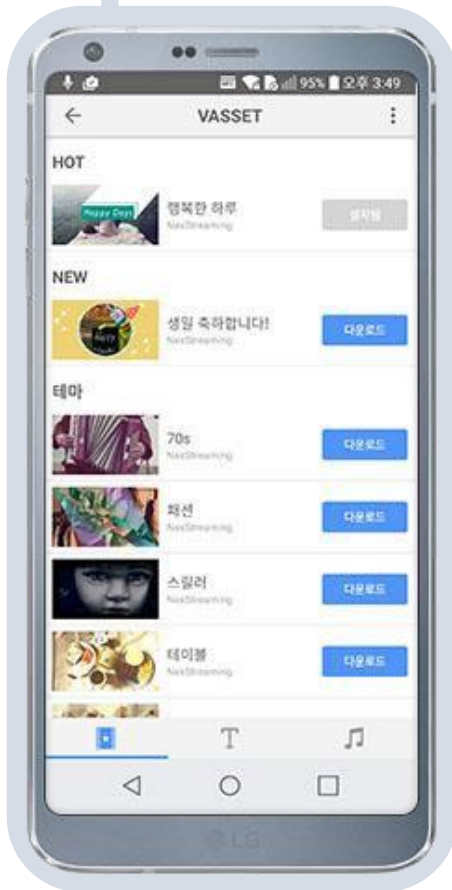


Gain synergy effect with Asset store

Diversify the ways of user editing experience

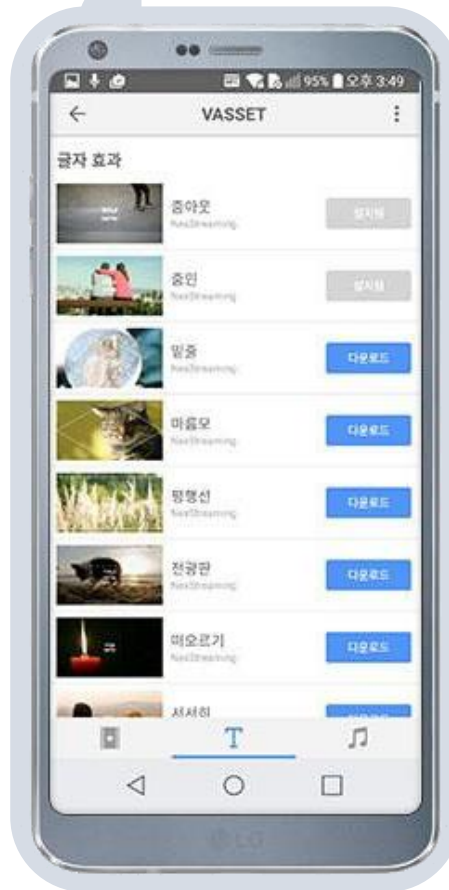
1

Theme category
of the VASSET in LG G6



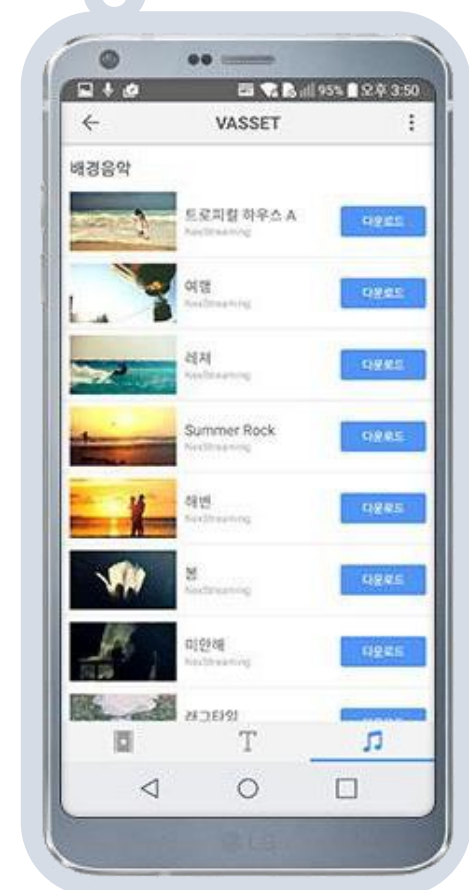
2

Text Effect category
of the VASSET in LG G6

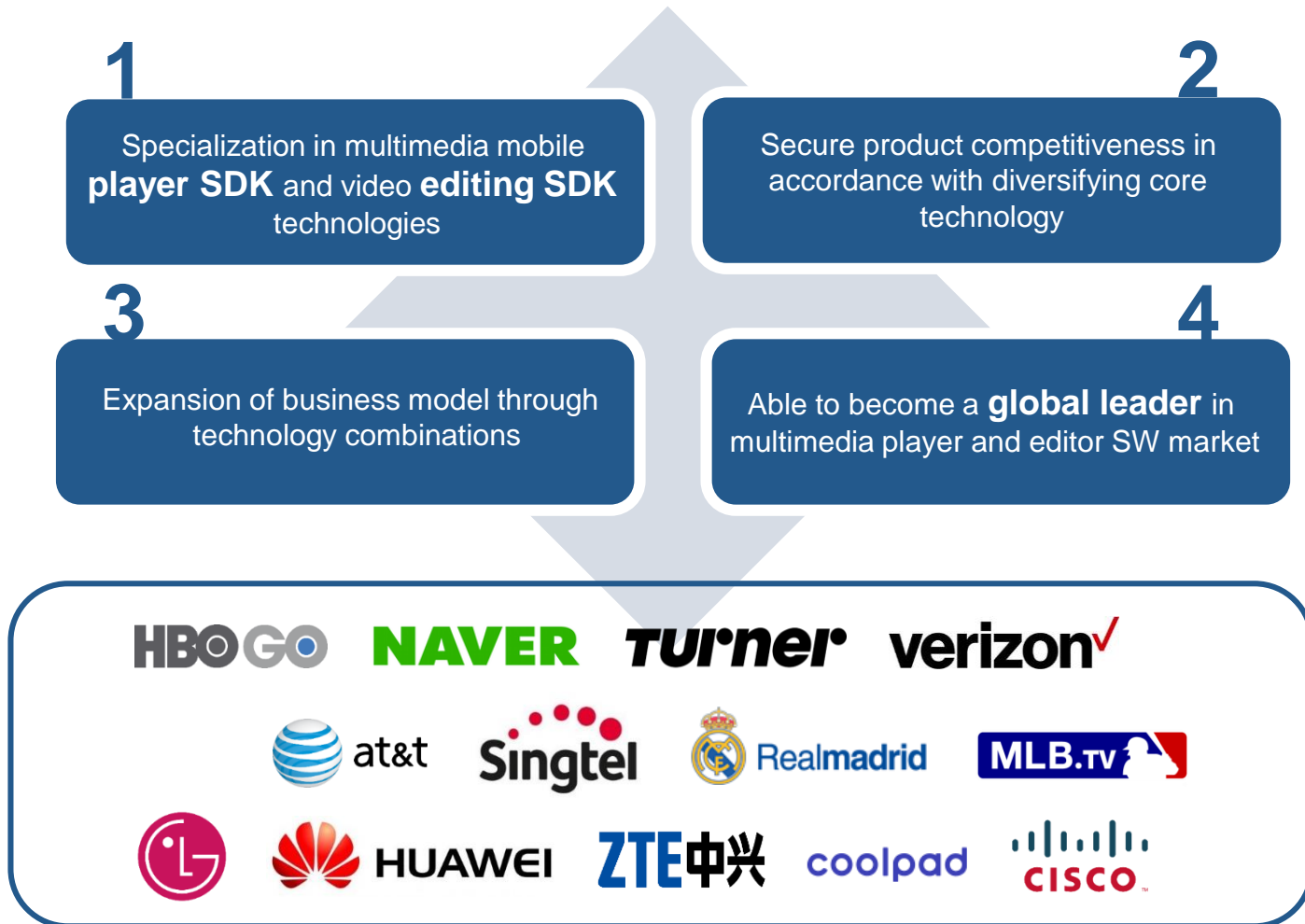


3

BGM category
of the VASSET in LG G6



Mobile Multimedia SDK & Application



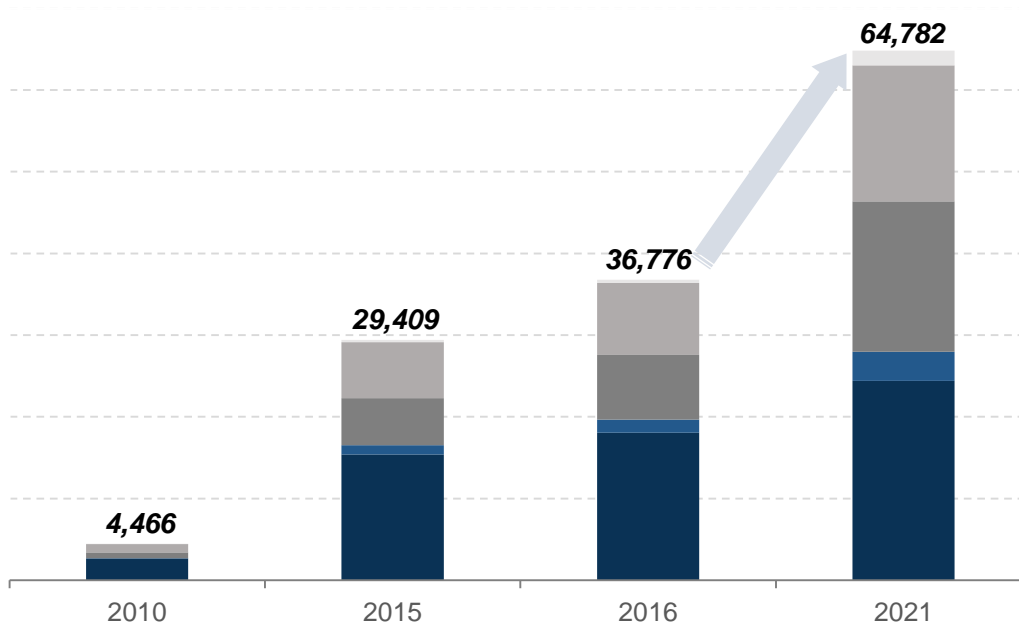
NexStreaming's direct/indirect customers (Media, Telecom, Sports, Solution Providers, Device makers)

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

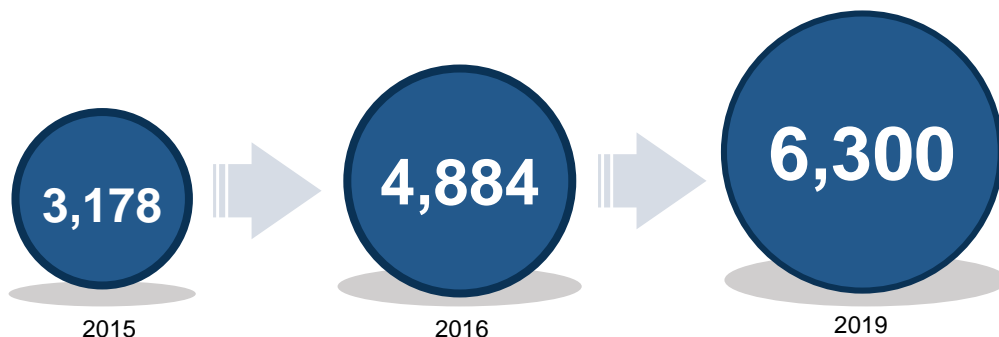
- Bringing the market to \$64.78 billion by 2021, up 120% from \$29.4 billion in 2015.
- 58% increase in North America to \$24.4 billion in 2021 from \$15.4 billion in 2015.
- The one of the key factor driving the growth of OTT market is increase in the number of connected device users.

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

Market Trend – Domestic OTT

<Table 2. Domestic OTT market size>

(Unit: 100 Million KRW)

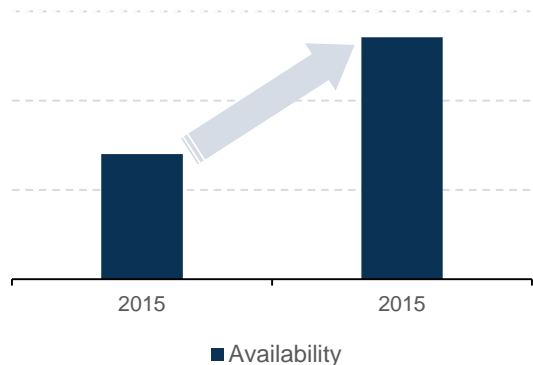


Domestic OTT Market Trend

- 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.

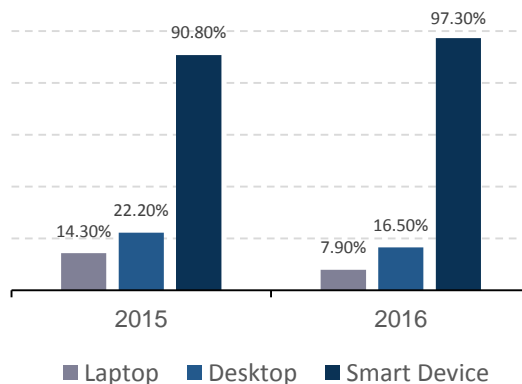
<Table 3. Domestic OTT service availability>

(Unit: %)



<Table 4. Domestic OTT service device>

(Unit: %)



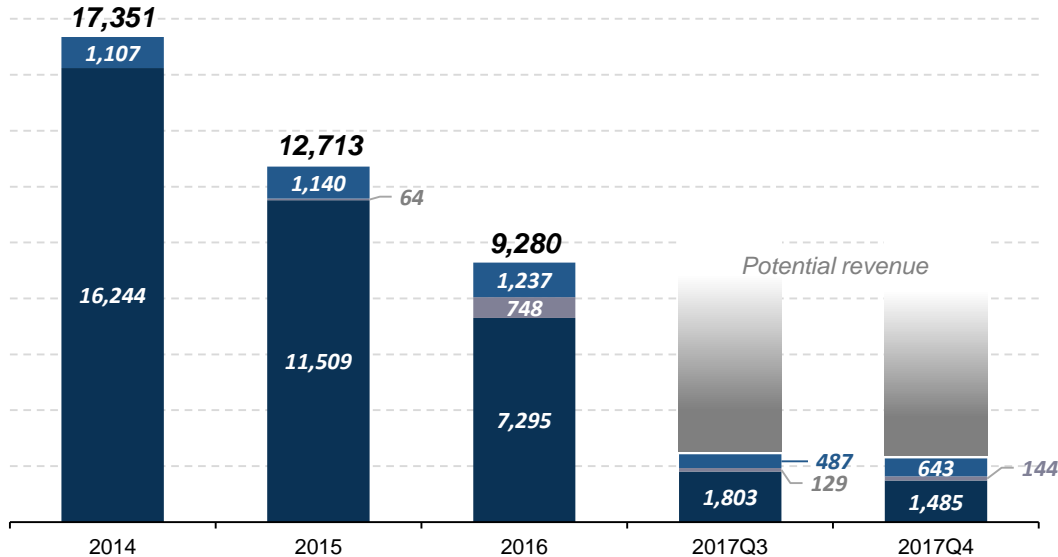
*** The percentage of 7,385 people surveyed who using OTT service for the past week

(Source: Korea Communications Commission)

Highlight - Yearly

(Unit Million KRW)

■ NexPlayer SDK ■ NexEditor SDK ■ App business and Others



New business model may have Significant upside potential

- **NexPlayer SDK and NexPlayer**
 - YoY 7.88% Down
 - NexPlayer SDK revenue slightly decreased due to intense competition.
- **NexEditor SDK**
 - YoY 33.02% Down
 - 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 122.88% 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.

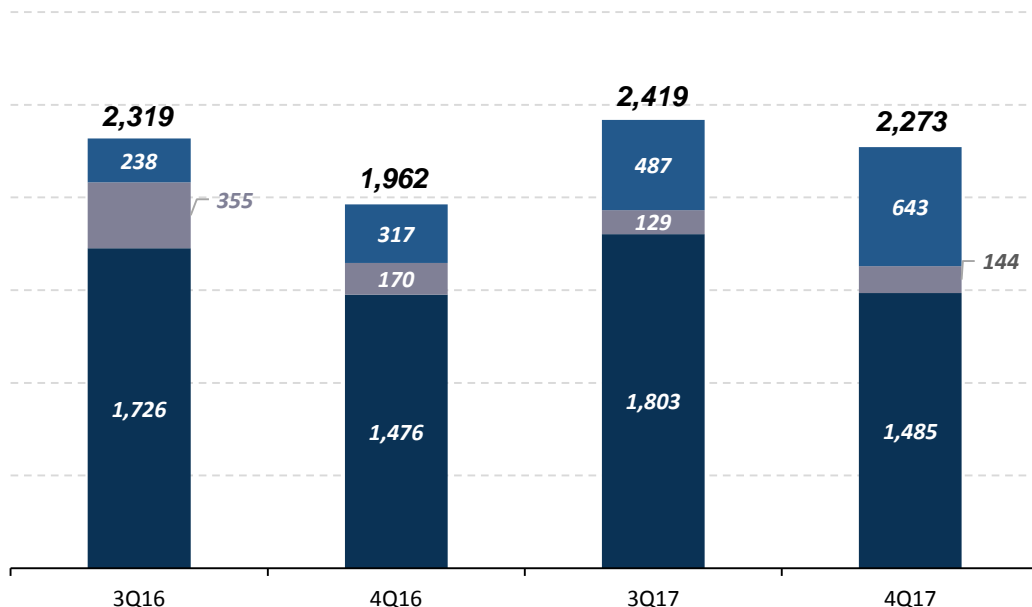
(Unit Million KRW)

Business	Product	2014	2015	2016	2017Q4	2017
Player Business	NexPlayer SDK and NexPlayer	16,244	11,509	7,295	1,485	6,720
	NexEditor SDK	-	64	748	144	501
Editor Business	App business and Others	1,107	1,140	1,237	643	2,757
Total		17,351	12,713	9,280	2,273	9,978

Highlight - Quarterly

(Unit Million KRW)

■ NexPlayer SDK ■ NexEditor SDK ■ App business and Others



4Q17 Highlight

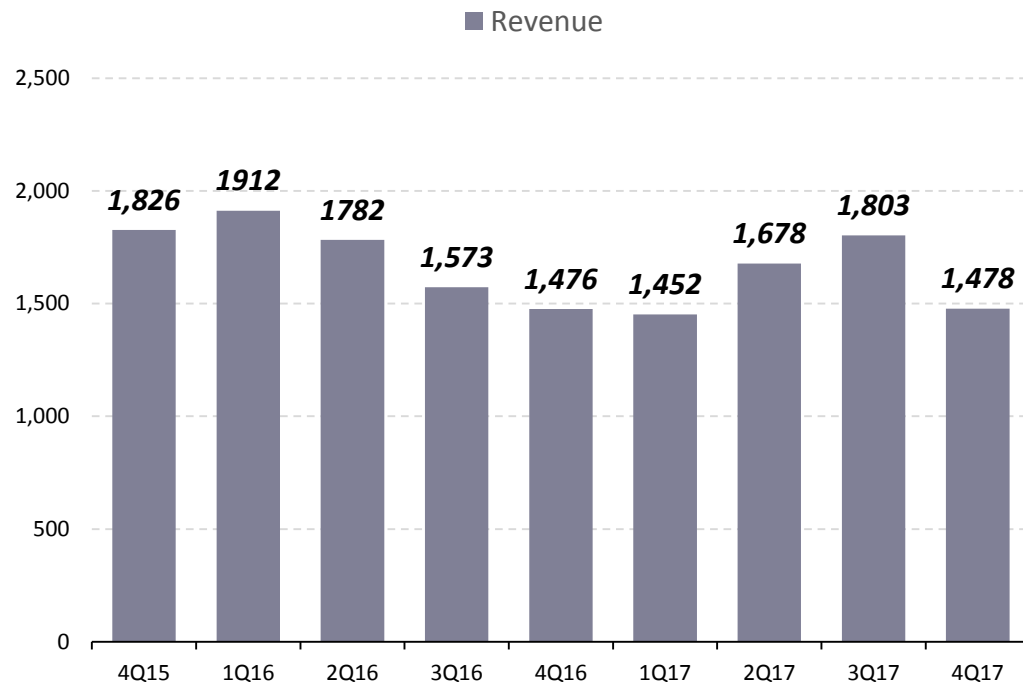
- **4Q17 Revenue 2,273 million KRW**
- **NexPlayer SDK and NexPlayer**
 - 65.35% of total revenue
 - QoQ 17.63% Down
 - The rates declined slightly due to intense competition.
- **NexEditor SDK**
 - 6.35% of total revenue
 - QoQ 11.75% Up
 - Lots of VASSET(asset store) items are under development.
- **App business and Others**
 - 28.30% of total revenue
 - QoQ 32.06% Up
 - KineMaster continues to show steady growth in revenue and subscribers since its release.

(Unit Million KRW)

Business	Product	3Q16	4Q16	3Q17	4Q17	QoQ	YoY
Editor Business	NexEditor SDK	355	170	129	144	132.26%	-15.29%
	App business and Others	238	317	487	643	32.03%	102.84%
Total		2,319	1,962	2,419	2,273	-6.04%	15.85%

Highlight – NexPlayer SDK Revenue Trend

(Unit Million KRW)



4Q17 Highlight

- **NexPlayer SDK, 65.1% of total revenue**
- QoQ 18.00% Down, YoY 0.91% Up 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)

	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17
NexPlayer SDK Revenue	1,826	1,912	1,782	1,573	1,476	1,452	1,668	1,803	1,478
%	65.9%	81.3%	73.9%	72.0%	75.2%	53.4%	64.9%	74.5%	65.1%

Appendix: Consolidated Financial Statements (K-IFRS)

Balance Sheet			Profit and Loss					
(Unit: Million KRW)	2016. 12.31	2017. 12.31	(Unit: Million KRW)	4Q2016	1Q2017	2Q2017	3Q2017	4Q2017
Current assets	19,123	14,741	Revenue	2,113	2,717	2,587	2,454	2,340
Cash and cash equivalents	10,936	8,570	Player Business	1,476	1,452	1,980	1,803	1,485
Trade Receivables	1,795	1,501	Editor Business	401	417	373	501	677
Other current assets	6,392	4,670	Other Business	236	848	234	150	178
Non-current assets	2,717	1,880	Operating expense	3,558	3,585	3,080	2,975	3,822
Property, plant and equipment	687	552	Employment Costs	1,577	1,313	1,195	1,020	780
Intangible Assets	461	319	Employee Benefits	180	84	87	99	93
Deposits Provided	1,010	1,009	Commission Fee	664	922	796	529	899
Other non-current assets	559	-	Development Expenses	279	406	398	613	684
Total assets	21,841	16,621	Advertising Expenses	53	88	66	61	123
Current liabilities	3,471	2,772	Outside order Expenses	268	266	116	197	305
Trade Payables	98	168	Others	537	507	422	456	938
Non-trade Payables	450	442	Operating Income	-1,445	-869	-493	-521	-1,482
Accrued Expenses	41	16	Other gains	211	46	56	117	-32
Advances from Customers	2,858	2,053	Other losses	-426	582	-106	83	559
Other current liabilities	24	93	Finance income	23	81	34	32	29
Non-current liabilities	433	344	Financial cost	-	24	-1	-5	-17
Allowance for severance liability	-	41	Profit (loss) before tax	-785	-1,347	-296	-450	-2,026
Allowance for Other long employees	433	178	Income tax expense	593	13	59	58	40
Other estimated liability	-	125	Profit	-1,378	-1,361	-355	-508	-2,066
Total liabilities	3,905	3,116	Total comprehensive income	-1,002	-1,376	-352	-515	-2,188
Capital Stock	3,508	3,508	Controlling interest	-1,002	-1,376	-352	-515	-2,188
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)	-211	-208	-54	-78	-316
Accumulated other comprehensive income	2	-4						
Retained earnings	12,507	8,080						
Total equity	17,936	13,505						
Total equity and liabilities	21,841	16,621						

Appendix: Employees

(Number of persons)

	2013	2014	2015	1Q17	2Q17	3Q17	4Q17
NexStreaming (HQ)	100	111	105	83	81	87	84
Overseas	8	11	11	9	10	10	9
Total Headcount	108	122	116	92	91	97	93

- 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

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