



# Investor Relations 1Q18

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NEXSTREAMING

## Disclaimer

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All financial information contained in this IR material is based on parents only and 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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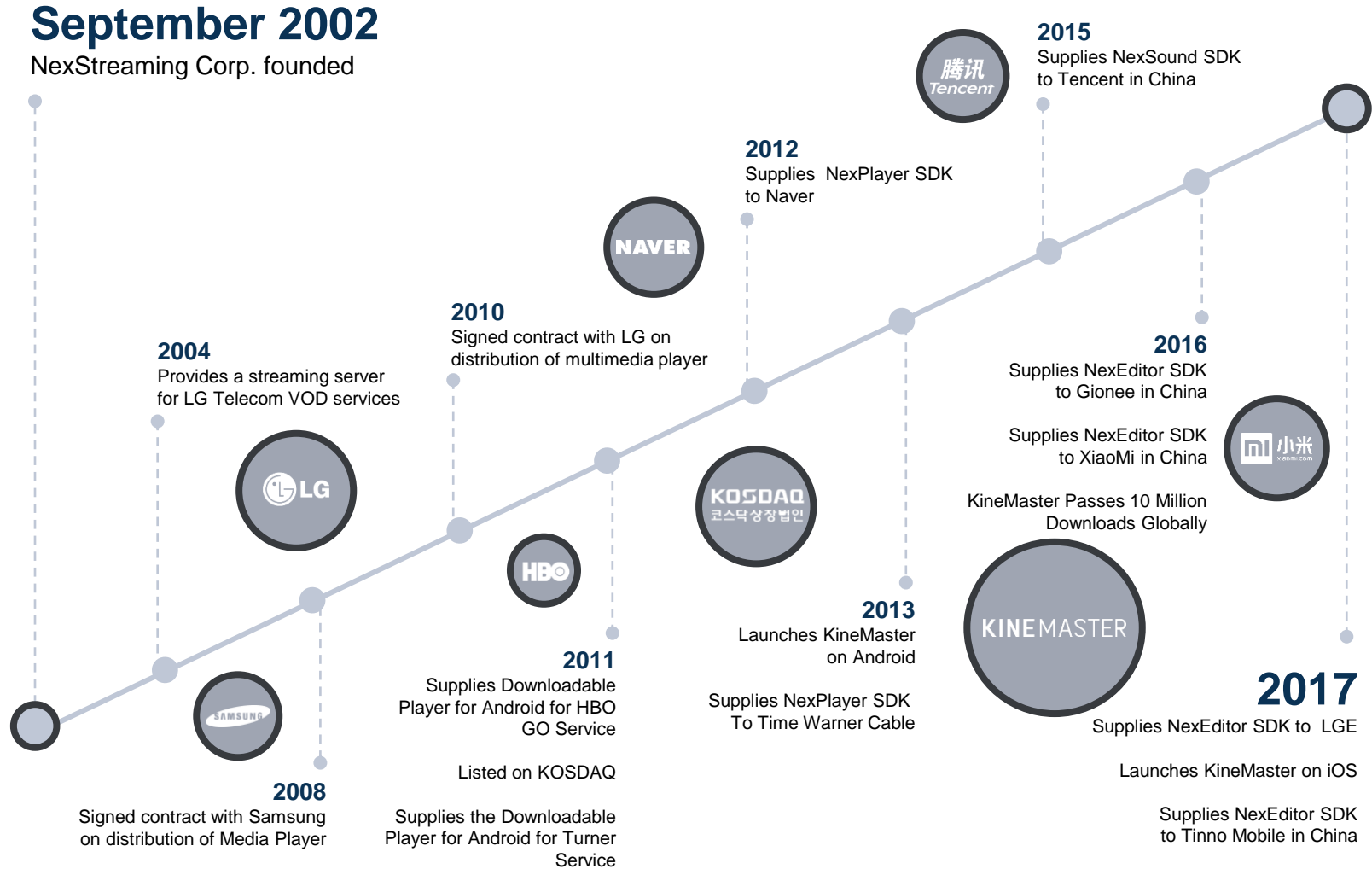
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## NexStreaming is one of the leading multimedia software vendors in the world.

NexStreaming's top-quality media player and video editor solutions are built on top of state-of-the-art technologies that are highly optimized for mobile devices, including an advanced post-processing system and robust support for numerous video and audio codecs, streaming protocols, and media containers.





## Each BU's Key Products

### ① Player Business Unit

#### B2B

**Video Player SDK**  
mobile multimedia player solution  
for business partners



#### 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 devices

### ② Editor Business Unit

#### B2C

**Video Editing App**  
mobile multimedia editing app  
for end users



#### Feature

- Featured by Google Play in 150 countries
- Over 10 million MAU
- Abundant set of filters and themes
- Full HD quality

#### Customers

- Mobile Application Users

#### Revenue Model

- Subscription and Ads

#### Growth

- Exponential growth on mobile video sharing
- "Wanna Be Professional" user growth due to video-centric market trend
- Dominant app positioning on iOS and China

#### B2B

**Video Editor SDK**  
mobile multimedia editing solution  
for business partners



#### Feature

- Performance optimized for mobile chipsets
- Powerful and flexible APIs
- Advanced features and functions
- Multi-platform support
- Template – Themed video in a snap

#### Customers

- Global Smartphone Makers
- Service Providers

#### Revenue Model

- Annual License

#### Growth

- Must-have feature on mobile handsets due to increased demands on mobile multimedia editing

#### B2B2C

**ASSET**  
mobile multimedia editing assets  
for end users



#### Feature

- ASSET creation tool available
- Security and integrity enforced using encryption
- Optimized to any smartphone regardless of the smartphone H/W performance
- Various ASSET categories best fit to user contents

#### Customers

- Global Smartphone Makers
- Service Providers

#### Revenue Model

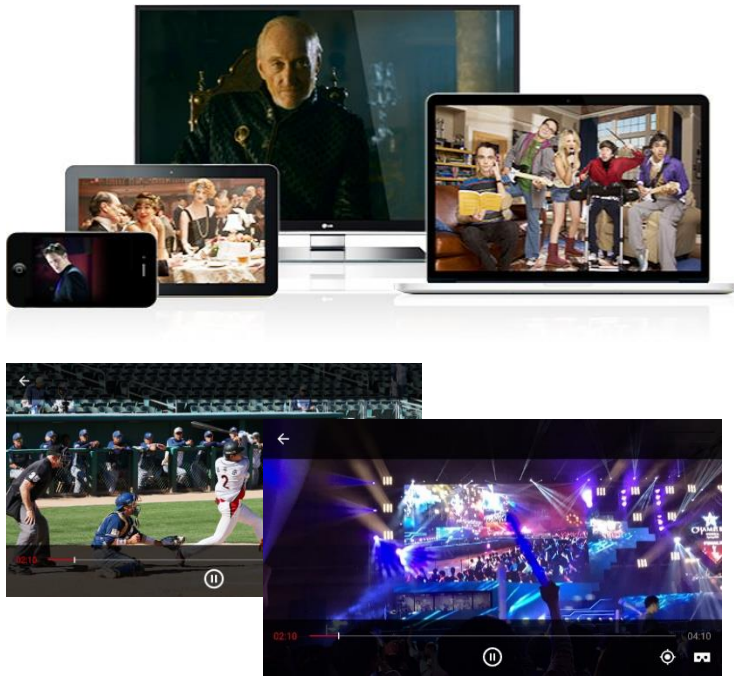
- Premium assets, Subscription and Ads

#### Growth

- Expanding partnership with 3<sup>rd</sup> party apps
- Huge opportunities for Asset licensing
- Become a de facto mobile contents distribution platform

### Provide Best synergy through Cross Platform Integration

NexPlayer SDK, the most suitable solution for streaming services  
More than 220 premium service providers worldwide use NexPlayer SDK



<Commercial reference for NexPlayer 360 SDK>



## NexPlayer, the market leader player SDK for Android, iOS, Tizen and HTML5 apps



### The most popular video service providers worldwide

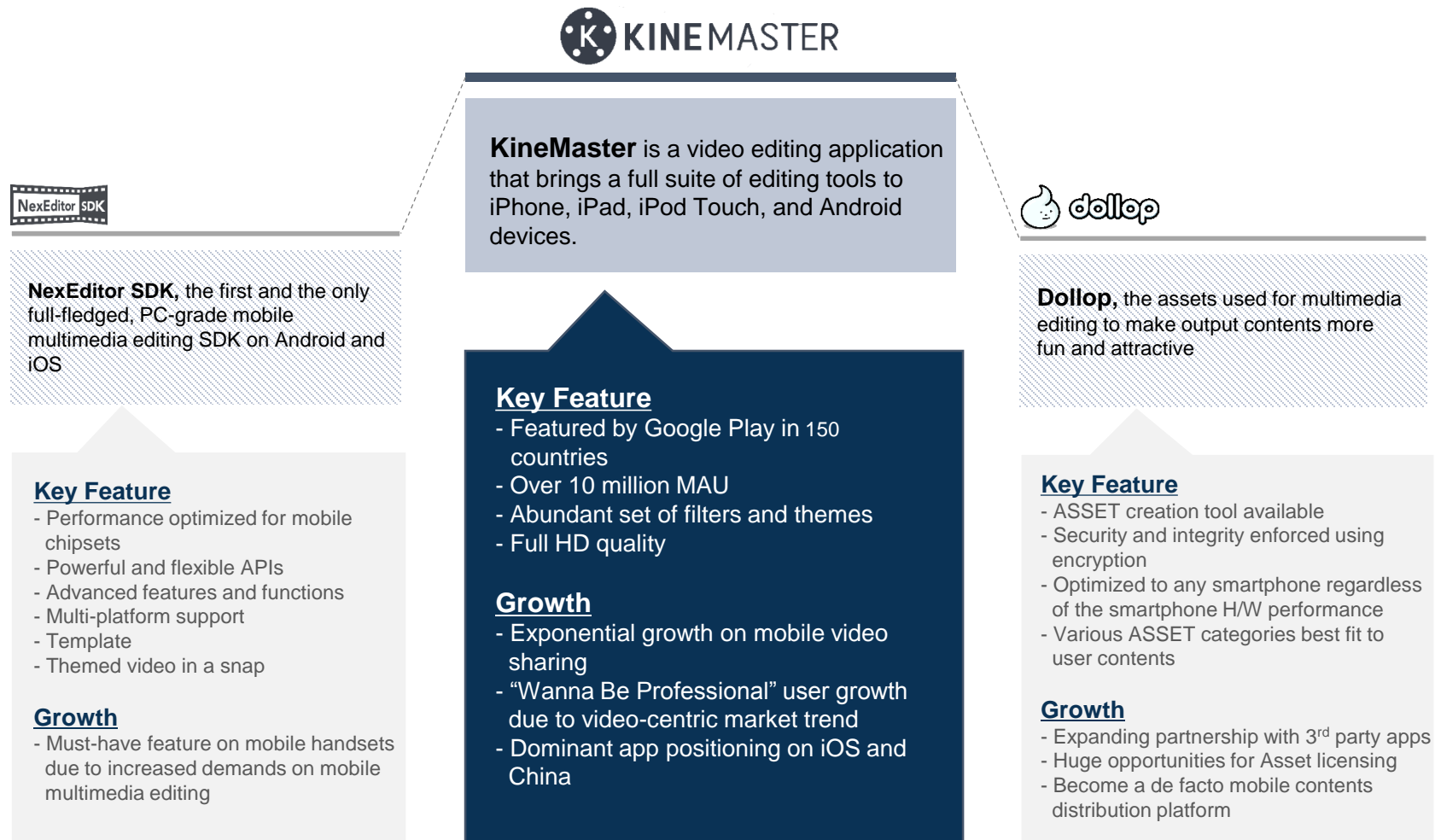
include NexPlayer in their mobile apps to enable MPEG-DASH and HLS (HTTP Live Streaming) high quality streaming across all devices with Widevine or any other DRM (Digital Right Management) content protection.

### Key Features

- Android, iOS, HTML5, Amazon Fire TV, Unity, Chromecast, STBs, Tizen TV supported
- MPEG-DASH and HLS with intelligent ABR algorithms
- Multiple video/audio tracks
- TTML, WebVTT, CEA608/708 advanced closed captioning
- VAST and compatibility with any other ad insertion solution
- 360 video
- Multiple integrated Add-ons: Dolby, Conviva, Agama, DTS, Yospace...
- Server/Client Time-shifting
- Offline playback, Offline HLS
- Multiple DRM support: Widevine, PlayReady, Verimatrix...
- CMAF (Common Media Application Format) support
- Customizable



## The Best Multimedia Editing Solution and App on Mobile



## The Most Powerful Video Editing App on Mobile



Professional-quality full-featured non-linear video editing app on Android and iOS,  
Easily fine tune cuts and layer timing, instantly previewing each change as it is made.



### Precision Editing

Video clips and layers can be trimmed precisely at frame-by-frame granularity, and audio clip timing can be adjusted with sub-frame accuracy.



### Instant Preview

No more waiting to import or pre-render video; KineMaster allows you to instantly preview your edits as soon as you make them.



### Multi-Track Audio

Up to four additional audio tracks are supported, and an unlimited number of audio clips can be added per track.



### Multiple Layers

KineMaster supports unlimited text, image, handwriting and sticker layers, as well as up to two video layers on supported devices. Layer position can be precisely controlled, and layers can be animated using preset animation effects or via keyframe animation.



### Color Adjustment

Add color filters to your video, and finely adjust video brightness, contrast and saturation to achieve exactly the look that you want. Full color-LUT support coming soon!



### Speed Control

Adjust the speed of your video from 0.25x up to 1.5x without distorting the audio pitch, to achieve slow- and fast-motion effects.



### Pro Audio Features

Fine tune audio by adjusting the volume envelope over time to achieve the precise effect that you want. Multiple audio formats are supported, or you can separate the audio track from a video clip to edit separately. Dynamic range compression coming soon!



### Chroma Key

Video layers now support chroma key compositing, allowing full green screen support, including preview of the alpha mask and detailed adjustment of the curve used to blend the chroma key edges.



### Voice Recording

KineMaster allows you to record audio while previewing your project, allowing you to easily add multiple voiceover tracks to any video.



### And more...

KineMaster includes many more features as well, such as voice changer filters, control of exporting frame rate, bitrate and resolution, and support for a variety of video, audio and file formats.

## 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



## Customers

Selected and embedded into smartphone by global mobile device manufacturers





## 1Q18 Player SDK Highlight

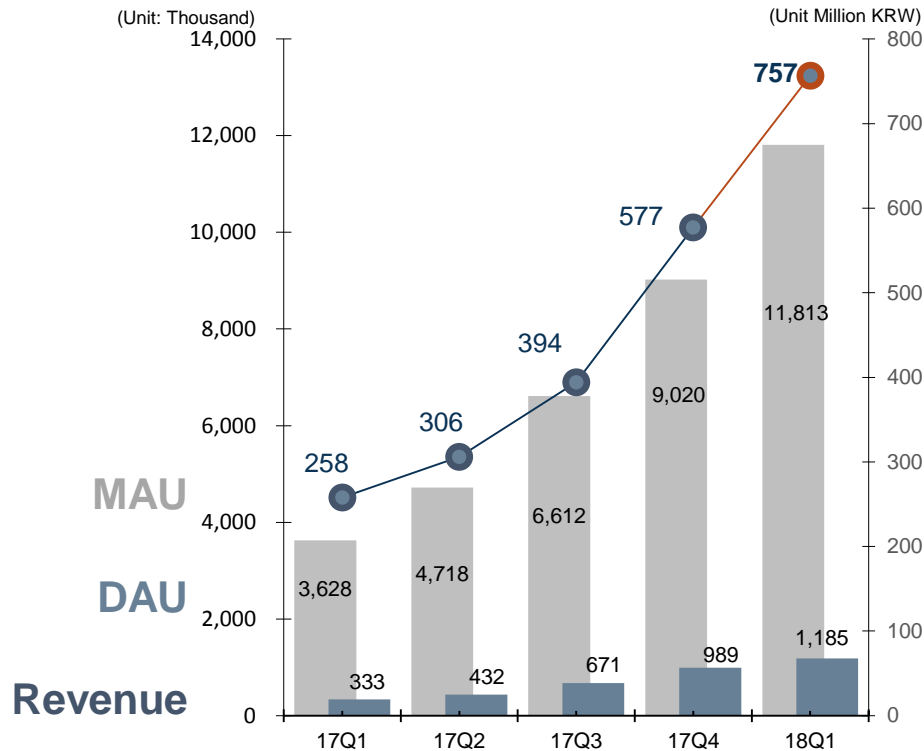
**NexPlayer SDK 42.6% of total revenue**

- QoQ 10.12% Down,
- YoY 8.46% 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)

Revenue	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18
NexPlayer SDK	1,912	1,782	1,573	1,476	1,452	1,668	1,803	1,478	1,329
% <sup>(1)</sup>	81.3%	77.5%	72.3%	69.8%	53.4%	64.5%	73.5%	63.2%	42.6%

(1)The proportion of total consolidate revenue.



\*1) The MAU and DAU data includes only Google Play data

\*2) MAU: Monthly Active Users

\*3) DAU: Daily Active Users

(Unit Million KRW)

Revenue	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18
KineMaster	152	183	202	231	258	306	394	577	757
% <sup>(1)</sup>	6.5%	6.9%	9.0%	10.9%	9.5%	11.8%	16.1%	24.7%	24.3%

(1)The proportion of total consolidate revenue.

KineMaster has been growing rapidly and has great upside potential to see accelerating customer growth from SDK users and through the purchasing of new assets

**KineMaster 24.3% of total revenue**

- QoQ 31.1% Up,
- YoY 193.5% Up of revenue
- KineMaster MAU and DAU are increasing constantly, and continues to show steady growth in subscribers since its release.
- Add a bunch of new functions to KineMaster.
- Advertising business model is added.

(Unit Million KRW)

Revenue		'15 Total	1Q '16	2Q '16	3Q '16	4Q '16	'16 Total	1Q '17	2Q '17	3Q '17	4Q '17	'17 Total	1Q '18	QoQ	YoY
Player BU (①)	NexPlayer SDK	<b>7,850</b>	1,912	1,782	1,573	1,476	<b>6,743</b>	1,452	1,668	1,803	1,478	<b>6,401</b>	<b>1,329</b>	-10%	-8%
Editor BU (②)	KineMaster	<b>467</b>	152	183	202	231	<b>768</b>	258	306	394	577	<b>1,535</b>	<b>757</b>	31%	194%
	NexEditor SDK	<b>64</b>	32	191	355	170	<b>748</b>	159	68	129	144	<b>501</b>	<b>0</b>	-	-
	Others <sup>(1)</sup>	<b>673</b>	196	151	36	86	<b>469</b>	850	233	125	139	<b>1,347</b>	<b>982</b>	607%	16%
	Embedded <sup>(2)</sup>	<b>3,659</b>	60	340	153	0	<b>552</b>	0	312	0	7	<b>318</b>	<b>0</b>	-	-
Internal company transaction Adjustment (③)		<b>1</b>	0	-7	-82	151	<b>63</b>	-2	1	3	-5	<b>-4</b>	<b>6</b>	-	-
Consolidate Revenue (①+②-③)		<b>12,714</b>	2,352	2,641	2,237	2,113	<b>9,342</b>	2,717	2,587	2,454	2,340	<b>10,098</b>	<b>3,119</b>	33%	15%

(1) One-time commission revenue is included.

(2) From '15 the Embedded BU and the App BU were combined to become a current Editor BU, so above material has been restated to the current situation.

\*) Since the information results of 1Q'18 has been prepared in advance, it is subjected to change in the process of audit by external auditors.

\*) Consolidated revenue included NEXSTREAMING EUROPE SLU, NEXSTREAMING USA, INC and BEIJING NEXSTREAMING TECHNOLOGY CO.,LTD.

# Appendix

## Summarized Financial Statements (Consolidated)

Balance Sheet			Income Statement							
( Unit: Million KRW)	2017. 12.31	2018. 03.31	( Unit: Million KRW)	'16 Total	1Q '17	2Q '17	3Q '17	4Q '17	'17 Total	1Q2018
<b>Current assets</b>	<b>14,741</b>	<b>14,741</b>	<b>Revenue</b>	<b>9,342</b>	<b>2,717</b>	<b>2,587</b>	<b>2,454</b>	<b>2,340</b>	<b>10,098</b>	<b>3,119</b>
Cash and cash equivalents	8,570	8,570	<b>Operating expense</b>	<b>14,308</b>	<b>3,585</b>	<b>3,080</b>	<b>2,975</b>	<b>3,822</b>	<b>13,462</b>	<b>3,547</b>
Trade Receivables	1,501	1,501	Employment Costs	6,486	1,313	1,195	1,020	780	4,308	1,051
Other current assets	4,670	4,670	Employee Benefits	676	84	87	99	93	363	81
<b>Non-current assets</b>	<b>1,880</b>	<b>1,880</b>	Commission Fee	2,334	922	796	529	899	3,146	877
Property, plant and equipment	552	552	Development Expenses	1,041	406	398	613	684	2,101	569
Intangible Assets	319	319	Advertising Expenses	359	88	66	61	123	338	95
Deposits Provided	1,009	1,009	Outside order Expenses	974	266	116	197	305	884	424
Other non-current assets	-	-	Others	2,439	507	422	456	938	2,323	450
<b>Total assets</b>	<b>16,621</b>	<b>16,621</b>	<b>Operating Income</b>	<b>-4,966</b>	<b>-869</b>	<b>-493</b>	<b>-521</b>	<b>-1,482</b>	<b>-3,365</b>	<b>-428</b>
<b>Current liabilities</b>	<b>2,772</b>	<b>2,772</b>	<b>Other gains</b>	<b>353</b>	<b>46</b>	<b>56</b>	<b>117</b>	<b>-32</b>	<b>187</b>	<b>14</b>
Trade Payables	168	168	<b>Other losses</b>	<b>220</b>	<b>582</b>	<b>-106</b>	<b>83</b>	<b>559</b>	<b>1,118</b>	<b>36</b>
Non-trade Payables	442	442	<b>Finance income</b>	<b>175</b>	<b>81</b>	<b>34</b>	<b>32</b>	<b>29</b>	<b>176</b>	<b>65</b>
Accrued Expenses	16	16	<b>Financial cost</b>	<b>-</b>	<b>24</b>	<b>-1</b>	<b>-5</b>	<b>-17</b>	<b>1</b>	<b>27</b>
Advances from Customers	2,053	2,053	Profit (loss) before tax	-4,658	-1,347	-296	-450	-2,026	-4,119	-412
Other current liabilities	93	93	Income tax expense	605	13	59	58	40	170	77
<b>Non-current liabilities</b>	<b>344</b>	<b>344</b>	<b>Profit</b>	<b>-5,263</b>	<b>-1,361</b>	<b>-355</b>	<b>-508</b>	<b>-2,066</b>	<b>-4,290</b>	<b>-489</b>
Allowance for severance liability	41	41	<b>Total comprehensive income</b>	<b>-4,894</b>	<b>-1,376</b>	<b>-352</b>	<b>-515</b>	<b>-2,188</b>	<b>-4,431</b>	<b>-492</b>
Allowance for Other long employees	178	178	Controlling interest	-4,894	-1,376	-352	-515	-2,188	-4,431	-492
Other estimated liability	125	125	Non-controlling interest	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>3,116</b>	<b>3,116</b>	EPS (Unit: KRW)	-806	-208	-54	-78	-316	-656	-75
Capital Stock	3,508	3,508								
Additional Paid-in and Other Capital	4,592	4,592								
Elements of other stockholder's equity	-2,672	-2,672								
Accumulated other comprehensive income	-4	-4								
Retained earnings	8,080	8,080								
<b>Total equity</b>	<b>13,505</b>	<b>13,505</b>								
<b>Total equity and liabilities</b>	<b>16,621</b>	<b>16,621</b>								

CEO / President	<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>President</li> </ul>
COO / EVP	<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>Head of Editor Business and Business Planning</li> </ul>
CTO / VP	<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>Head of R&amp;D</li> </ul>
Director	<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>Solborn Investment</li> <li>Director</li> </ul>





# NEXSTREAMING

## Investor Relations

### **Planning Team**

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