

Investor Relations 2Q18

NEXSTREAMING



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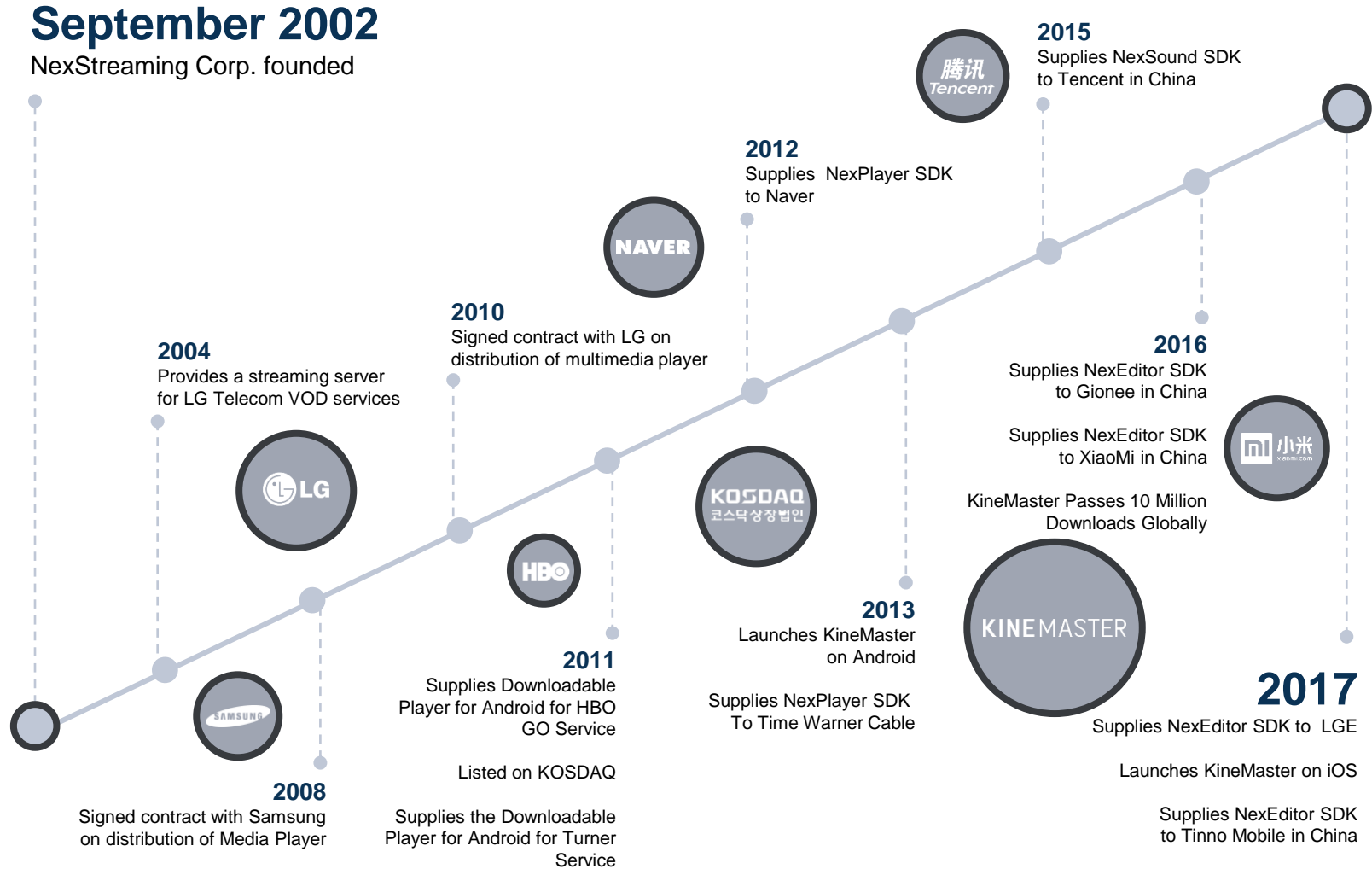
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NexStreaming is one of the leading multimedia software vendors in the world.

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

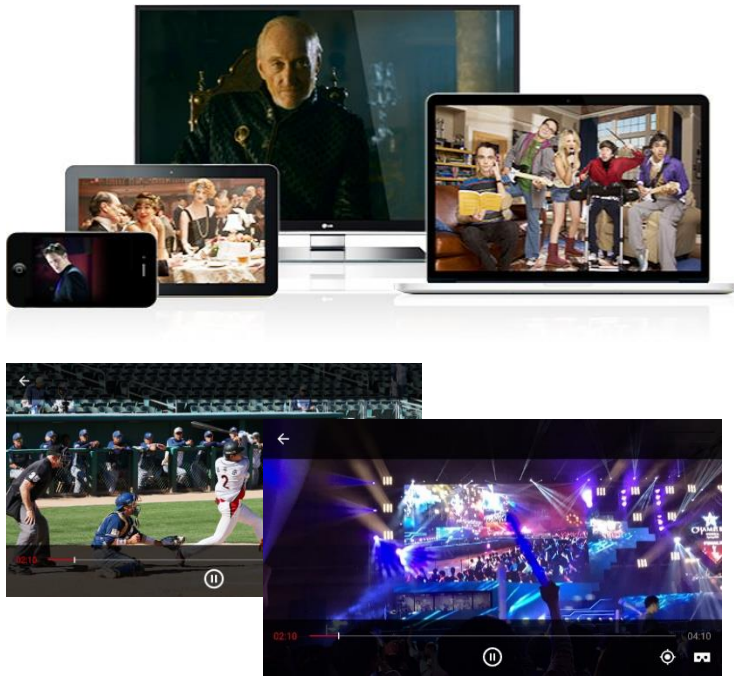
- Premium assets, Subscription and Ads

Growth

- Expanding partnership with 3rd 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



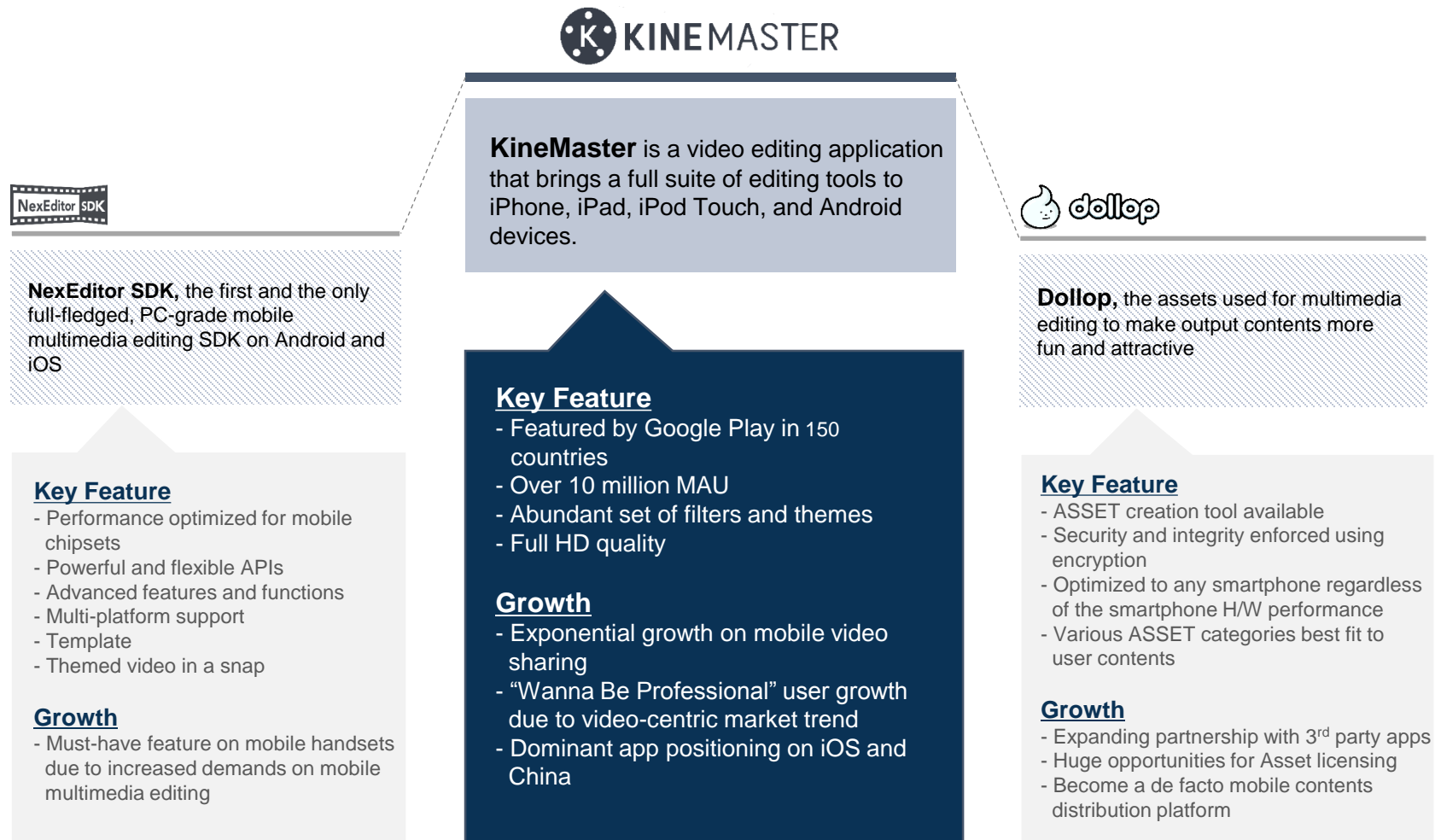
The most popular video service providers worldwide

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.

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

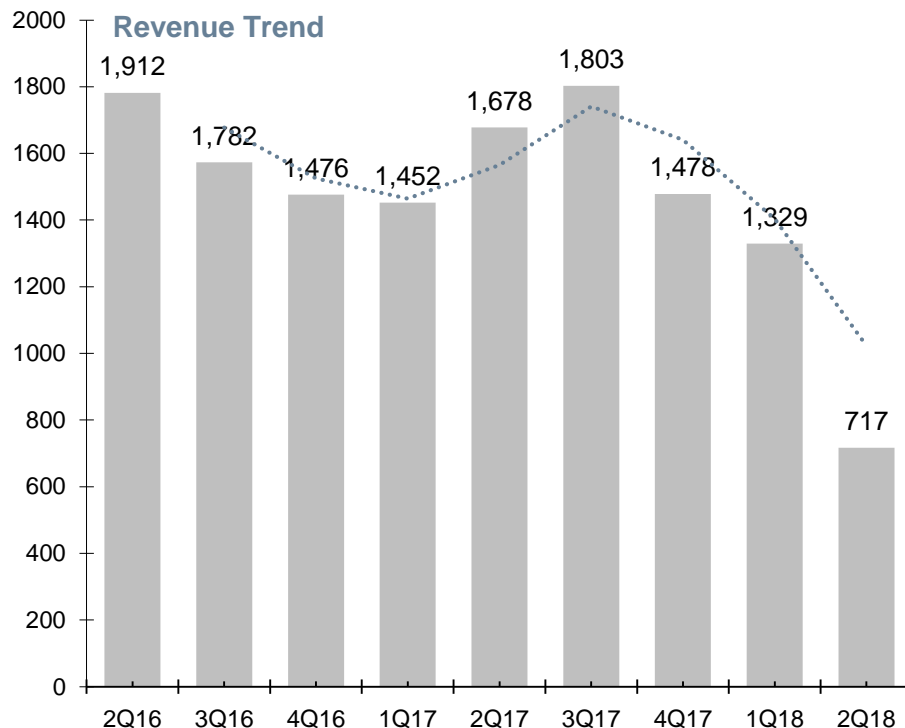


Customers

Selected and embedded into smartphone by global mobile device manufacturers



(Unit Million KRW)



2Q18 Player SDK Highlight

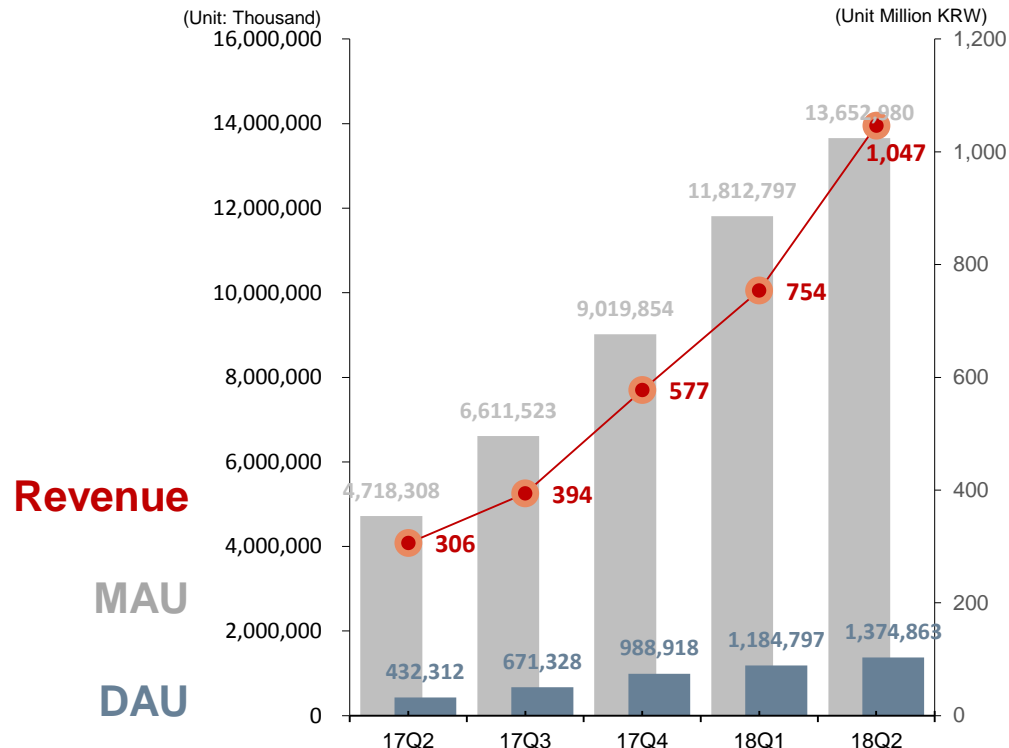
NexPlayer SDK 37.5% of total revenue

- QoQ 46.05% Down,
- YoY 57.01% Down of revenue
- According to the changes of revenue recognition in K-IFRS, the difference in sales can be very large.
- 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	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18
NexPlayer SDK	1,782	1,573	1,476	1,452	1,668	1,803	1,478	1,329	717
% ⁽¹⁾	77.5%	72.3%	69.8%	53.4%	64.5%	73.5%	63.2%	42.6%	37.5%

(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	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18
KineMaster	183	202	231	258	306	394	577	754	1,047
% ⁽¹⁾	6.9%	9.0%	10.9%	9.5%	11.8%	16.1%	24.7%	24.3%	54.4%

(1)The proportion of total consolidate revenue.

KineMaster has been growing rapidly and has great upside potential

KineMaster 54.4% of total revenue

- QoQ 38.8% Up,
- YoY 242.1% 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		1Q '16	2Q '16	3Q '16	4Q '16	'16 Total	1Q '17	2Q '17	3Q '17	4Q '17	'17 Total	1Q '18	2Q '18	QoQ	YoY
Player BU (①)	NexPlayer SDK	1,912	1,782	1,573	1,476	6,743	1,452	1,668	1,803	1,478	6,401	1,329	717	46.05%	57.01%
Editor BU (②)	KineMaster	152	183	202	231	768	258	306	394	577	1,535	754	1,047	38.86%	242.16%
	NexEditor SDK	32	191	355	170	748	159	68	129	144	501	0	177	-	160.29%
	Others ⁽¹⁾	196	151	36	86	469	850	233	125	139	1,347	1,031	27	-97.38%	-88.41%
	Embedded ⁽²⁾	60	340	153	0	552	0	312	0	7	318	0	0	-	-
Internal company transaction Adjustment (③)		0	-7	-82	151	63	-2	1	3	-5	-4	6	-73	-	-
Consolidate Revenue (①+②-③)		2,352	2,641	2,237	2,113	9,342	2,717	2,587	2,454	2,340	10,098	3,119	1,924	-38.31%	-25.63%

(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. 06.30	(Unit: Million KRW)	1Q '17	2Q '17	3Q '17	4Q '17	'17 Total	1Q '18	2Q '18
Current assets	14,741	12,515	Revenue	2,717	2,587	2,454	2,340	10,098	3,119	1,924
Cash and cash equivalents	8,570	6,496	Operating expense	3,585	3,080	2,975	3,822	13,462	3,547	3,993
Trade Receivables	1,501	1,094	Employment Costs	1,313	1,195	1,020	780	4,308	1,051	1,168
Other current assets	4,670	4,925	Employee Benefits	84	87	99	93	363	81	111
Non-current assets	1,880	1,742	Commission Fee	922	796	529	899	3,146	877	1,196
Property, plant and equipment	552	479	Development Expenses	406	398	613	684	2,101	569	435
Intangible Assets	319	250	Advertising Expenses	88	66	61	123	338	95	170
Deposits Provided	1,009	1,013	Outside order Expenses	266	116	197	305	884	424	398
Other non-current assets	-	-	Others	507	422	456	938	2,323	450	514
Total assets	16,621	14,257	Operating Income	-869	-493	-521	-1,482	-3,365	-428	-2,069
Current liabilities	2,772	633	Other gains	46	56	117	-32	187	14	166
Trade Payables	168	19	Other losses	582	-106	83	559	1,118	36	15
Non-trade Payables	442	307	Finance income	81	34	32	29	176	65	81
Accrued Expenses	16	77	Financial cost	24	-1	-5	-17	1	27	-
Advances from Customers	2,053	44	Profit (loss) before tax	-1,347	-296	-450	-2,026	-4,119	-412	-1,837
Other current liabilities	93	186	Income tax expense	13	59	58	40	170	77	-10
Non-current liabilities	344	572	Profit	-1,361	-355	-508	-2,066	-4,290	-489	-1,827
Allowance for severance liability	41	282	Total comprehensive income	-1,376	-352	-515	-2,188	-4,431	-492	-1,827
Allowance for Other long employees	178	166	Controlling interest	-1,376	-352	-515	-2,188	-4,431	-492	-1,840
Other estimated liability	125	125	Non-controlling interest	-	-	-	-	-	-	-
Total liabilities	3,116	1,205	EPS (Unit: KRW)	-208	-54	-78	-316	-656	-75	-280
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	-12								
Retained earnings	8,080	7,636								
Total equity	13,505	13,051								
Total equity and liabilities	16,621	14,257								

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