

Investor Relations 4Q18

NEXSTREAMING



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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.

Contents

- **Business**
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 - 4Q PlayerSDK Highlight

Mobile Video, and More Video

Mobile Video Editing App

KineMaster

The Most Powerful Video Editing App on Mobile Professional-quality full-featured non-linear on Android and iOS



Feature

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

Customers

- Mobile Application Users

Monetization

- Subscription, Ads and IP Premium assets

Growth

- Exponential growth in the number of people who share video contents

Mobile Video Player SDK

NexPlayerSDK

The most suitable solution for streaming services video apps
More than 220 premium service providers worldwide use



Feature

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

Customers

- Global Service Providers

Monetization

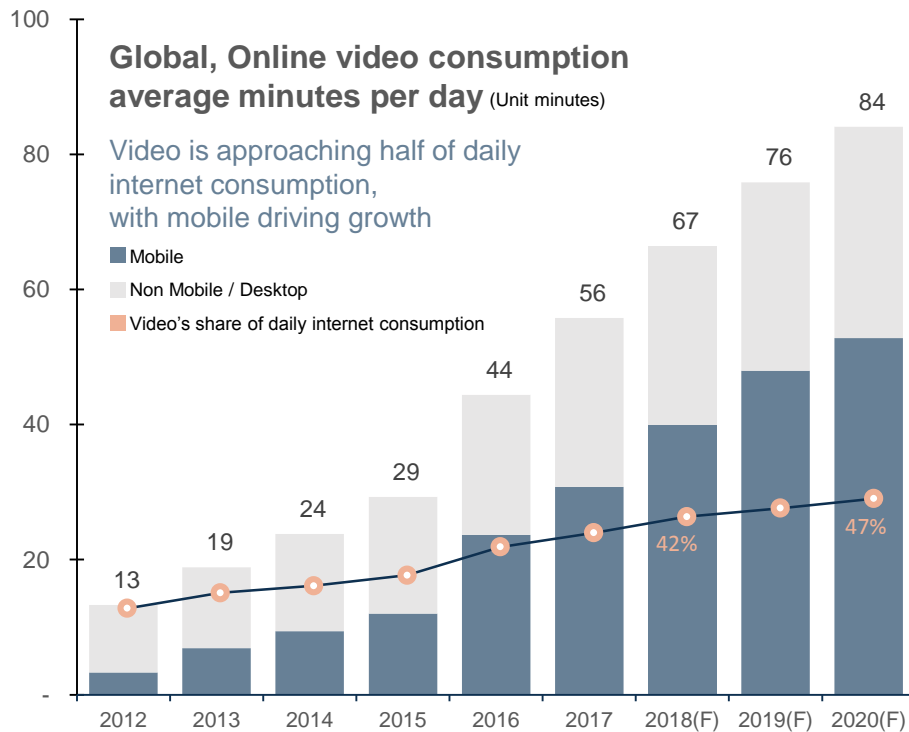
- Annual License (Similar as recurring revenue)

Growth

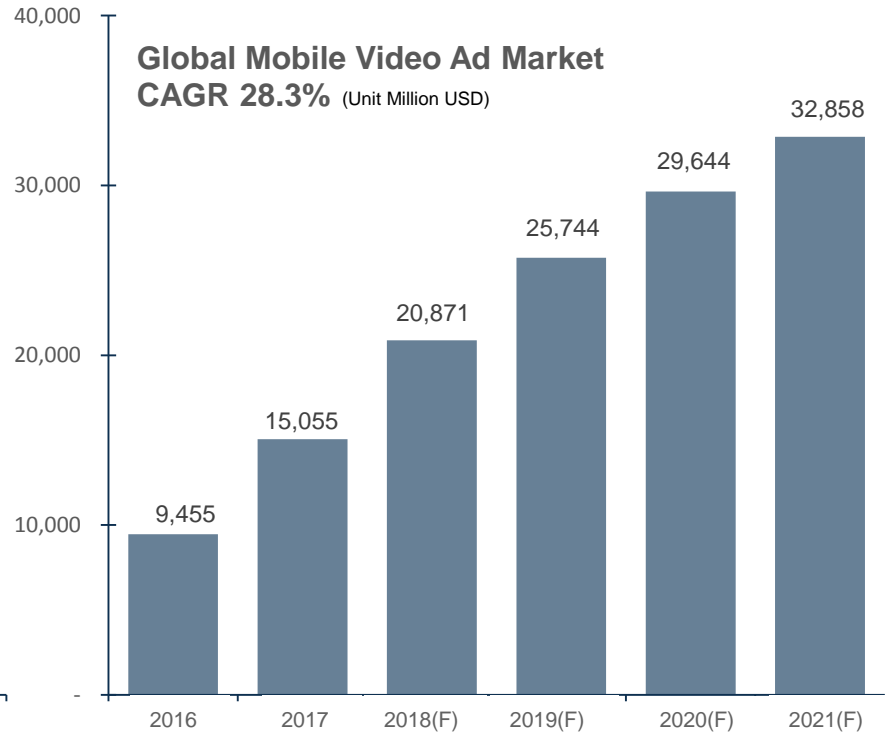
- Expanding global OTT business by using smart devices

Video contents dominate the mobile platforms

Contents consumption habits have transitioned from TEXT, to PICTURE and now to VIDEO.
Video on their mobile devices has become the new favorite form of content consumption

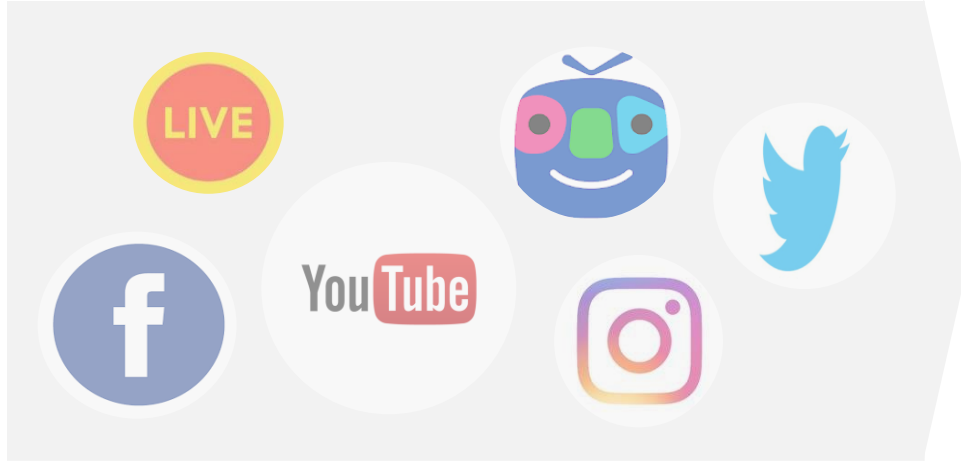


< SOURCE: Zenith, Media Consumption Forecast 2018, WARC DATA. Global Ad Trends, August 2018 >



< Reference : PWC 2017 >

Individual Creator Video platforms



Creators want, Video editing tool

- ✓ Easy But High quality
- ✓ Android and iOS as well
- ✓ Reasonable Price
- ✓ Possible to edit unique

OTT Service Providers



Providers want, Video streaming SDK

- ✓ Premium Track Record
- ✓ Better than native, Highest Quality
- ✓ DRM Content Protection
- ✓ 360 video

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.

103,195,190 Download

The total accumulated downloads in Android and iOS as of Dec 2018

21,805,755 MAU

MAU(Monthly Active Users) in Android and iOS as of Dec 2018



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

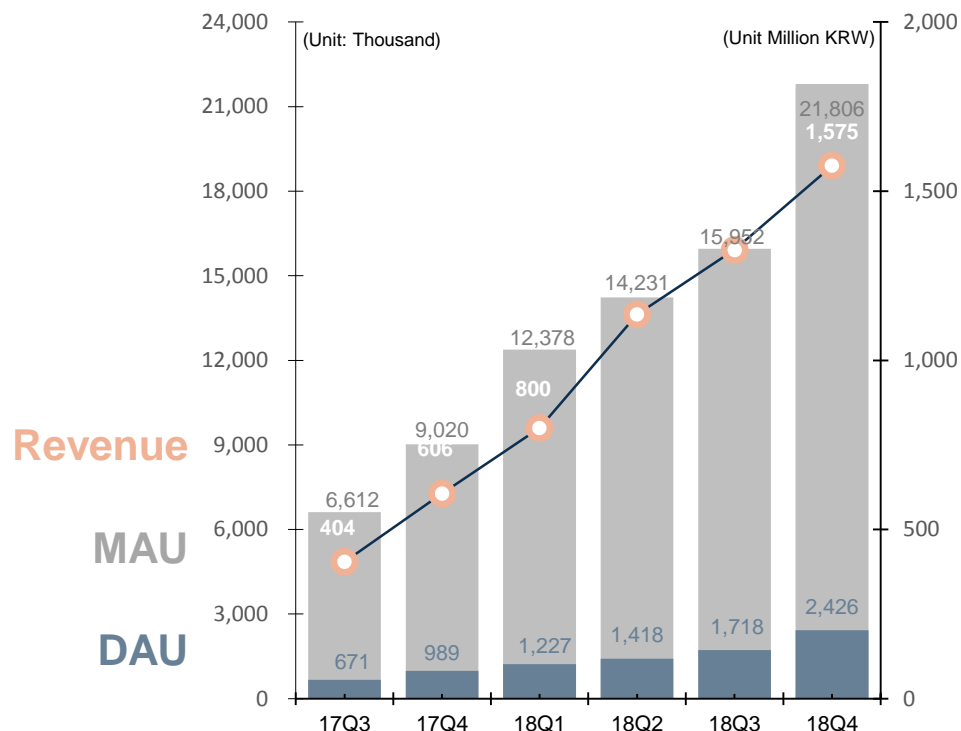
Fine tune audio by adjusting the volume envelope over time to achieve the precise effect that you want. Multiple audio formats are supported, or you can separate the audio track from a video clip to edit separately. Dynamic range compression coming soon!



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.

4Q18 KineMaster Highlight



*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	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
KineMaster	258	325	404	606	800	1,136	1,327	1,575
% ⁽¹⁾	9.5%	12.6%	16.5%	25.9%	25.6%	59.0%	34.5%	40.6%

(1)The proportion of total consolidate revenue.

KineMaster has been growing rapidly and continuing to build alternative revenue, like ads and IP premium assets

YoY 159.9% Up

- QoQ 18.7% Up of total revenue
- 40.6% portion of total 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.
- Add a variety of new assets.

- ✓ Provide Best synergy through Cross Platform Integration



<Commercial reference for NexPlayer 360 SDK>

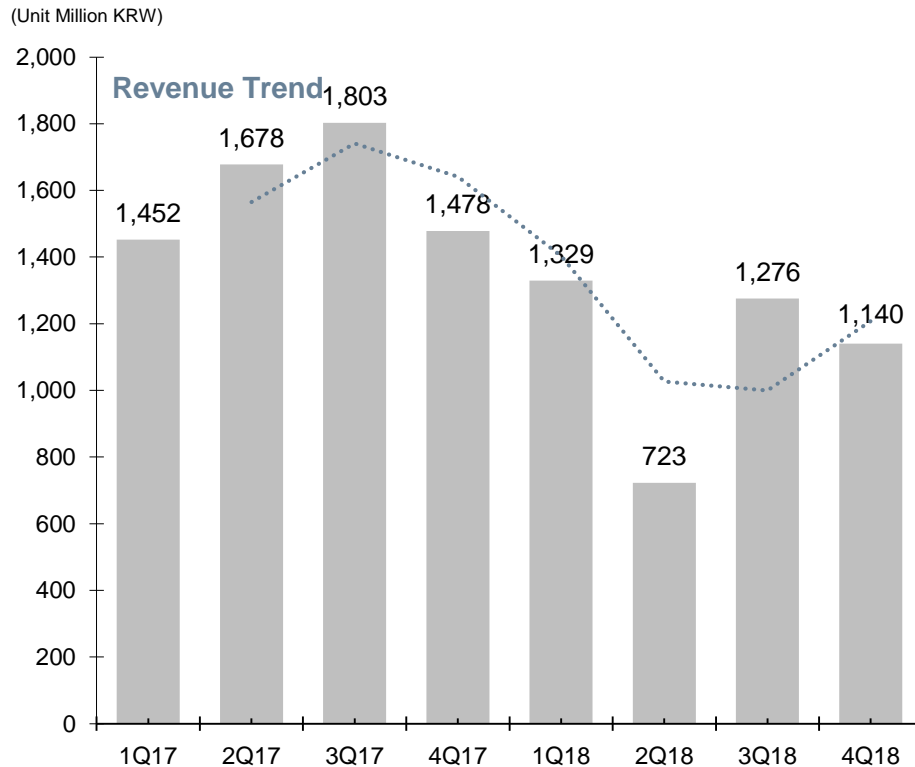


- ✓ The market leader player SDK for Android, iOS, Tizen and HTML5 apps

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

4Q18 PlayerSDK Highlight



NexPlayer SDK 29.2% of total revenue

- QoQ 10.6% Down,
- YoY 22.8% Down of revenue
- Change in K-IFRS License Revenue recognitions from this year : Revenue(License) has been allocated to License period till last year → Revenue(License) reflected at one time.
- 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	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
NexPlayer SDK	1,452	1,668	1,803	1,478	1,329	723	1,276	1,141
% ⁽¹⁾	53.4%	64.9%	74.5%	65.1%	44.1%	37.5%	33.2%	29.2%

(1)The proportion of total consolidate revenue.

(Unit Million KRW)

Revenue		'16 Total	1Q '17	2Q '17	3Q '17	4Q '17	'17 Total	1Q '18	2Q '18	3Q '18	4Q '18	'18 Total
Player BU (①)	NexPlayer SDK ⁽¹⁾	6,743	1,452	1,668	1,803	1,478	6,401	1,329	723	1,276	1,141	4,469
Editor BU (②)	KineMaster	768	258	325	404	606	1,593	800	1,136	1,327	1,575	4,838
	Others ⁽²⁾	1,217	1,009	282	244	254	1,289	985	139	1,244	803	3,171
	Embedded ⁽³⁾	552	0	312	0	7	318	0	0	0	0	0
Internal company transaction Adjustment (③)		63	-2	1	3	-5	-4	6	-73	0	387	391
Consolidate Revenue (①+②-③)		9,342	2,717	2,587	2,454	2,340	10,098	3,119	1,924	3,847	3,906	12,797

(1) Change in K-IFRS License Revenue recognitions from this year : Revenue(License) has been allocated to License period till last year → Revenue(License) reflected at one time.

(2) One-time commission and NexEditor SDK revenue are included.

(3) 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.

*) This consolidated data is combined revenues of the NexStreaming and it's subsidiaries.

Appendix

Summarized Financial Statements (Consolidated)

Balance Sheet			Income Statement						
(Unit: Million KRW)	2017. 12.31	2018. 12.31	(Unit: Million KRW)	'17 Total	1Q18	2Q18	3Q18	4Q18	'18Total
Current assets	14,741	12,516	Revenue	10,098	3,119	1,924	3,847	3,906	12,797
Cash and cash equivalents	8,570	6,947	Operating expense	13,462	3,547	3,993	4,152	3,696	15,388
Trade Receivables	1,059	1,787	Operating Income	-3,365	-428	-2,069	-305	211	-2,591
Other current assets	5,112	3,782	Other gains	187	14	166	-33	166	291
Non-current assets	1,880	1,659	Other losses	1,118	36	15	6	87	123
Property, plant and equipment	552	410	Finance income	176	65	81	43	26	211
Intangible Assets	319	237	Financial cost	1	27	-	19	-27	15
Deposits Provided	1,009	1,012	Profit (loss) before tax	-4,119	-412	-1,837	-320	342	-2,227
Other non-current assets	-	0	Income tax expense	170	77	-10	37	113	218
Total assets	16,621	14,175	Profit	-4,290	-489	-1,827	-357	229	-2,444
Current liabilities	2,772	902	Total comprehensive income	-4,431	-492	-1,840	-372	-161	-2,864
Trade Payables	168	11	Controlling interest	-4,431	-492	-1,840	-372	-161	-2,864
Non-trade Payables	442	555	Non-controlling interest	-	-	-	-	-	-
Accrued Expenses	16	70							
Advances from Customers	2,053	191							
Other current liabilities	93	75							
Non-current liabilities	344	754							
Allowance for severance liability	41	468							
Allowance for Other long employees	178	161							
Other estimated liability	125	125							
Total liabilities	3,116	1,656							
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	-16							
Retained earnings	8,080	7,107							
Total equity	13,505	-							
Total equity and liabilities	16,621	12,519							



NEXSTREAMING

Investor Relations

Planning Team

ir@nexstreaming.com

www.nexstreaming.com