



2<sup>nd</sup> Quarter 2019 Results

# INVESTOR RELATIONS

July 2019 | KineMaster Corporation



# Disclaimer

All financial information contained in this document is based on consolidated K-IFRS and has not been reviewed by an independent auditor. Therefore, the information and financial data contained in this document are subject to change upon an independent audit.

KineMaster Corporation is not liable for providing future updates on all figures included in this document. Investors should consider this document as only a single factor in making their investment decision.

※ This material has been updated in Aug 14th to reflect changes made from the accounting review for 2nd quarter, 2019.



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# Business | KineMaster; The Most Powerful Video Editing App on Mobile

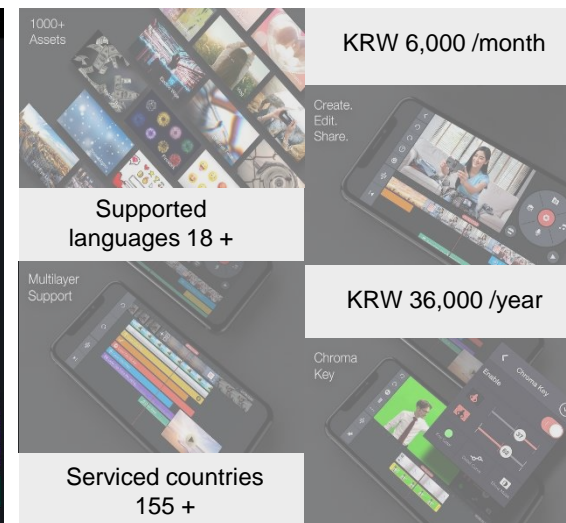
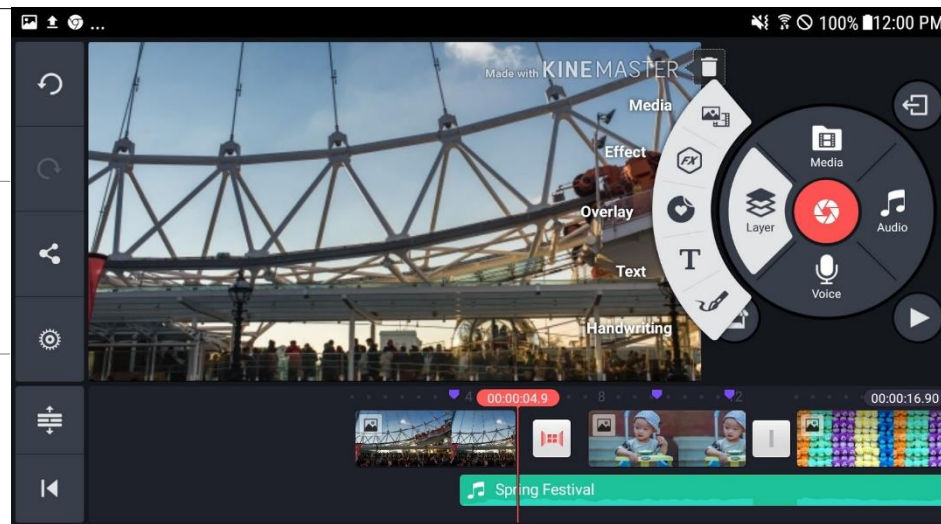
- The only cross-platform video editing app for creating professional video content without a computer (iPhone, iPad and all Android devices)
- Subscription model ; remove watermark and ads, full access to premium assets and new music every month
- Asset store provides professional assets, such as music, sound effects, visual effects and transitions, stickers, animated overlays, and fonts
- Pricing has changed; from KRW5,000/month, KRW40,000/year to KRW 6,000/month, KRW 36,000/year

As of June 30, 2019

**29 Million**  
MAU

**2.8 Million**  
DAU

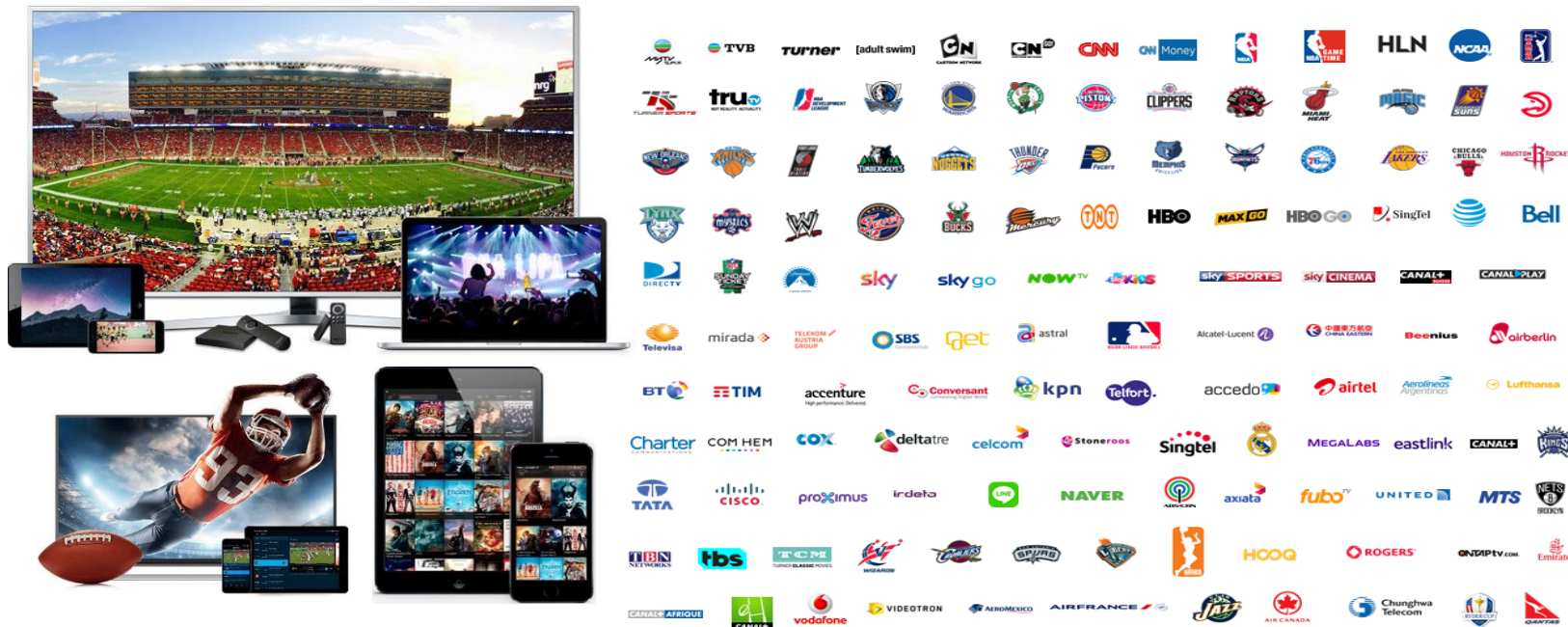
**148 Million**  
Download





# Business | Player SDK; Multiscreen Player SDK for video apps

- Provide highest video quality for OTT service providers
- Smartphones & Tablets, Smart TVs, STBs, Web Browsers
- Excellent and timely customer support



Over 150 Global  
Customers



# 2nd Quarter Results I Highlight

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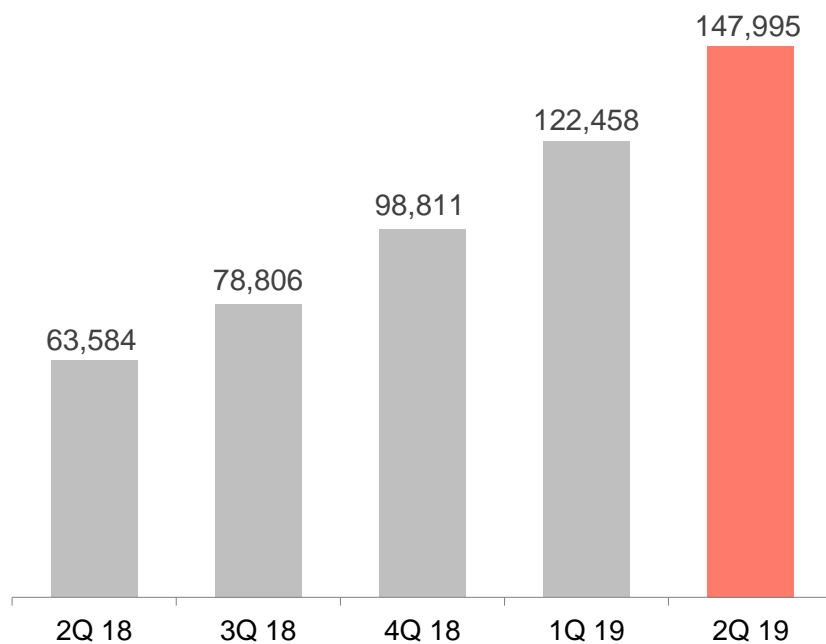
- Revenue continued to grow at a double-digit pace with video platform growth and increased video content consumption **YoY +166% / MoM +30%**
- Through sustained growth of the mobile video market and monetization activities, It is expected to growth by more than 70% of the total revenue  
**38% of total revenue in 2018**
- Over 148million accumulated downloads **YoY +135% / QoQ +22%**
- Over 28million monthly active users (average in the 2Q 2019) **YoY +96% / QoQ +9%**
- Over 2.6million daily active users(average in the 2Q 2019) **YoY +99% / QoQ +5%**
- Implementing the strategy to increase subscribers and subscription rates
  - Continuously adding a variety of new assets and functions to help existing and new users switch to subscription
  - Useful features for Short&Fun video will be added soon (100msec, reverse, color adjustment, voice changer and etc)
  - Change of pricing policy, increasing KRW 1,000 of monthly subscription fee without free trial; lowering KRW 4,000 of annual subscription fee with 7days free trial
  - Expand advertising and promotional activities, Join 'Vidcon 2019' with booth (LA , July 10<sup>th</sup> ~13<sup>th</sup>)
  - Adding new assets continuously (Webtoon: The Sound of Your Heart)



# 2nd Quarter Results I Highlight

## > KineMaster Downloads

Accumulated downloads YoY +135% / QoQ +22%

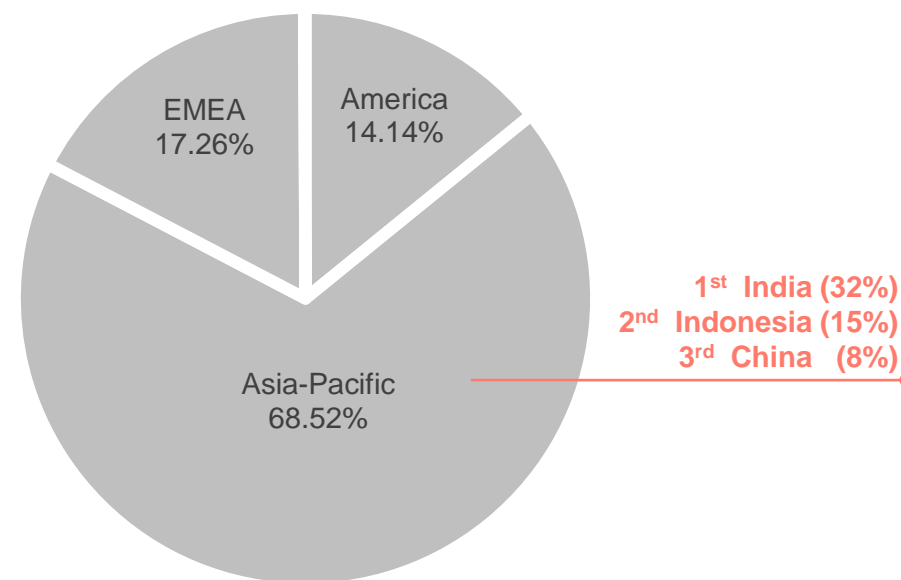


(Unit: thousands)

Global	63,584	78,806	98,811	122,458	147,995
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※ The data has been rewritten to include iOS and Android, so 1Q19 and 2Q19 data is slightly different from 4Q18.

## > Downloads by Country in Q2 2019



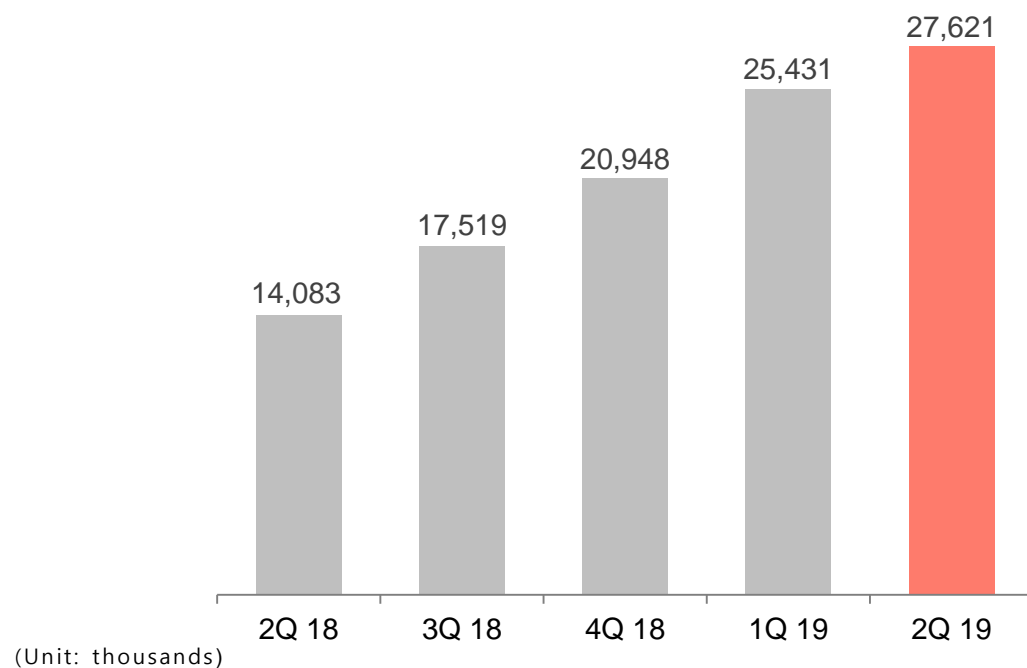
※ Cumulative downloads based on Android and iOS in Q2 2019



# 2nd Quarter Results I Highlight

## > KineMaster MAU

MAU YoY +96% / QoQ +9% in 2Q 2019



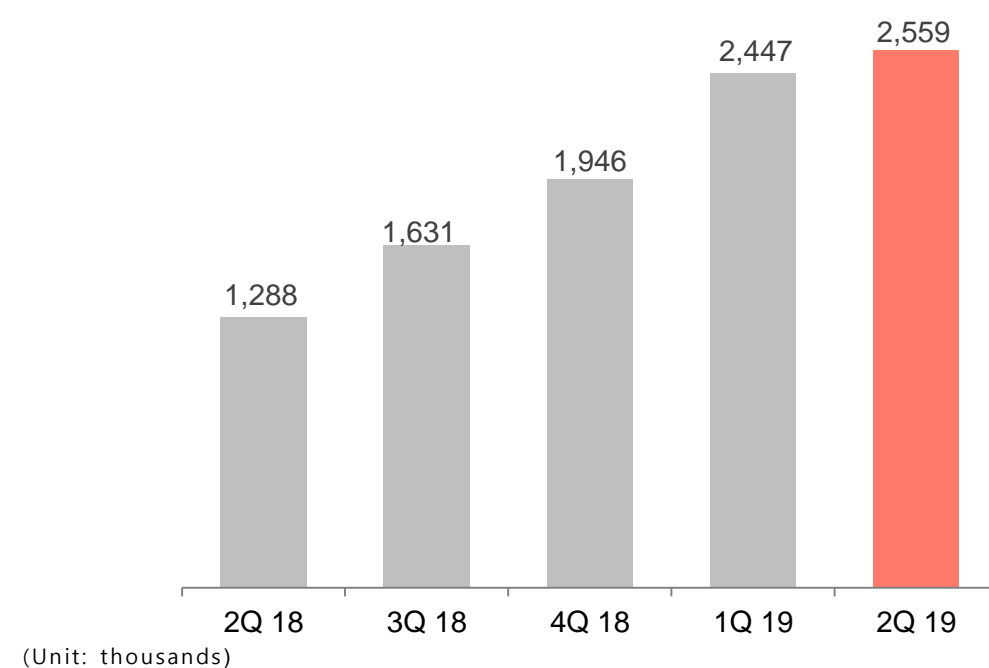
Global	14,083	17,519	20,948	25,431	27,621
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※ The data has been rewritten to include iOS and Android, so 1Q19 and 2Q19 data is slightly different from 4Q18.

※ Average of monthly MAU.

## > KineMaster DAU

DAU YoY +99% / QoQ +5% in 2Q 2019



Global	1,288	1,631	1,946	2,447	2,559
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※ The data has been rewritten to include iOS and Android, so 1Q19 and 2Q19 data is slightly different from 4Q18.

※ Average of monthly DAU.

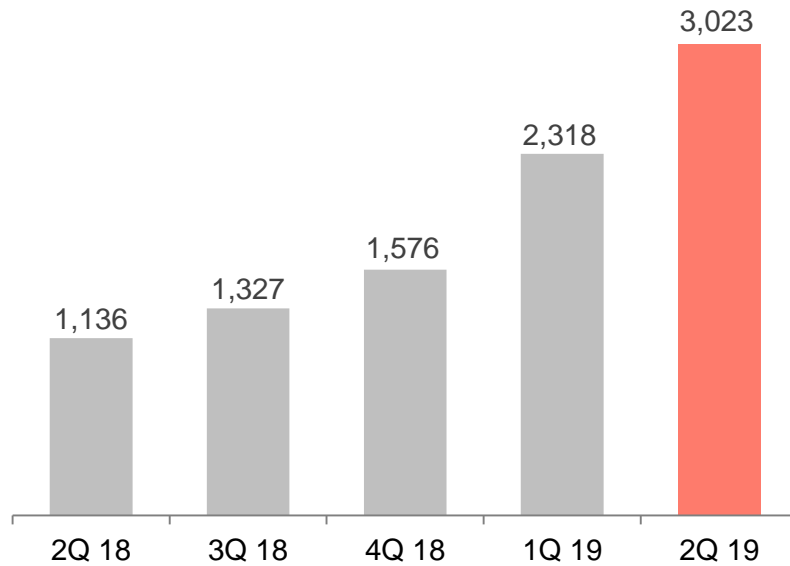




# 2nd Quarter Results I Highlight

## > KineMaster Revenue

YoY +166% QoQ +30% in 2Q 2019

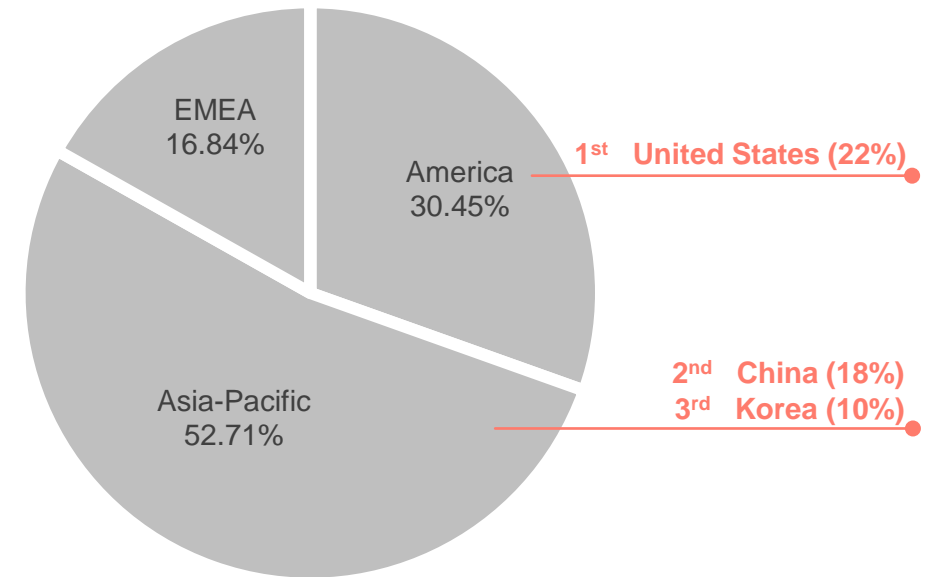


(Unit: KRW million)

Total revenue	1,136	1,327	1,576	2,318	2,318
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※ The total revenue includes subscriptions, Ads and Premium IP Asset with the highest percentage of subscription revenue.

## > Revenue by Country in Q2 2019



※ Cumulative revenue based on Android and iOS in Q2 2019.



# 2nd Quarter Results I Highlight

## Consolidated Revenue

Unit Million KRW	1Q17	2Q17	3Q17	4Q17	2017년	1Q18	2Q18	3Q18	4Q18	2018년	1Q19	2Q19	
① KineMaster	258	325	404	606	1,593	800	1,136	1,327	1,576	4,838	2,318	3,023	
	Ratio (%)	9.5%	12.6%	16.5%	25.9%	15.8%	25.6%	59.0%	34.5%	40.3%	37.8%	61.8%	70.2%
② Player SDK	1,452	1,668	1,803	1,478	6,401	1,329	723	1,276	1,146	4,474	1,079	1,081	
③ Others	1,009	594	244	261	1,607	985	139	1,244	1,121	3,489	352	190	
④ Internal company transaction Adjustment	-2	1	3	-5	-4	6	-73	0	63	-4	-1	11	
①+②+③-④ Consolidate Revenue	2,717	2,587	2,454	2,340	10,098	3,119	1,924	3,847	3,906	12,797	3,748	4,305	

① KineMaster is the main business, accounting for about 70% of total revenue as of 2Q 2019.

② Change in K-IFRS License Revenue recognitions from this year : Revenue(License) has been allocated to License period until last year → Revenue(License) reflected at one time.

③ Others is a low-profit business that has a large portion of its sales reflected in costs and is expected to rarely occurred in 2019.

※ This consolidated data are the combined revenues of the KineMaster Corporation and its subsidiaries ( USA, China, Spain)



# 2nd Quarter Results I

Consolidated F/S

## Balance Sheet

( Unit: Million KRW)	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
Current assets	14,214	12,515	12,915	12,358	12,363	12,639
Non-current assets	1,816	1,742	1,782	1,659	1,642	981
<b>Total assets</b>	<b>16,029</b>	<b>14,257</b>	<b>14,696</b>	<b>14,017</b>	<b>14,005</b>	<b>13,620</b>
Current liabilities	409	633	1,224	902	1,191	1,055
Non-Current liabilities	599	572	792	754	798	728
<b>Total liabilities</b>	<b>1,007</b>	<b>1,205</b>	<b>2,017</b>	<b>1,656</b>	<b>1,989</b>	<b>1,783</b>
Capital Stock	3,508	3,508	3,508	3,508	3,508	3,508
Additional Paid-in and Other Capital	4,592	4,592	4,592	4,592	4,592	4,592
Elements of other stockholder's equity	-2,672	-2,672	-2,672	-2,672	-2,672	-2,428
Accumulated other comprehensive income	1	-12	-17	-16	-10	-1
Retained earnings	9,594	7,636	7,269	6,949	6,352	6,166
<b>Total equity</b>	<b>15,022</b>	<b>13,051</b>	<b>12,680</b>	<b>12,360</b>	<b>12,015</b>	<b>11,837</b>
<b>Total equity and liabilities</b>	<b>16,029</b>	<b>14,257</b>	<b>14,696</b>	<b>14,017</b>	<b>14,005</b>	<b>13,620</b>

## Income Statement

( Unit: Million KRW)	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
<b>Revenue</b>	<b>3,119</b>	<b>1,924</b>	<b>3,847</b>	<b>3,907</b>	<b>3,748</b>	<b>4,305</b>
<b>Operating expense</b>	<b>3,547</b>	<b>3,993</b>	<b>4,152</b>	<b>4,229</b>	<b>4,381</b>	<b>4,518</b>
<b>Operating Income</b>	<b>-428</b>	<b>-2,069</b>	<b>-305</b>	<b>-322</b>	<b>-633</b>	<b>-212</b>
Operating margin(%)	-13.7	-107.5	-7.9	-8.3	-16.9	-4.9
Non-operating income	79	247	10	162	121	183
Non-operating expenses	63	15	25	199	5	115
<b>Profit before tax</b>	<b>-412</b>	<b>-1,837</b>	<b>-320</b>	<b>-358</b>	<b>-516</b>	<b>-144</b>
Income tax expense	77	-10	37	113	79	42
<b>Profit</b>	<b>-489</b>	<b>-1,827</b>	<b>-357</b>	<b>-471</b>	<b>-595</b>	<b>-186</b>
Total comprehensive income	-492	-1,840	-372	-318	-590	-178
Controlling interest	-75	-280	-55	-72	-91	-28
Non-controlling interest	-75	-280	-55	-72	-91	-28



# Appendix I

## Video Editing App Market – Source: *App Annie*

Android & iOS Estimated Revenue (FY 2017 ~ FY 2018)

2018	App Name	FY2017	FY2018	YoY	%
1	-	\$5,730,278	\$13,916,017	142.85%	20.02%
2	-	\$3,713,450	\$11,710,773	215.36%	16.84%
3	-	\$404,025	\$9,271,374	2194.75%	13.34%
4	-	\$1,561,894	\$6,154,033	294.01%	8.85%
5	-	\$3,803,618	\$5,496,465	44.51%	7.91%
6	-	\$751,105	\$4,226,486	462.70%	6.08%
7	KineMaster	\$1,157,344	\$3,286,970	184.01%	4.73%
8	-	\$1,331,425	\$3,233,908	142.89%	4.65%
9	-	\$0	\$3,214,109	0	4.62%
10	-	\$341,770	\$2,690,097	687.11%	3.87%
11	-	\$246,957	\$1,694,054	585.97%	2.14%
12	-	\$320,084	\$1,350,602	321.95%	1.94%
13-17	-	\$1,561,230	\$3,278,447	8988.00%	1.10%
Total		\$20,923,180	\$69,523,335	232.28%	100%

Android & iOS Estimated Revenue (1Q 2019 ~ 2Q 2019)

2Q19	App Name	1Q19	2Q19	QoQ	%
1	-	\$5,126,068	\$5,082,750	-0.85%	14.71%
2	-	\$5,068,819	\$4,820,929	-4.89%	13.95%
3	-	\$4,953,784	\$4,145,979	-16.31%	12.00%
4	-	\$4,076,097	\$3,866,509	-5.14%	11.19%
5	-	\$3,614,227	\$3,469,798	-4.00%	10.04%
6	-	\$2,299,788	\$2,175,154	-5.42%	6.30%
7	KineMaster	\$1,477,389	\$1,713,166	15.96%	4.96%
8	-	\$1,392,821	\$1,620,824	16.37%	4.69%
9	-	\$582,942	\$1,297,990	122.66%	3.76%
10	-	\$1,341,269	\$1,169,796	-12.78%	3.39%
11	-	\$1,021,593	\$1,074,149	5.14%	3.11%
12	-	\$1,228,101	\$1,073,438	-12.59%	3.11%
13-19	-	\$2,920,270	\$3,038,016	104.47%	3.16%
Total		\$35,103,168	\$34,548,498	-1.58%	100%

YoY  
184%

QoQ  
16%

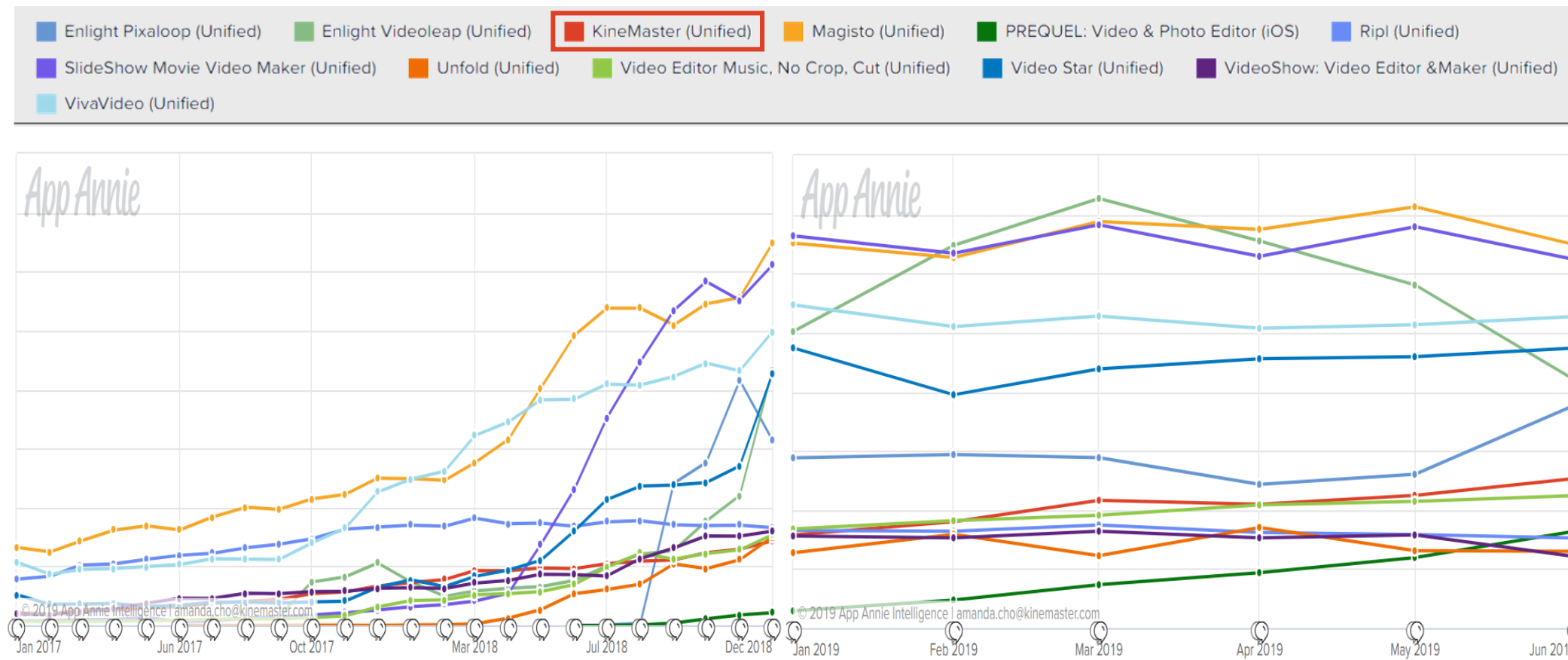
※ This data is estimated revenue; it does not include 30% store platform commission, Ads or Android revenue from China.



# Appendix I Video Editing App Market – Source: *App Annie*

Android & iOS Estimated Revenue (FY 2017 ~ FY 2018)

Android & iOS Estimated Revenue (1Q 2019 ~ 2Q 2019)



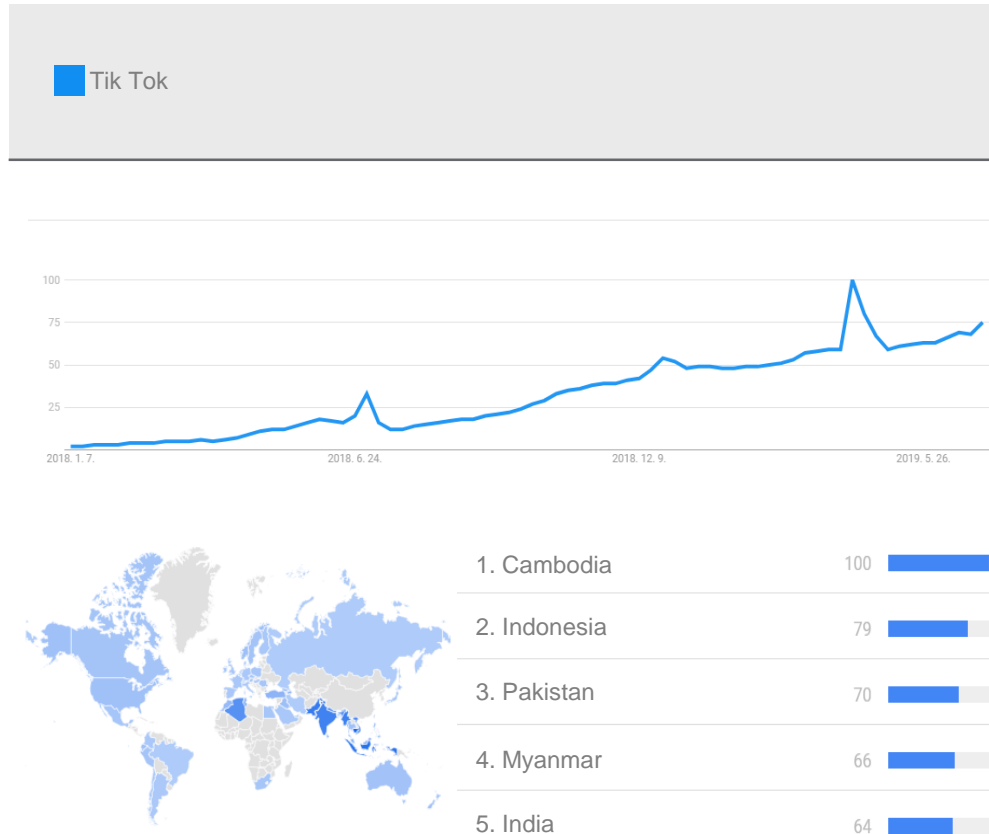
※ This data is estimated revenue; it does not include 30% store platform commission, Ads or Android revenue from China.



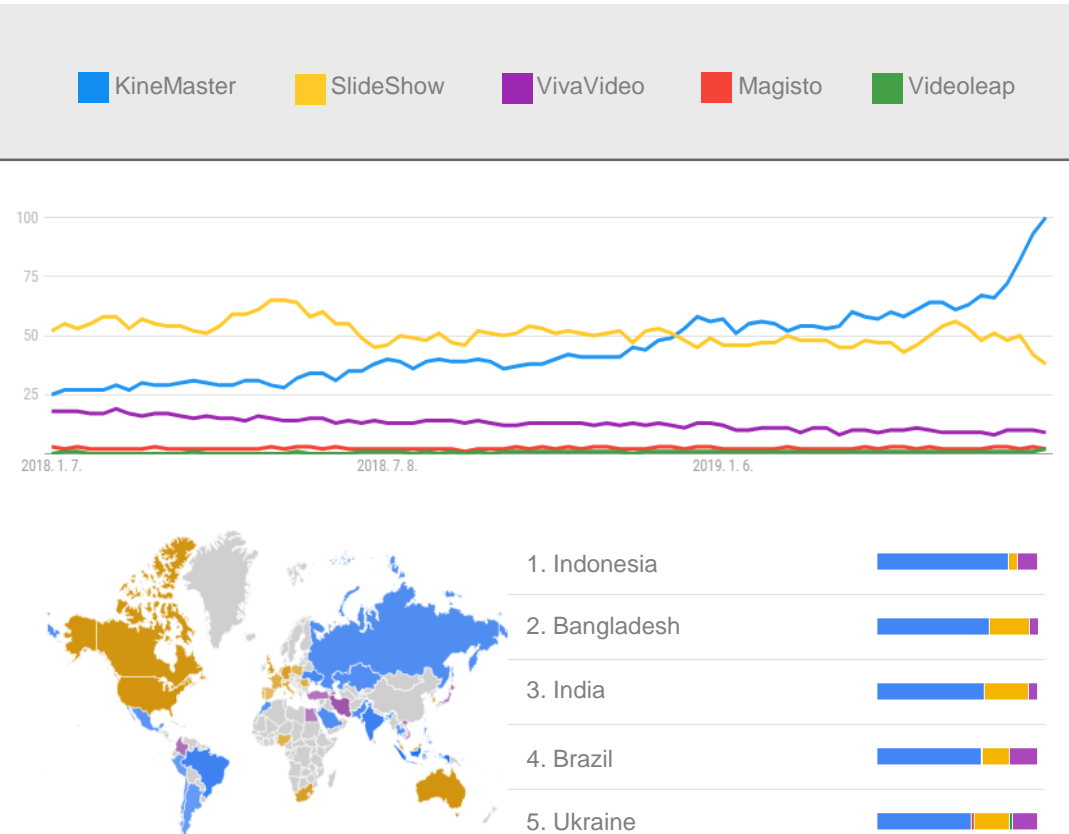
# Appendix I

## Video editing apps and platform search trends– Source: Google Trends

Tik Tok app search trend ( 2018 ~June 2019)



Video editing app search trends (2018 ~June 2019)





# Appendix I Governance

## History

- 2002 Company founded
- 2005 Provided streaming player to Samsung Electronics
- 2010 Provided streaming player to LG Electronics
- 2011 Listed on KOSDAQ
- 2011 Provided Android player SDK to HBO
- 2012 Started KineMaster app development
- 2013 Provided Player SDK to Time Warner Cable
- 2013 Launched Android version of KineMaster
- 2015 Provided video editing solution to XiaoMi
- 2017 Launched iOS version of KineMaster
- 2018 KineMaster exceeded 80M total downloads
- 2019 KineMaster exceeded 120M total downloads and 25M MAU(Monthly Active Users)
- 2019 Changed the company name to KineMaster Corporation

## Subsidiary

<div>HQ   KineMaster Corporation</div> <div>KineMaster and SDK Business</div> <div>Number of Employees: 53</div>			
Ownership: HQ 100%	Ownership: HQ 100%	Ownership: HQ 100%	Ownership: HQ 100%
KOREA	US	CHINA	SPAIN
KineMaster	KineMaster	KineMaster	Player SDK
Number of Employees: 35	Number of Employees: 3	Number of Employees: 3	Number of Employees:

## List of shareholders

Il-taek Lim	854,935	12.2%	Cofounder · CEO
Jae-won Chung	538,143	7.7%	Cofounder · COO
Treasury Stock	487,515	7.0%	-
SOLBORN,Inc and parties concerned	2,096,094	29.9%	Investors
Etc	3,040,224	43.3%	-
Total	7,016,911	100.0%	-



2<sup>nd</sup> Quarter 2019 Results | KineMaster Corporation

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