



INVESTOR RELATIONS

1Q 2022 | KineMaster Corporation



Letter to shareholders

Dear Shareholders,

I am writing this letter in response to the curiosity shown by many of our shareholders regarding the development direction and vision of our company. Thus, I am considering including a shareholder letter in our IR report in the future.

This year, KineMaster Corporation will transform into a platform company. Since its foundation in 2002, the company has focused on video technology. In the early days, the company provided video playback technology to cell phone companies such as Samsung Electronics, and phones at that time had screens one quarter of the size of the screens of today's smartphones. Since then, the company has provided video playback technology to video player service apps of various broadcasters around the world, including CNN. Since launching the KineMaster app in 2013, we have developed into a company that develops editing apps for smartphones. Beginning this year on, we will transform ourselves into a 'video service company'. In particular, our company will transform into a 'platform' company that numerous participants will visit to be able to enjoy their activities.

We put a lot of thought into our future direction, that is, what kind of platform KineMaster should create. The reason behind this is that we have our original technology in video processing, and there are various options for the platform we can make through our technology. Especially, we want to create a platform that is completely different from YouTube and TikTok, which have already become mainstream platforms, and want to play an important role in future video service.

To this end, we have been paying close attention to the way that people interact with videos, which has evolved through the following three stages: first, to watch videos passively; second, to take videos themselves; and third, to edit and share them through YouTube or TikTok. This evolution shows a shift from what the experts once did to an activity undertaken by the 'general public'. In other words, we have witnessed the popularization of video viewing on TV, the popularization of video shooting through smartphones, and the popularization of video sharing through the internet.

This process of popularizing video services seems to be nearly over. Now, it seems that there are no more services that can beat YouTube or TikTok. It feels like the evolution and popularization of video has come to an end thanks to these global services.

But it has not. There is still one final step in the evolution and popularization of video. That is, the popularization of 'editing'. The next era will allow the general public to enjoy the editing activities that only experts were able to do in the past.

The popularization of editing doesn't simply mean that everyone will become good at editing. There is a more effective way. Just as Wikipedia, an internet version of encyclopedias, beat the famous British encyclopedia Britannica in a short period of time by making it re-editable by anyone, there is now a way for the general public to share 're-editable files' with each other.



Letter to shareholders

KineMaster defines this re-editable file as a “project file” or a “project” for short. This is not just a simple video file. It can contain video files or music files, or even information that can implement either photos or various special effects. A single project can be re-edited at any time because it contains all the information for the purpose of editing. It is also easy to modify or replace. For example, even when you replace text that is superimposed on the screen with different text, the screen will still be kept clear. In a nutshell, a project is the most informative format for a video.

KineMaster will implement a platform that can share these informative projects later this year. With this implementation, our company will be the first in the world in this sector. By implementing this, people will not have to create something out of nothing when creating videos in the future. All they have to do is browse through the list of projects (by playing the video), choose the one they like, and tweak it a bit after downloading it.

Specifically, with the release of the KineMaster App 6.0 at the end of April this year, these changes will begin. By that time, thousands of projects will be ready for users to download. There will be tens of thousands by the end of this year, and hundreds of thousands by the end of next year. In addition, general users will soon be able to upload their projects to the platform. This will also allow them to earn ‘KineMaster Creator’ status and earn economic rewards.

Dear shareholders of KineMaster, please stay tuned for more updates about the ongoing transformation of our company. KineMaster is undergoing exciting new changes and this year’s transformation will forever change the identity of our company. We will continue to evolve in this direction over the next few decades because the types and number of projects that people need are limitless. Over the years, tens of millions of projects will be collected on our platform and it will develop into a globally shared platform.

If you are equally excited about these exciting opportunities, I would like to ask you to remain with us as a shareholder of KineMaster for a long time. Together, we can both change and contribute to the world. I am confident that you will enjoy the fruits of a good investment in the process.

Finally, I would like to share how KineMaster is developing with our esteemed shareholders through the 2nd quarter IR report.

Thank you.

Il-taek Lim *Lim*

Founder and Chief Executive Officer
KineMaster Corporation



Disclaimer

The 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 auditor's review.

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.

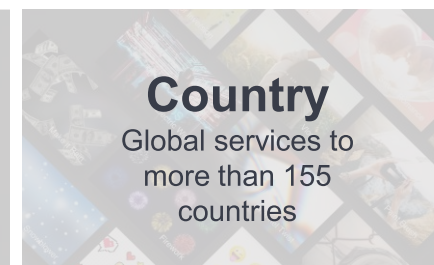
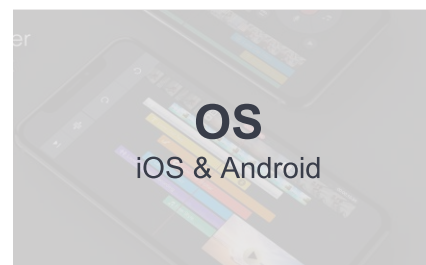
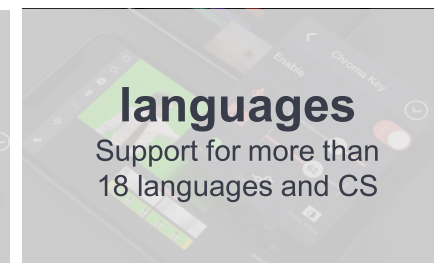
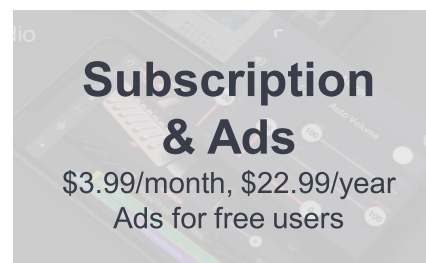


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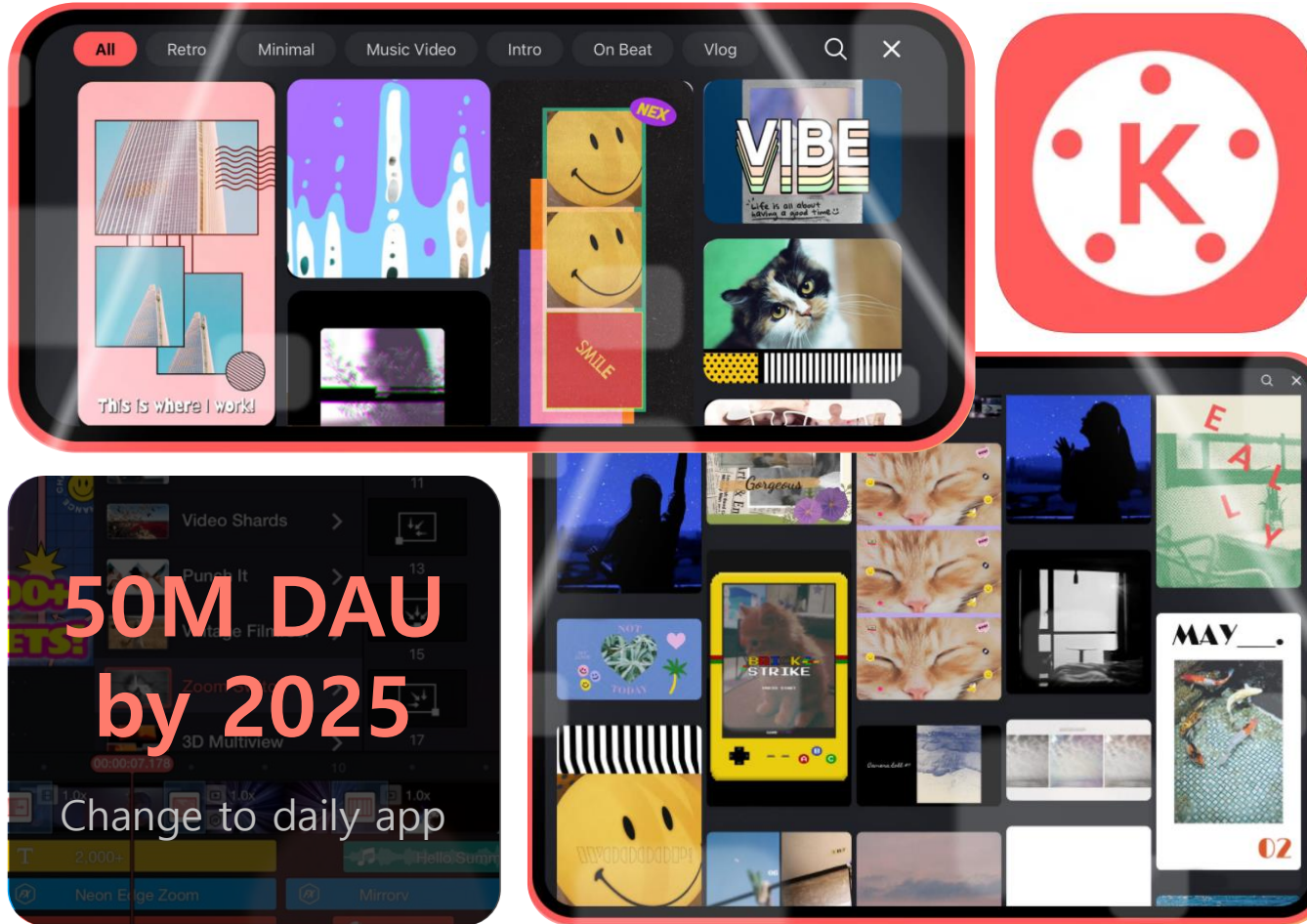
Business | KineMaster; 1. The Most Powerful Video Editing App on Mobile

- > An intuitive user interface and experience-based mobile video editing app
- > Subscription model ; remove watermark and ads
- > Asset store provides professional assets, such as music, sound effects, visual effects and transitions, stickers, animated overlays, and fonts
- > The editing app to create professional video content without a computer with Multi-layered, Chroma Key, Speed Adjust, Transition, Subtitles, Reverse, Color Filters, and Advanced Audio Editing Feature



※ The subscription price has been changed from version 6.0 (released on May 1, 2022) to \$3.99/month \$33.99/year

Business | KineMaster; 2. Project sharing platform that everyone can enjoy



- > KineMaster will be Project sharing platform that everyone can enjoy by updating portal functions that allow users to share their own projects directly within the app.
- > Currently we have released more than 1,000 projects and will continue to release new projects to produce useful videos
- > 'Export Project (.kine file)' allows users to save and share project edited by themselves. And users can re-edit it from another devices.

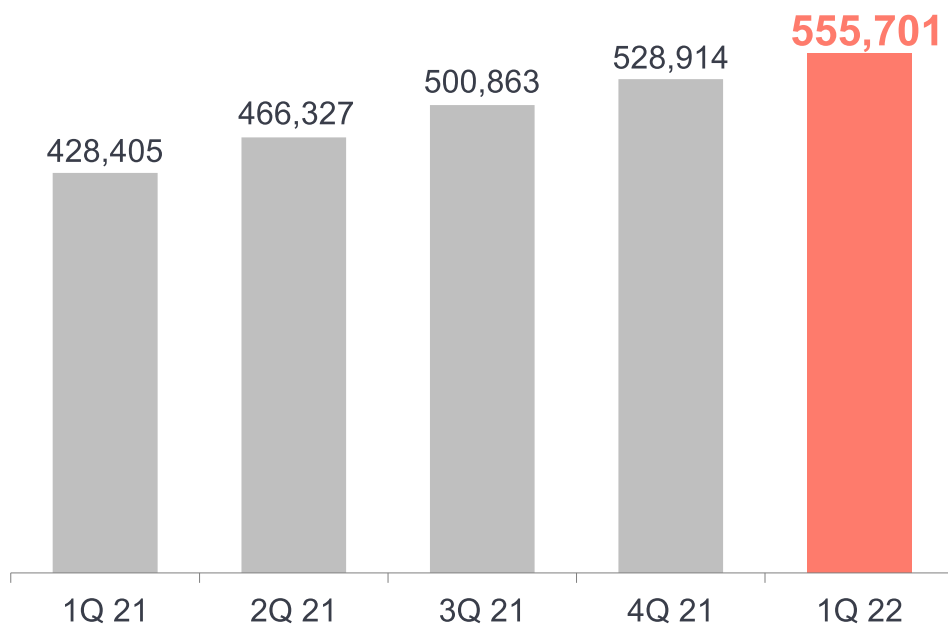


1Q 2022 | KineMaster Download

> Cumulative Downloads

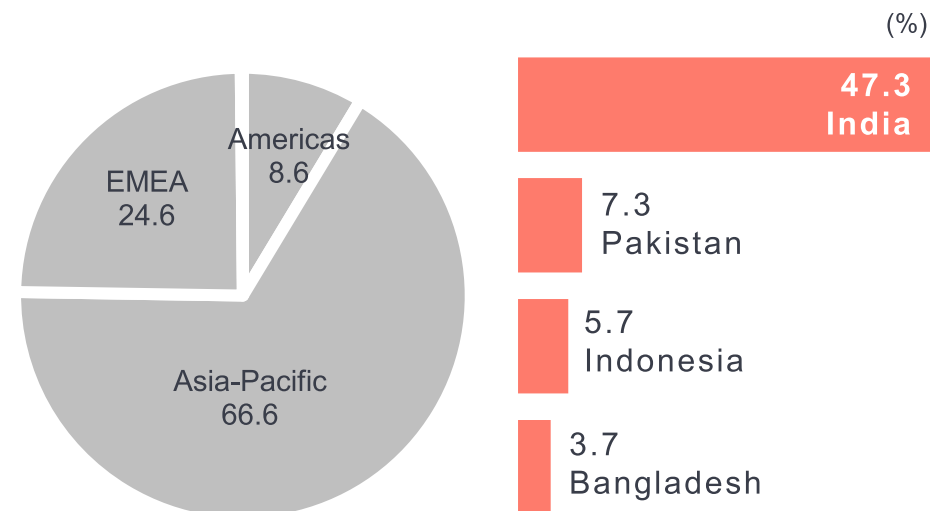
Accumulated downloads YoY +30% / QoQ +5% in 1Q22

(in thousands)



> 1Q Downloads by Country

India account for about 47.3% of Asia-Pacific



※ The figure above is a download by country that occurred in Q1.

※ Iraq 2.9%, Brazil 2.9%, Egypt 2.6%, United States 2.5%, Philippines 2.1%, Thailand 1.2% are included in the top ranks.

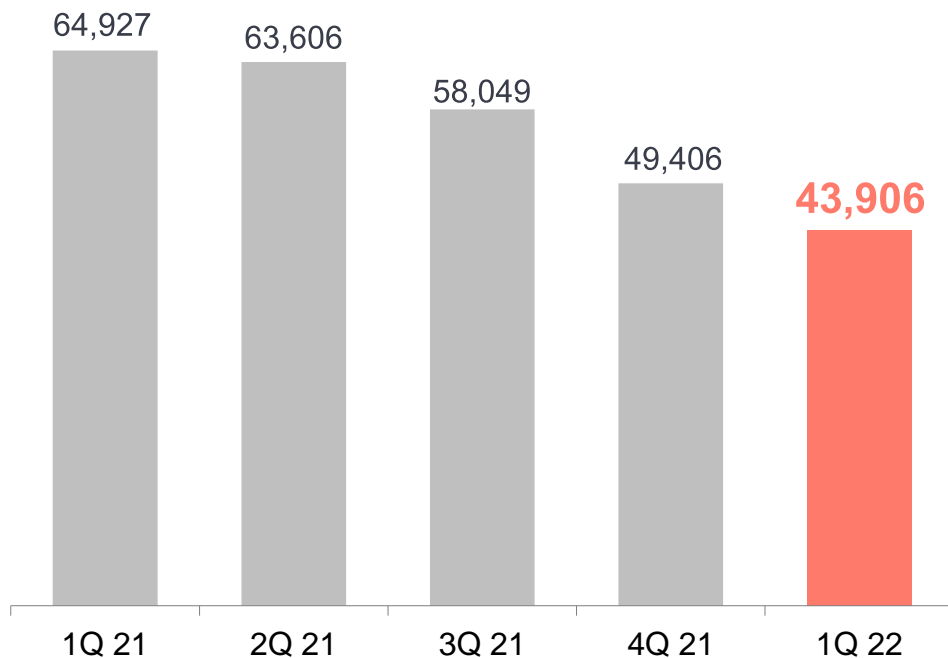


1Q 2022 | KineMaster MAU

> KineMaster MAU

MAU YoY -32% / QoQ -11% in 1Q22

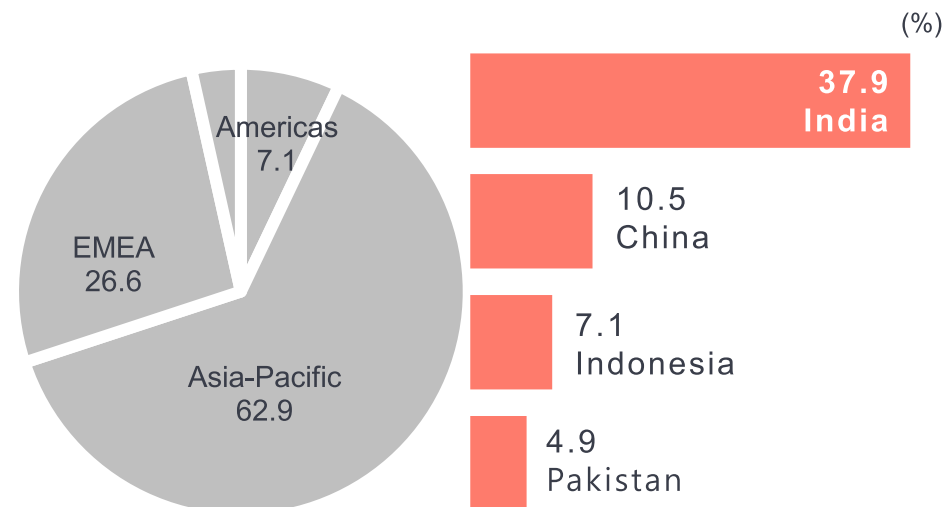
(in thousands)



※ The quarterly average of MAU.

> MAU by Country

India account for about 37.9% of Asia-Pacific



※ Android + iOS MAU based on Android, and iOS in 1Q22.

※ Iraq 3.6, Egypt 3.1%, Bangladesh 2.4%, Brazil 2.3%, Philippines 2.1%, United States 2.0% are included in the top ranks.

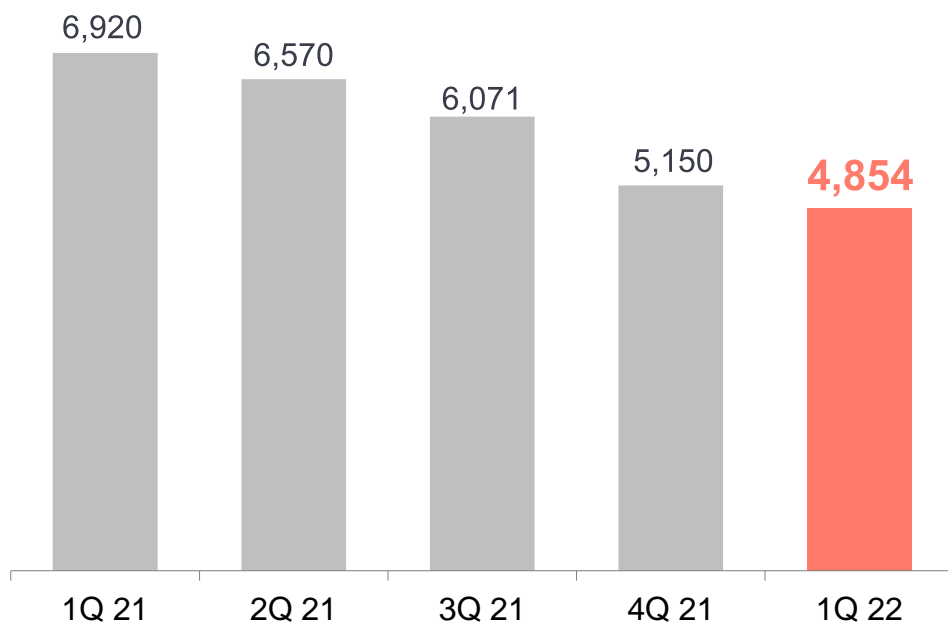


1Q 2022 | KineMaster DAU

> KineMaster DAU

DAU YoY -30% / QoQ -6% in 2Q22

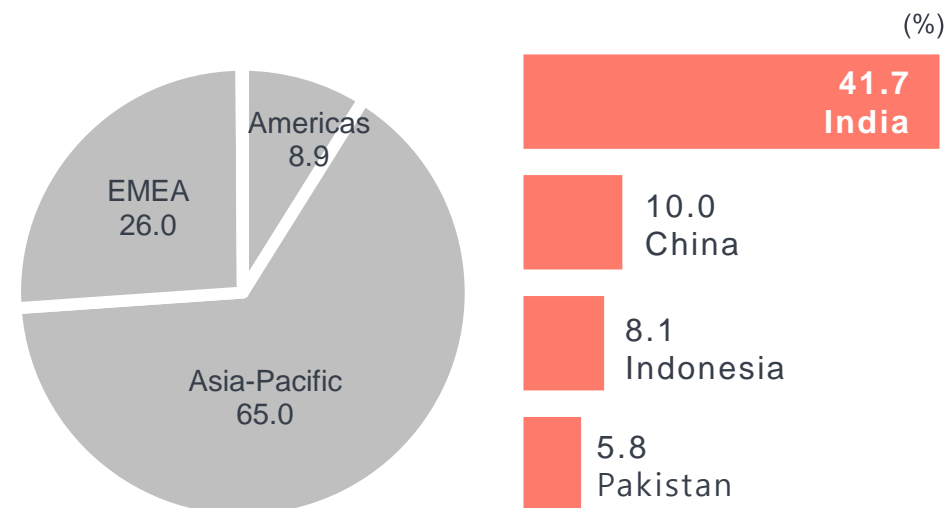
(in thousands)



※ The quarterly average of DAU.

> DAU by Country

India account for about 41.7% of Asia-Pacific



※ Android + iOS DAU based on Android, and iOS in 1Q22.

※ Iraq 3.8%, Egypt 3.3%, Bangladesh 2.1%, United State 2.1%, Brazil 2.0%, Philippines 1.7% are included in the top ranks.



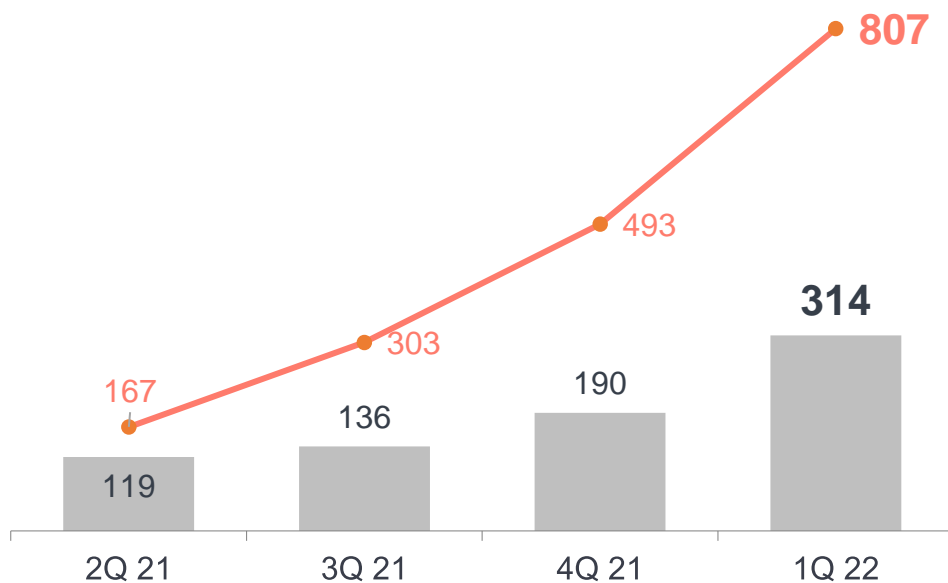
1Q 2022 | KineMaster Projects

> KineMaster Projects

New projects in 1Q22 QoQ +65%

■ Cumulative Projects

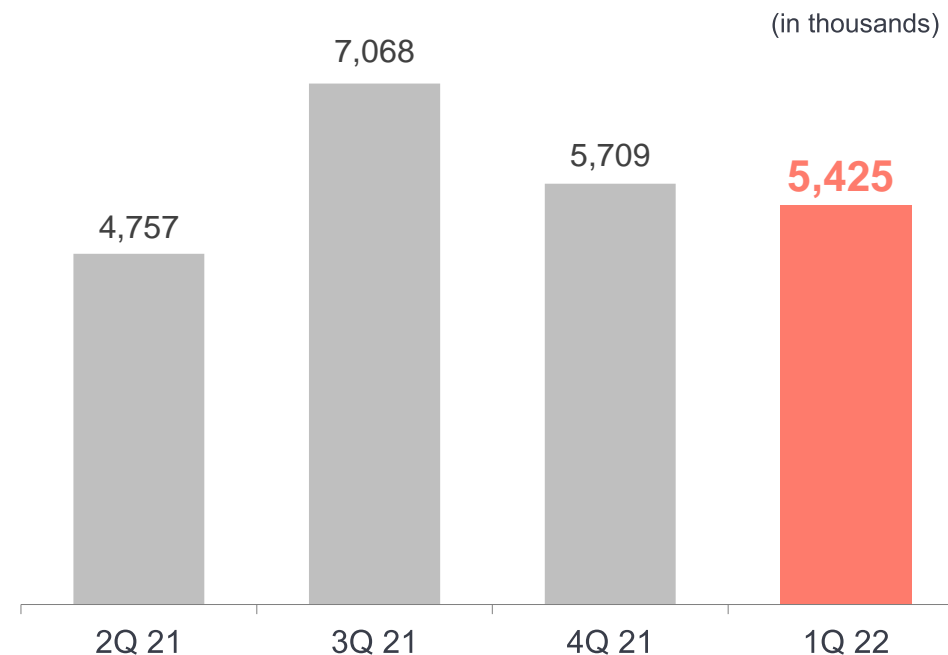
■ Newly released Projects



※ The figure above is the number of new projects by quarterly basis.

> Projects Download

Downloaded projects in 1Q22 QoQ -5% .



※ The figure above is the number of quarterly project downloads by users.

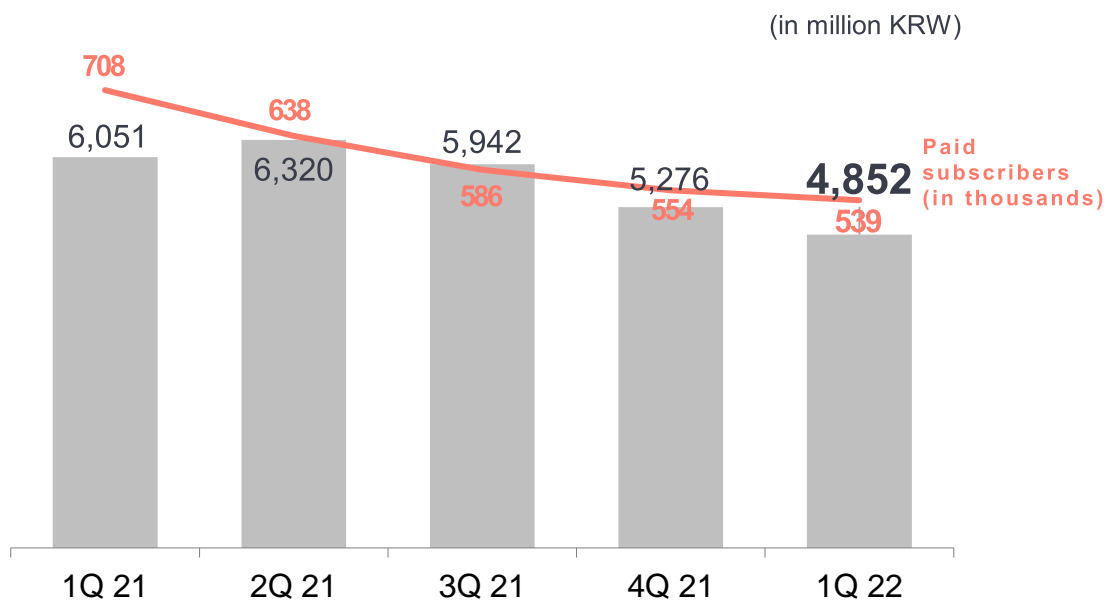


1Q 2021 | KineMaster Revenue

> KineMaster Revenue

Revenue YoY -20% / QoQ -8% in 1Q 2022

Subscribers YoY -24% / QoQ -3% in 1Q 2022

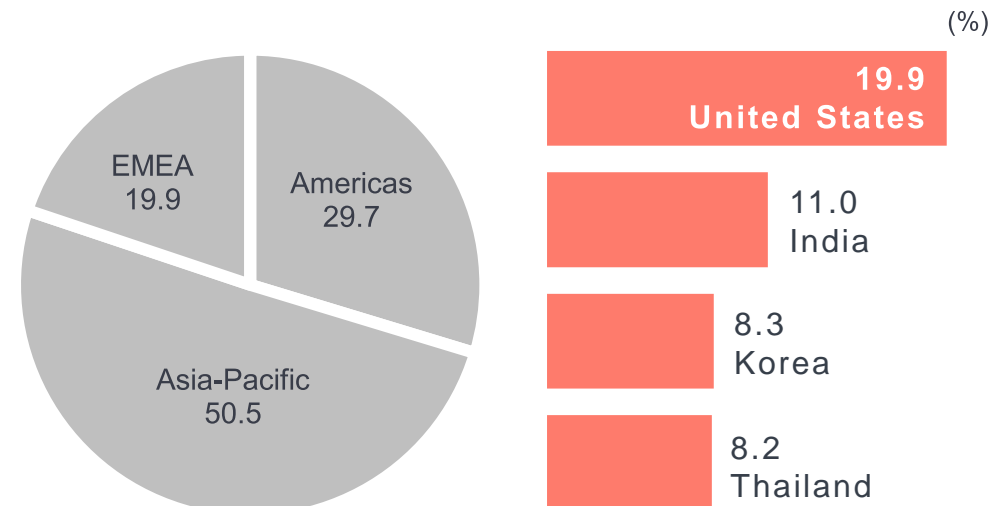


※ The total revenue includes subscriptions and Ads revenue.

※ The number of subscribers is the average for each quarter, and Android includes users during the free trial period.

> Revenue by Country

United States account for about 19.9% of Americas



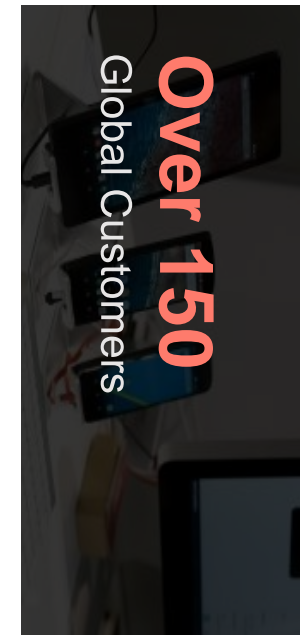
※ Cumulative revenue based on Android, and iOS in 2Q22.

※ Indonesia 7.0%, Brazil 5.0%, Philippines 3.3%, China 3.2%, United Kingdom 3.2%, Saudi Arabia 3.0% are included in the top ranks.



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



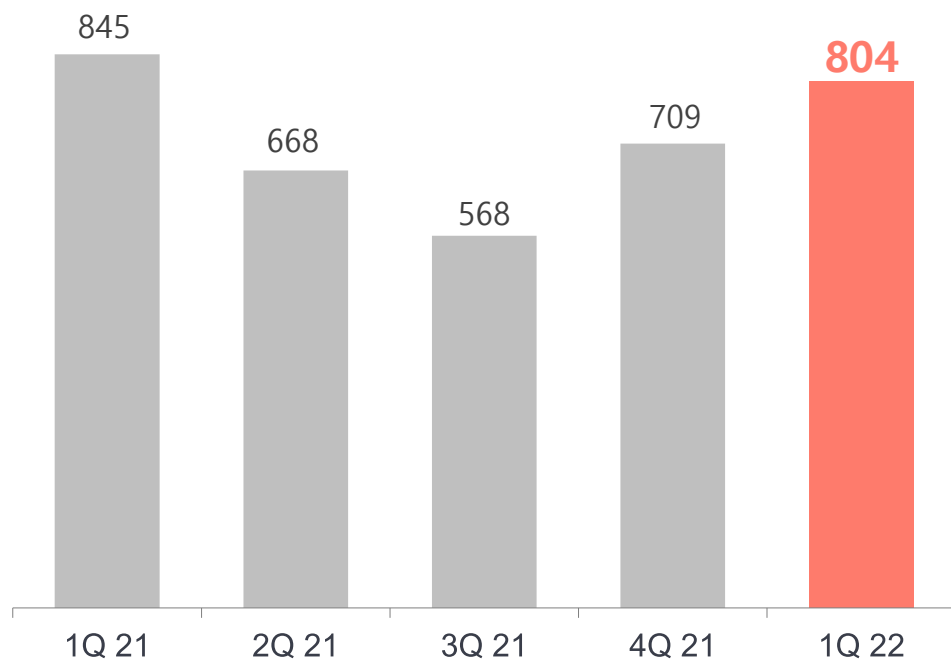


1Q 2022 | PlayerSDK Revenue

> PlayerSDK Revenue

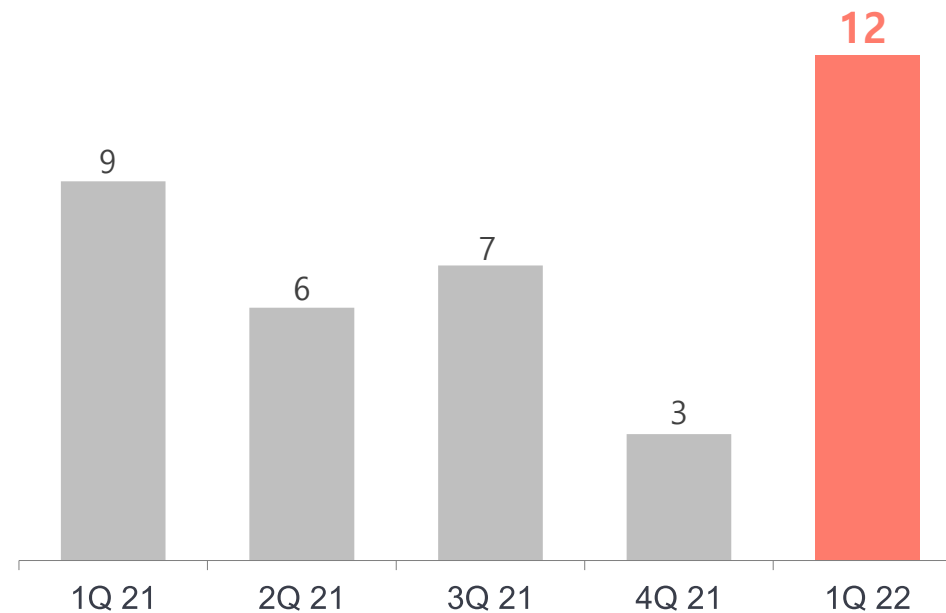
Revenue YoY -5% / QoQ +13% in 1Q 2022

(in million KRW)



> PlayerSDK Customers

Customers YoY +300% / QoQ +33% in 1Q 2022





1Q 2022 | Earnings Summary

(in million KRW)

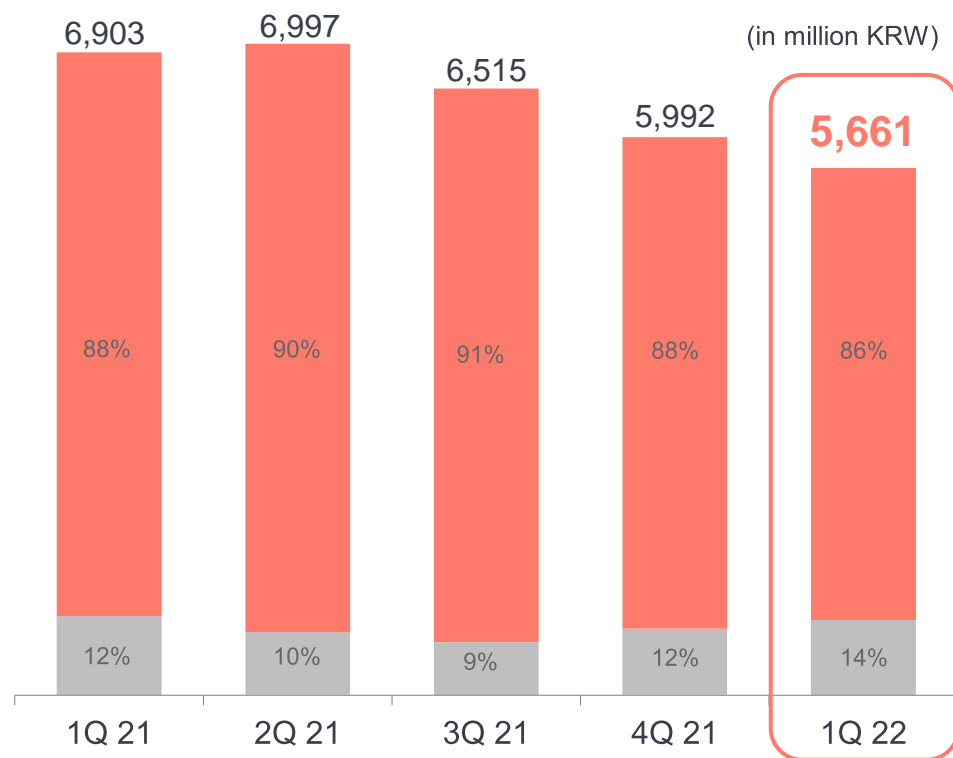
	1Q 21	2Q 21	3Q 21	4Q 21	FY2021	1Q 22	QoQ	YoY
Total Revenue	6,903	6,997	6,515	5,992	26,406	5,661	-5.51%	-17.99%
KineMaster	6,051	6,320	5,942	5,276	23,589	4,852	-8.03%	-19.82%
PlayerSDK	845	668	568	709	2,790	804	13.38%	-4.90%
Others	6	9	5	7	27	5	-24.31%	-16.63%
Operating Expenses	6,544	7,622	6,941	7,003	28,109	7,753	10.71%	18.48%
App commission fee	1,358	1,367	1,189	1,121	5,035	869	-22.49	-36.01%
Operating Profit	359	(626)	(425)	(1,011)	(1,703)	(2,092)	-	-
% Margin	5.20%	(8.94%)	(6.53%)	(16.87%)	(6.45%)	(36.94%)	-	-
Net Profit	537	(715)	(36)	(1,067)	(1,280)	(1,974)	-	-
% Margin	7.79%	(10.22%)	(0.56%)	(17.80%)	(-4.85%)	(34.86%)	-	-



1Q 2022 | Earnings Summary

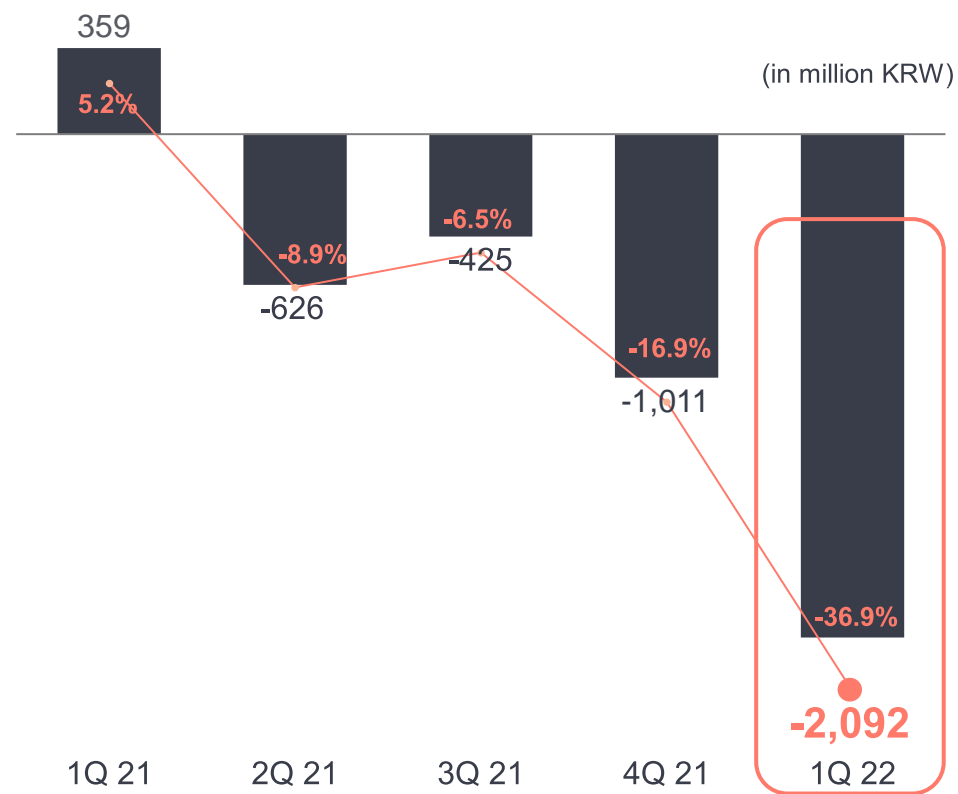
> Total Revenue

- KineMaster 86% of total revenue
- PlayerSDK 14% of total revenue



> Operating Profit

Operating profit/margin: -2,092mn/ -36.9% in 1Q 2022





1Q 2022 | Earnings Summary

> 1Q Earnings Summary

- **Revenue**

- KineMaster App revenue is 4,852 KRWmn (YoY -20%/ QoQ -8%)
- NexPlayerSDK revenue is 804 KRWmn (YoY -5%/ QoQ 13%)
- Others revenue is 5 KRWmn (YoY -17%/ QoQ -24%)

- **Operating expenses**

- **App commission fee** : Google Play Store fees have been cut, and sales have declined
QoQ -23% [4Q21 1,121 KRWmn -> 1Q22 869 KRWmn]
- **Increased investment costs for new projects**
QoQ 516% [4Q21 45 KRWmn -> 1Q22 276 KRWmn]
- **Conversion Preferred Stock valuation costs**
1Q22 142 KRWmn (Total 601 KRWmn will be reflected by the end of the year 2022)
- **Stock compensation costs for stock option**
1Q22 12 KRWmn (Total 566 KRWmn will be reflected by the end of the year 2022)
- **Recruit employees and rising labor costs**
QoQ 7% [4Q21 151 employees -> 1Q22 161 employees]

- **Expand investment source**

- Issuance of convertible preferred stock (Jan 5th, 2022)
Total 8,499 KRWmn
-



1Q 2022 | Earnings Summary

> KineMaster App update and promotion

- **KineMaster 6.0 version will be released (on May 1, 2022)**
 - **Supports to create user account**
 - **UI/UX updates centered on 'Project'**
 - ① Mix screen : Browse and download useful, dynamic, and inspiring projects
 - ② Search screen : Find just the right KineMaster project, from among many
 - ③ Create screen : Manage the projects, or make a new project
 - ④ Me screen : Save the favorite projects and manage user account
 - **Pricing change : Annual subscription price changed from \$22.99 to \$33.99**
 - **Launch of new projects:** About 1,200 projects for journalists, teachers and marketers, as well as YouTube, TikTok, and Instagram creators, have been launched and will continue to expand
- **Promotions**
 - **Facebook promotion**

Users can submit their videos and the winners get featured on our community channel. They also receive a goods.
 - **Promotion in Indonesia**

advertising was displayed at government digital kiosks with a QR code link to download our app for 30 days



1Q 2022 | Earnings Summary

(in million KRW)

Statement of Financial Position	1Q 21	2Q 21	3Q 21	4Q 21	1Q 22
Current assets	14,769	14,499	25,088	23,405	29,558
Non-current assets	2,255	1,865	2,233	2,639	3,462
Total assets	17,024	16,364	27,321	26,044	33,020
Current liabilities	1,333	1,193	992	1,624	1,625
Non-Current liabilities	940	1,072	1,202	733	9,475
Total liabilities	2,273	2,264	2,194	2,357	11,099
Capital Stock	6,773	6,773	6,773	6,773	6,773
Additional Paid-in and Other Capital	1,327	1,327	9,631	9,562	9,562
Elements of other stockholder's equity	-2,428	-2,428	245	245	257
Accumulated other comprehensive income	-112	-39	60	11	41
Retained earnings	9,191	8,466	8,418	7,096	5,288
Total equity	14,751	14,100	25,127	23,687	21,921
Total equity and liabilities	17,024	16,364	27,321	26,044	33,020

(in million KRW)

Income Statement	1Q 21	2Q 21	3Q 21	4Q 21	1Q 22
Revenue	6,903	6,997	6,515	5,992	5,661
Operating expenses	6,544	7,622	6,941	7,003	7,753
Operating profit	359	-626	-425	-1,011	-2,092
<i>Margin (%)</i>	<i>5.2</i>	<i>-8.94</i>	<i>-6.53</i>	<i>-16.87</i>	<i>-36.94%</i>
Non-operating profit	320	17	473	84	306
Non-operating expenses	82	54	7	151	171
Net profit before tax	596	-663	40	-1,078	-1,957
Income tax expense	59	52	76	-12	17
Net profit	537	-715	-36	-1,067	-1,974
Total comprehensive income	475	-651	51	-1,199	-1,950
EPS(won)	41	-54	-3	-80	-141

※ EPS were recalculated after the disposal of treasury stocks on July 2, 2021.



Market Trend I Video Editing App Market – Source: data.ai

Ranking (1Q 22)	App	Revenue 3Q 21	Revenue 4Q 21	Revenue 1Q 22	QoQ	YoY	% of Total	21 FY
1	-	10,478,820	8,973,492	8,579,673	-4.39%	-13.74%	15.00%	8,579,673
2	-	5,818,654	5,067,759	5,659,028	11.67%	9.06%	9.89%	5,659,028
3	-	4,640,005	3,503,056	5,365,668	53.17%	18.21%	9.38%	5,365,668
4	-	5,820,028	5,172,353	5,079,475	-1.80%	-28.47%	8.88%	5,079,475
5	-	3,886,447	3,267,465	3,555,576	8.82%	-9.34%	6.21%	3,555,576
6	-	4,460,516	4,015,823	3,425,125	-14.71%	-24.05%	5.99%	3,425,125
7	KineMaster	3,133,857	2,581,593	2,470,326	-4.31%	-17.51%	4.32%	2,470,326
8	-	2,132,669	1,650,917	1,824,774	10.53%	-36.47%	3.19%	1,824,774
9	-	2,266,839	1,574,363	1,747,576	11.00%	-17.40%	3.05%	1,747,576
10	-	2,503,086	1,786,933	1,666,347	-6.75%	-37.06%	2.91%	1,666,347
11	-	1,728,691	1,609,757	1,544,710	-4.04%	-18.09%	2.70%	1,544,710
12	-	1,974,185	1,621,490	1,501,575	-7.40%	-9.57%	2.62%	1,501,575
13-42	-	17,508,517	14,796,280	14,790,704	-0.04%	-23.28%	25.85%	70,530,955
Total		66,352,314	55,621,281	57,210,557	2.86%	-16.68%	100.00%	264,149,732

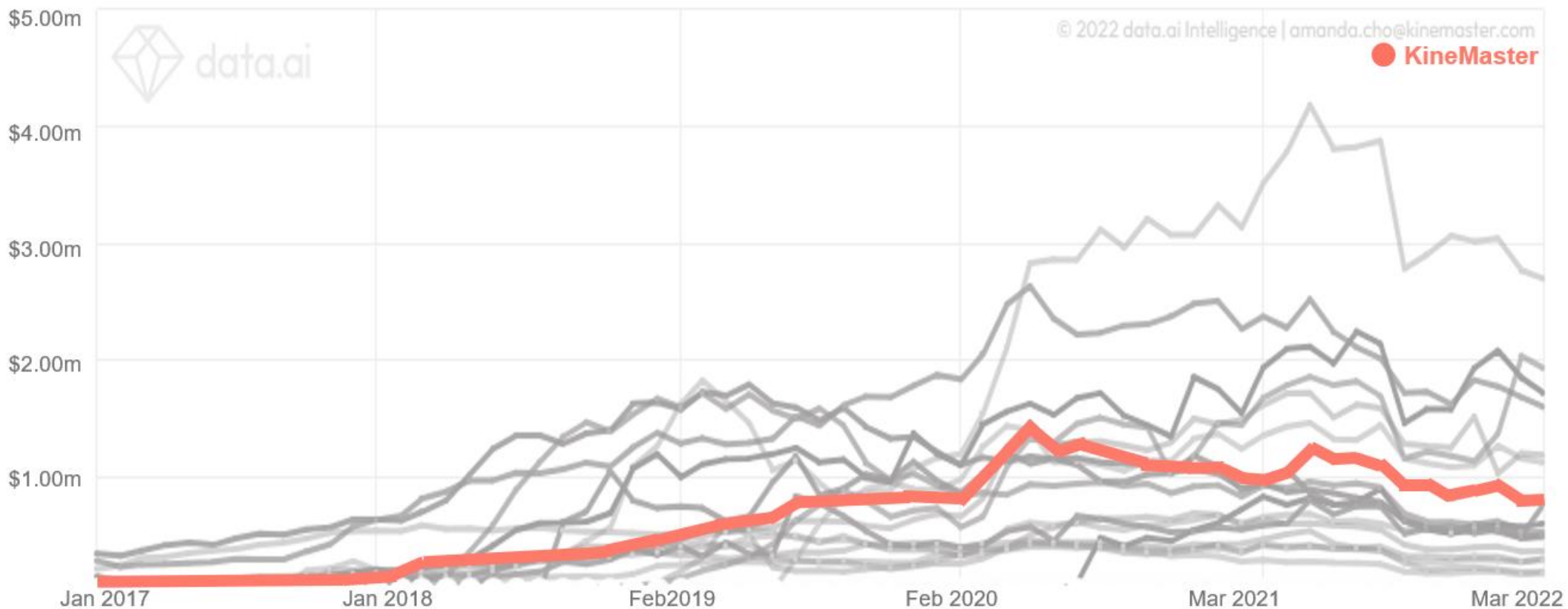
※ 해당자료는 플랫폼 수수료, 광고수익 그리고 중국 Android가 제외된 추정 매출이며, 앱 시장 리서치 회사 중 가장 신뢰받는 Data.ai에서 제공된 추정치로 실제 회사 실적과 일치하지 않습니다.

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Market Trend I Video Editing App Market – Source: data.ai

> Android & iOS 앱애니 추정매출 (1Q'17 ~ 1Q'22)



※ 해당자료는 플랫폼 수수료, 광고수익 그리고 중국 Android가 제외된 추정 매출이며, 앱 시장 리서치 회사 중 가장 신뢰받는 Data.ai에서 제공된 추정 추정치로 실제 회사 실적과 일치하지 않습니다.



Market Trend I

Video Editing App Market – Source: data.ai

Ranking (1Q 22)	App	MAU 3Q 21	MAU 4Q 21	MAU 1Q 22	QoQ	YoY	% of Total
1	-	79,811,281	101,185,253	120,702,997	19.29%	167.70%	27.70%
2	-	80,615,306	81,865,513	76,448,594	-6.62%	14.31%	17.54%
3	KineMaster	52,687,385	50,355,343	49,244,003	-2.21%	-5.59%	11.30%
4	-	18,643,042	26,558,434	25,598,956	-3.61%	182.12%	5.87%
5	-	23,214,139	20,152,500	18,717,470	-7.12%	-10.34%	4.29%
6	-	17,363,853	18,132,341	16,304,023	-10.08%	6.51%	3.74%
7	-	11,653,364	12,681,949	13,729,638	8.26%	230.18%	3.15%
8	-	9,214,614	11,655,498	11,428,937	-1.94%	16.17%	2.62%
10	-	11,313,388	9,712,356	11,801,020	21.51%	11.48%	2.71%
9	-	9,412,035	5,560,504	5,166,357	-7.09%	103.43%	1.19%
11	-	7,972,155	8,156,435	7,192,212	-11.82%	-20.74%	1.65%
12	-	6,562,722	6,748,536	6,497,030	-3.73%	143.93%	1.49%
13-45	-	68,258,981	63,004,821	72,980,416	15.83%	55.36%	16.75%
Total		396,722,265	415,769,483	435,811,653	4.82%	47.62%	100.00%

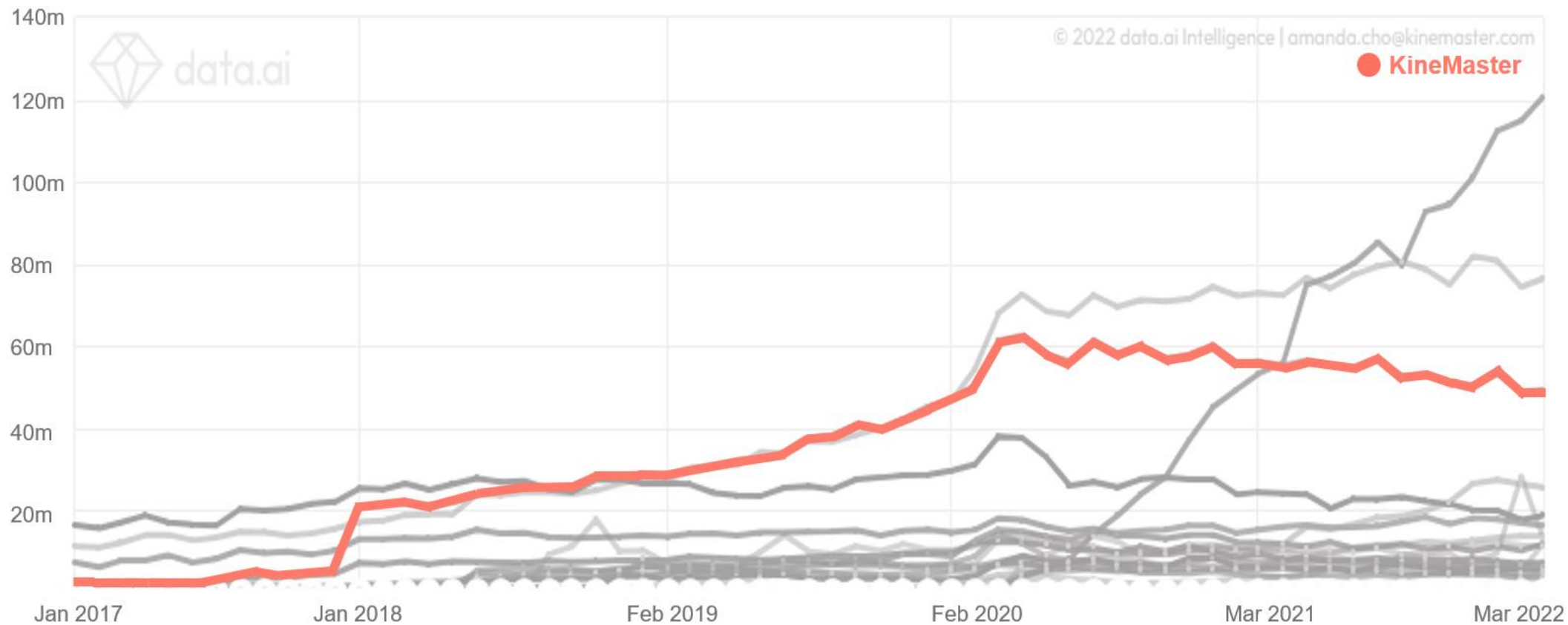
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※ 해당 랭크는 비디오 및 사진 편집앱 시장 중 사진 대한 앱은 제외되었으며, 비디오 편집앱 시장만 포함되었으며, 중국시장은 제외된 데이터로 회사에서 재 가공된 자료입니다.



Market Trend I Video Editing App Market – Source: data.ai

> Android & iOS 앱애니 추정 MAU (1Q'17 ~ 1Q'22)



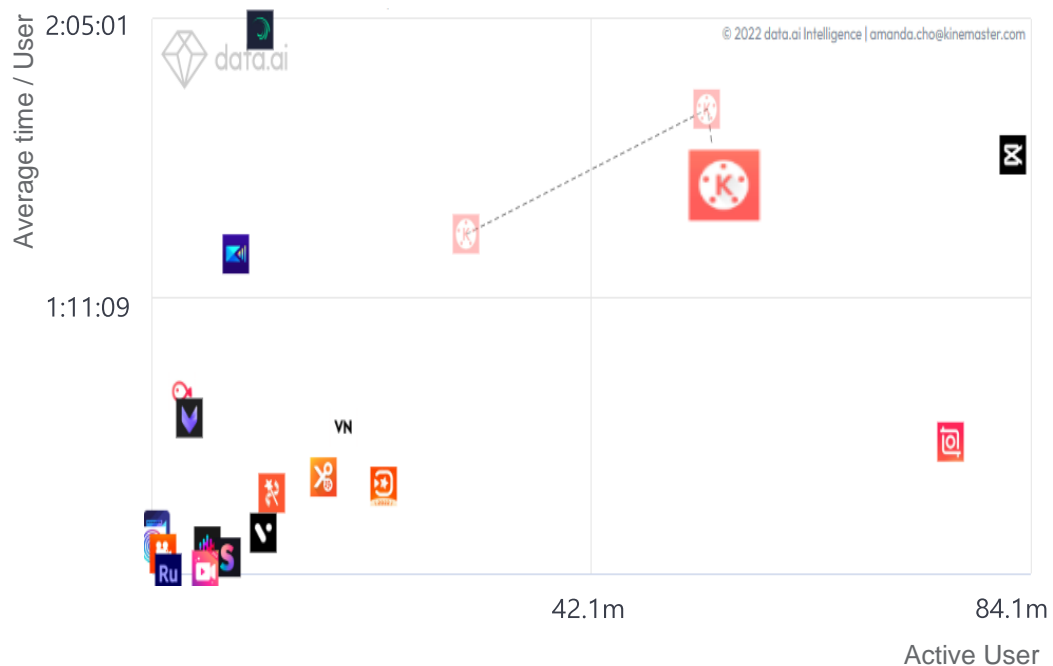
※ 해당자료는 추정 MAU이며, 앱 시장 리서치 회사 중 가장 신뢰받는 Data.ai에서 제공된 추정치로 실제 회사 실적과 일치하지 않습니다..



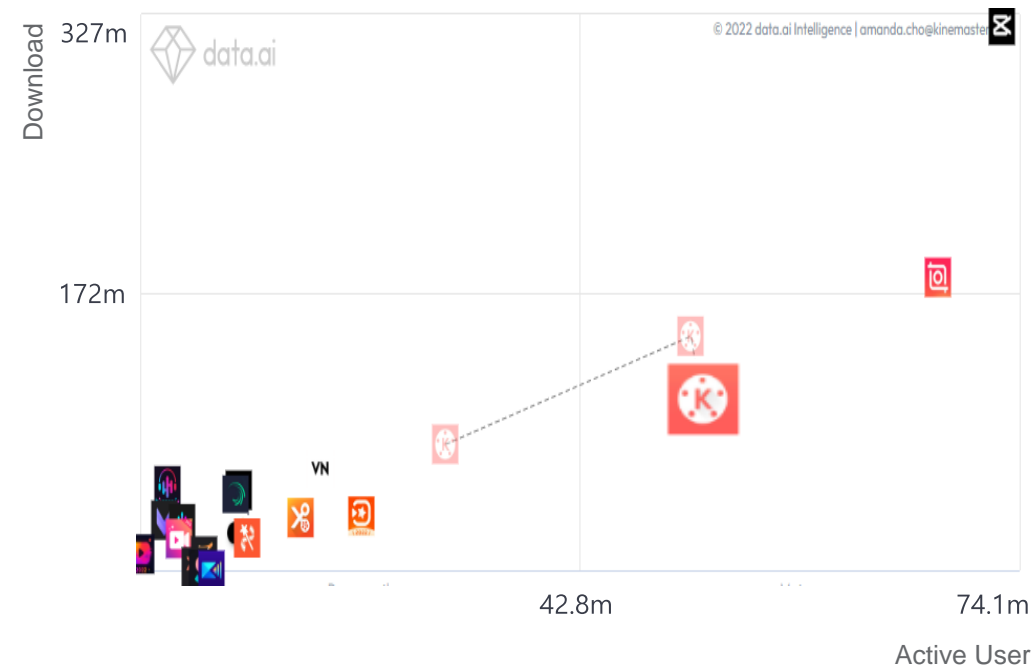
Market Trend I

Video Editing App Market – Source: *App Annie*

> Android & iOS User attention (4Q'20 ~ 4Q'21)



> Android & iOS Growth (4Q'20 ~ 4Q'21)



※ The information is estimated data provided by App Annie does not math the actual performance.



Appendix I History / 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 KineMaster Android version
- 2013 SingPlay Android version
- 2015 Provided video editing solution to XiaoMi
- 2017 KineMaster iOS version
- 2018 KineMaster exceeded 80M total downloads
- 2019 KineMaster exceeded 120M total downloads /25M MAU
- 2019 Changed the company name to KineMaster Corporation
- 2019 KineMaster exceeded 210M total downloads /37M MAU
- 2019 BeatSync Android version
- 2020 Capital increase without compensation
- 2020 KineMaster exceeded 240M total downloads /47M MAU
- 2020 KineMaster exceeded 297M total downloads /64M MAU
- 2021 KineMaster exceeded 520M total downloads /49M MAU
- 2022 KineMaster exceeded 550M total downloads /44M MAU
- 2022 Issuance of convertible preferred stock

Subsidiary

			※ Total 160 (185)
			HQ
			KineMaster and SDK Business
			Employees: 117 (137)
Ownership: HQ 100%	Ownership: HQ 100%	Ownership: HQ 100%	
US	CHINA	SPAIN	
KineMaster	KineMaster	Player SDK	
Employees: 9 (13)	Employees: 4	Employees: 30 (31)	

※ () are based on total operating employees including key freelancers and outsourced staffs.

List of shareholders

Il-taek Lim	1,574,407	11.25%	Founder · CEO
SOLBORN, Inc and parties concerned	4,543,251	32.45%	Investors
Etc	7,883,185	56.30%	-
Total	14,000,843	100.00%	-

※ The above ratio was calculated based on the total number of issued shares, including 454,536 CPS (convertible preferred shares).



1st Quarter 2022 Results | KineMaster Corporation

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