

FUTURESTREAM NETWORKS

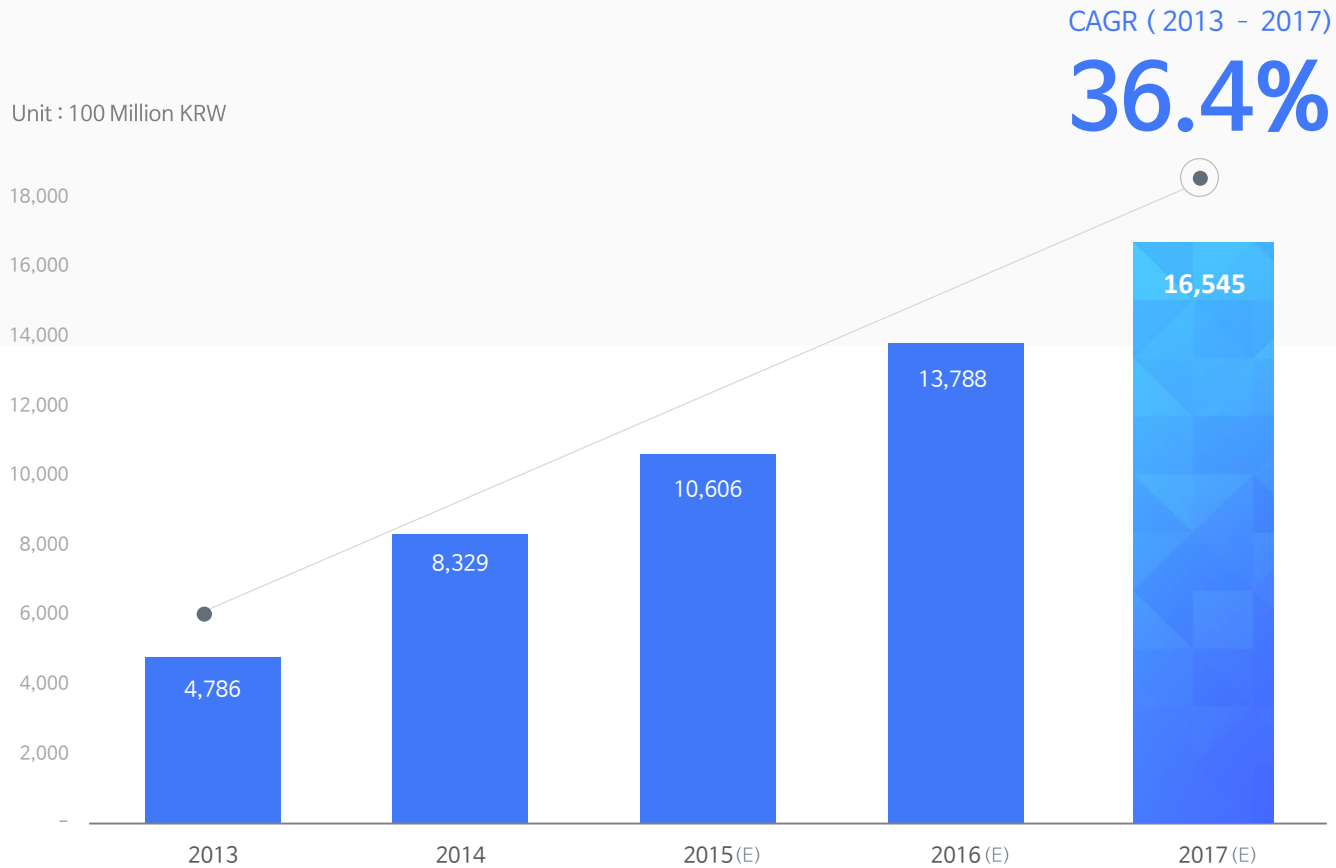
Company Overview

2016-01

Business Overview

Mobile Ad Market Size

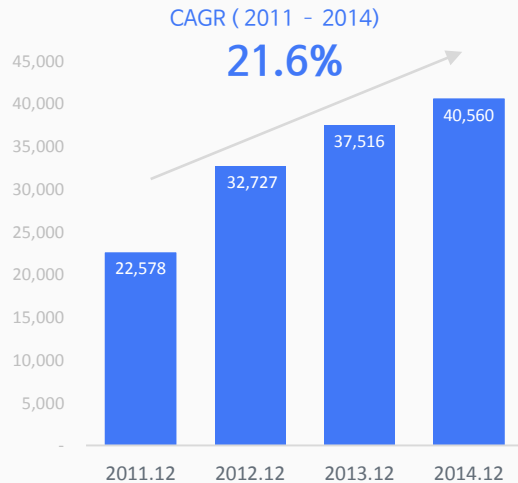
Korean Mobile Ad market is expect to grow 27% to reach **1.06B USD** in 2015. The market size for 2017 is expected to be **1.6B USD**.



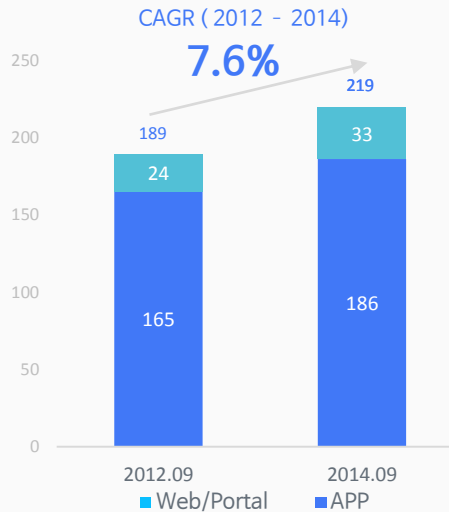
Mobile Ad Market Growth

As the number of smartphone users and their time spending on smartphone have been increasing, various mobile services including e-commerce have shown dramatic boost; The future for mobile ad market looks to be promising.

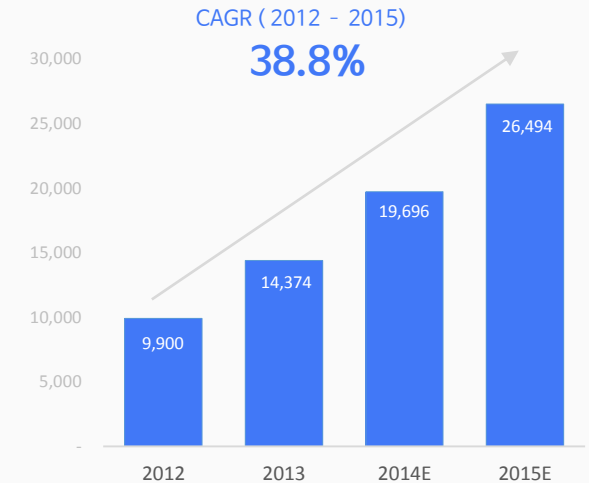
Smartphone users (unit: Thousand subscribers)



Time spending on Smartphone (unit: minute)



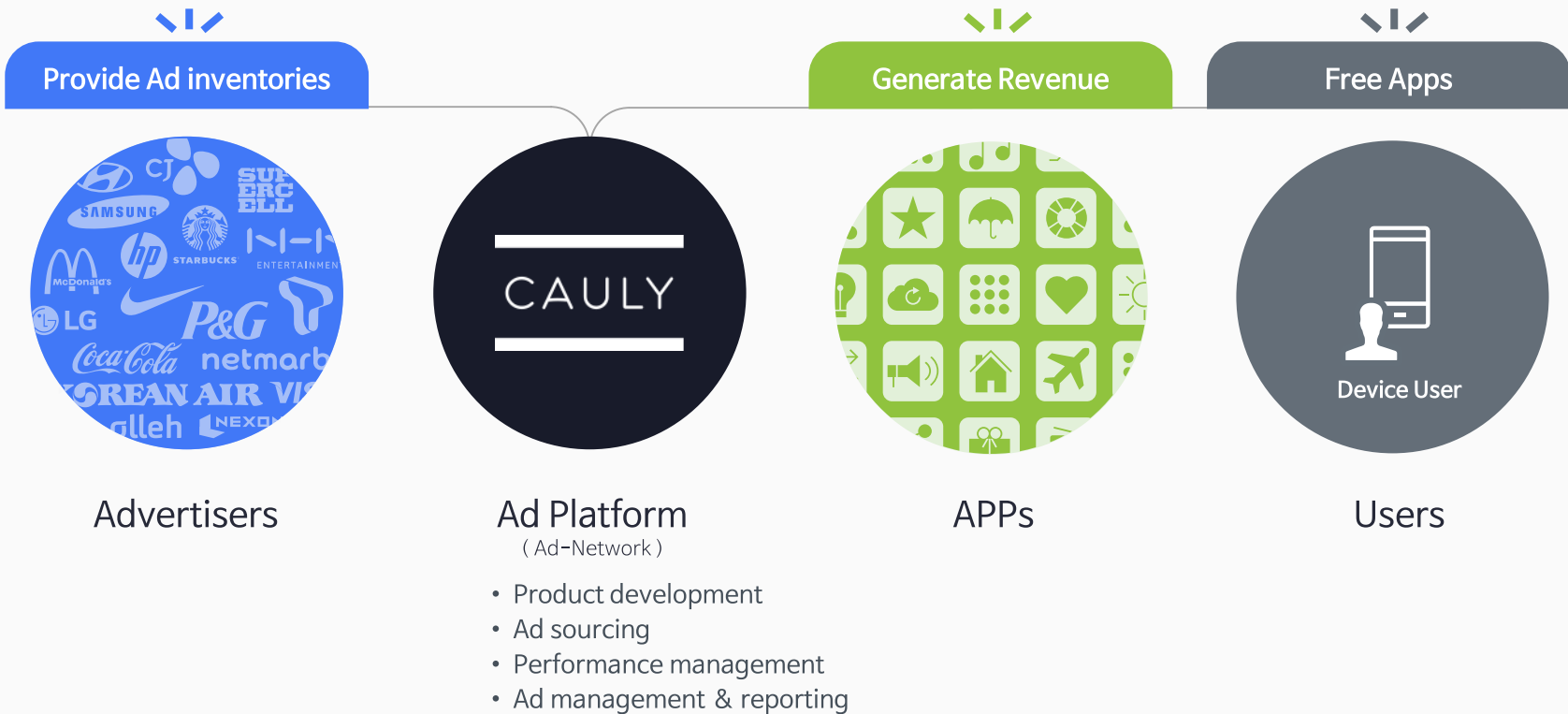
Mobile e-commerce market size (unit: 100 Million KRW)



Source: Ministry of Science, ICT and Future Planning, Nasmedia mobile report, DMC report

Mobile Ad Platform

FSN has showcased its leading expertise throughout the mobile ad market where countless APPs, users and advertisers collaborate. CAULY grows to be essential within Korean mobile ad market ecosystem.



CAULY Line Up

CAULY serves as the largest mobile display ad platform in Korea. FSN also launched CAULY Video in early 2015 to keep up with opportunities in video ad market.

Business Scope

Display Ad Platform

Incentivized Ad Platform

Video Ad Platform

CAULY

cauly square¹



Highlights

- Korea's No.1 Mobile Ad-Network
- Market leading product portfolio includes Rich Media, Video Ad, PreExpandable
- Launched Native Ad in Jan, 2015

- Incentivized cross-ad platform focusing on game app marketing
- Increase APP ranking and brand awareness

- Video ad network platform
- Expose video ad for SNS, Video streaming service

Major Achievements

- Established Korea's largest network of 12,000 APPs
- 10 Billion PVs per month

- Working closely with Korea's major game publishers

- Launch date: early 2015
- Created partnership with major video media players

CAULY Mobile Ads

FSN's main service CAULY is Korea's No.1 mobile display ad platform.



25 Million users /month

Over 25 million users experience CAULY's ads

10 Billion Page views /month

Over 10 billion page views



12,000 APPs

12,000 APPs in different categories load CAULY ads

TOP 100 Brands

Including the top 100 companies, CAULY partners with major brands



Advertisers

Top 100 companies and major brands from m-commerce to mobile games have been the best partners of CAULY.



Media

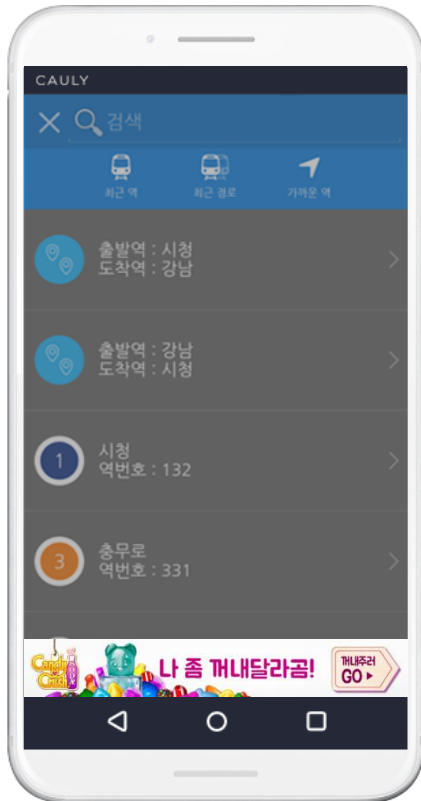
CAULY has engaged with more than 12,000 APPS , the largest network in Korea



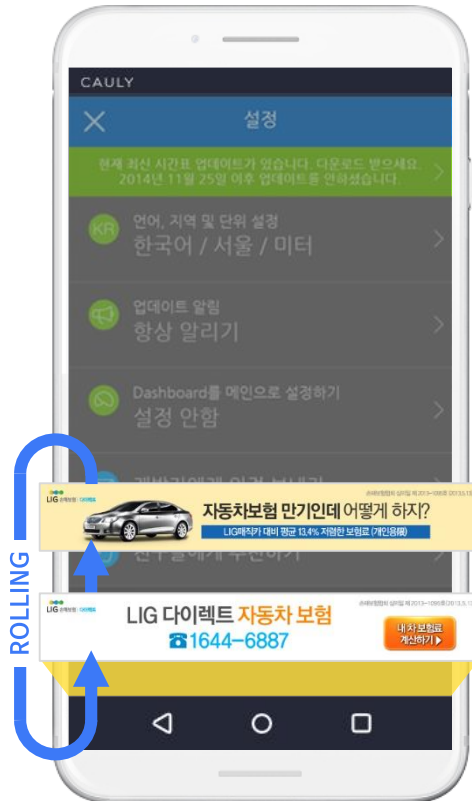
Core Product - Banner

Types of banner ad products include rolling, animated and pull banners.

image



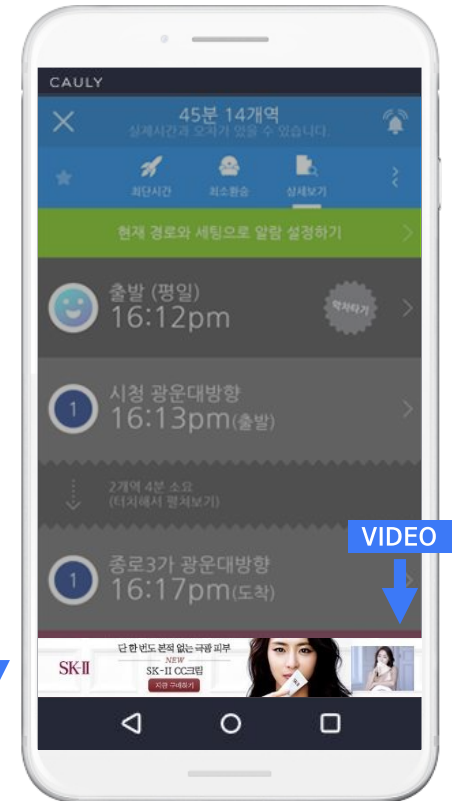
rolling



animated



pull



Core Product - Interstitial

Interstitial ads displaying on full screen perform as high as average 3% of CTR.



Ad Performance

CAULY continues to maintain strong performance for our advertisers with highly advanced targeting technology and optimized ad performance enhancement system.

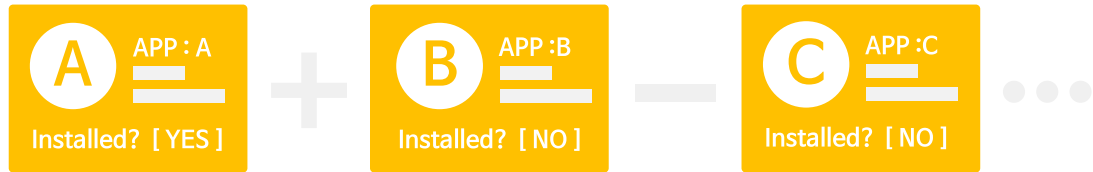
Business Scope	App Profile Targeting	Defined User Targeting	Performance Enhancement System
Highlights	<ul style="list-style-type: none">• Implement targeting based on downloaded APPs on devices• Support various campaigns based on user interests and smartphone usage patterns	<ul style="list-style-type: none">• Aim at user groups with certain attributes defined by advertisers.• Optimize performance by the purpose of the campaign and service usage pattern.	<ul style="list-style-type: none">• Match advertisers' characteristics to media so that we can optimize advertisers' KPI.• Major brand advertisers have made the best out of performance enhancement system.• This strategic system has increased performance by 30% on average and elevated up to 200%

APP Profile Targeting

CAULY targets particular devices advertisers pinpoint by profiling APPs the users downloaded .

Target Condition

Target devices which downloaded either A or B APP, and have no C APP



Campaign Execution

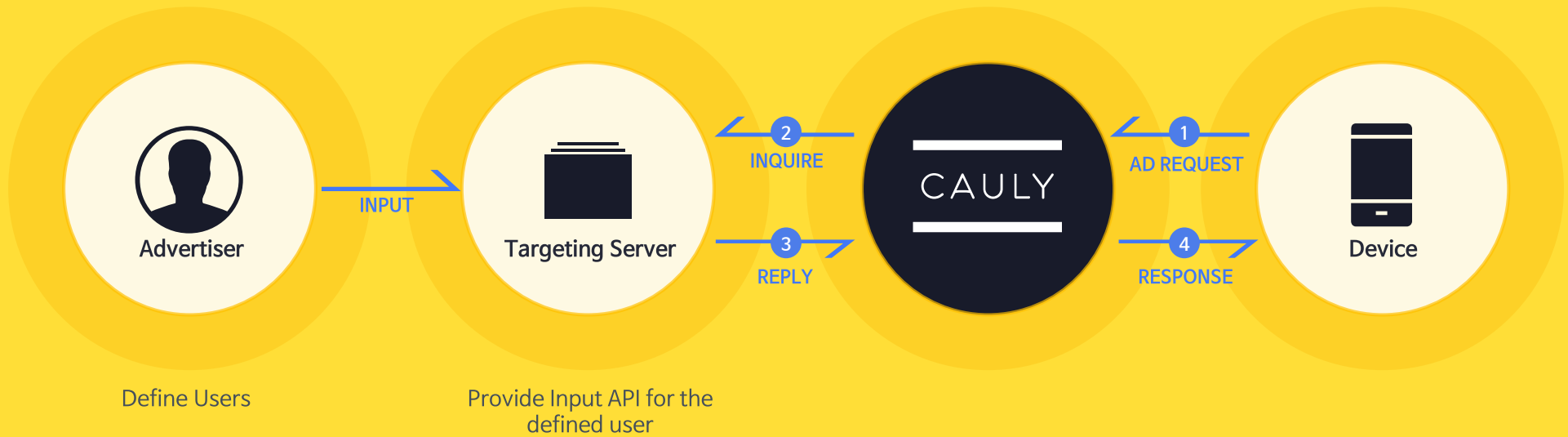
Expose ads only on devices that satisfy the target conditions



Defined User Targeting

CAULY exposes ads to specific user groups that advertiser defined.

- Case A. Send a promotional ad to those who have not login the game APP in the past 3 months
- Case B. Send a coupon to those who have not purchased in a shopping APP in the past 2 months



Performance Enhancement System

This strategic system has increased performance by 30% on average and elevated up to 200%.

Variables



CAULY Performance Management



Basic Targeting

CAULY targeting options for mobile improve efficiency and performance of ad.



OS

Android or iOS
OS Version



Device

Device
manufacturer
Device model



App Store

Google Play, Apple App
store, T Store, Olleh
market, U+ App market



Locations

City level target (Wi-Fi)
Local based app target



Network

LTE, 3G, Wi-Fi
Carriers



Time

Date, time zone,
Time Ad (taking all
ad space in a specific
time frame)



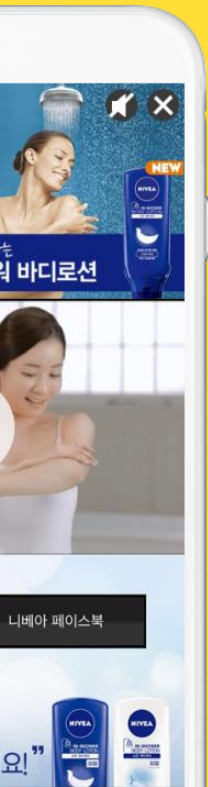
Application

Ad characteristic related APP
CAULY's premium APP
Male/Female oriented APP

CAULY Creative

CAULY has a distinctive set of creative contents which maximize the campaign performance and take the whole process in house from production to operation.

- Highly impressive creative contents to draw user attention
- Compelling ad campaigns with interactive rich-media products



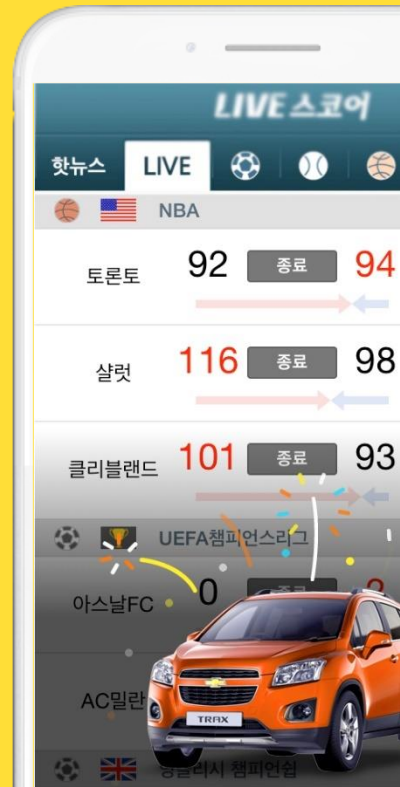
Rich Media



Video



PE



CAULY Native AD

CAULY is leading the mobile ad market with Native AD product from its release in 2014.4Q

Covers all types of ads only with 6 different contents

In harmony with background contents

Suited for both branding and performance oriented advertisers

Card Type



List Type

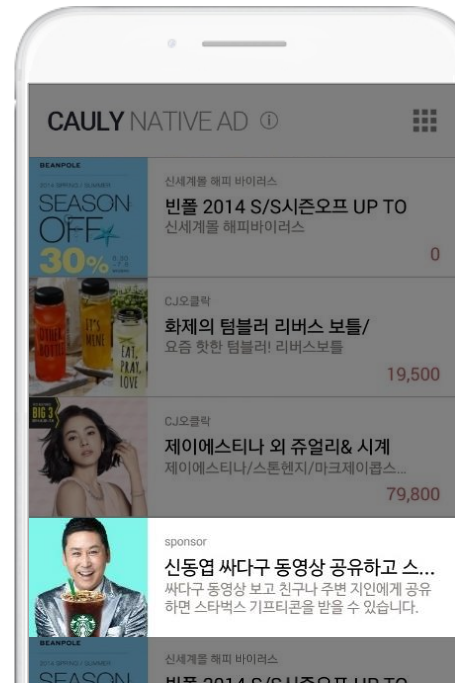
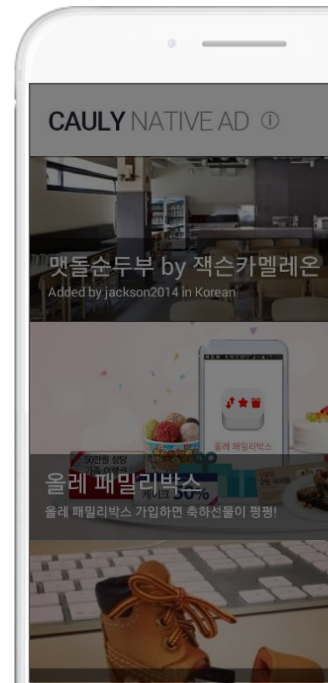


Image Type



CAULY Square

Major game publishers have participated in incentivized ad platform, CAULY Square.

- CAULY Square supports marketing Platform of either offer-wall type or creative display



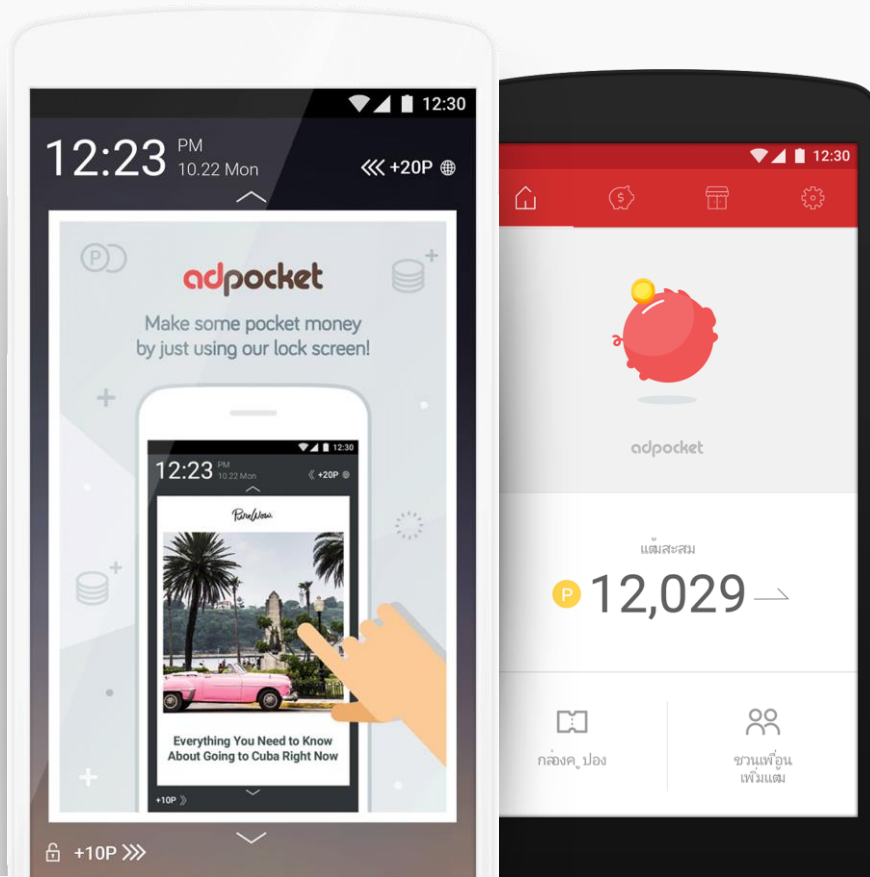
CAULY Video

CAULY Video was released in 2015 2Q to lead Korean video ad market.



Introducing CASHUP

FSN's Mobile lock screen advertising platform, CASHUP is a mobile application specifically designed for advertising.



Lock Screen AD

Ads are displayed on the users' phone lock screens, every time they wake up their phones

Chart Boosting by Rewards

Users are rewarded for participating ads, leading massive downloads cost effectively

Branding by Massive Displays

Frequent displays on lock screen effectively imprint brands

Lock Screen Features

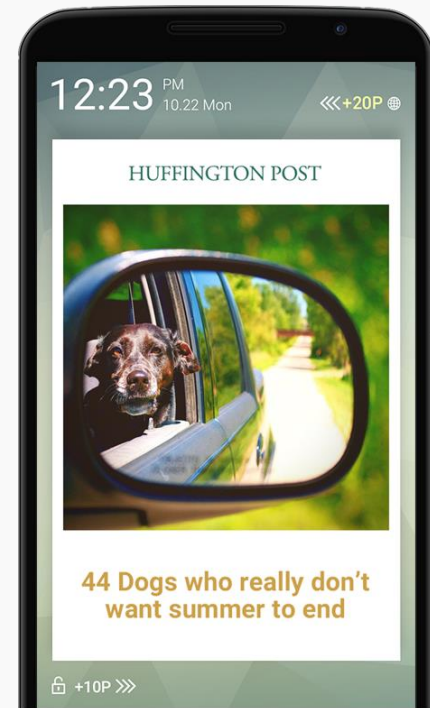
Users can scroll to view more ads on their lock screen. Tired of seeing only ads? Show contents in between ads that users are interested in to increase user engagement.



Completely new interface designed to fit perfectly on the lock screen!



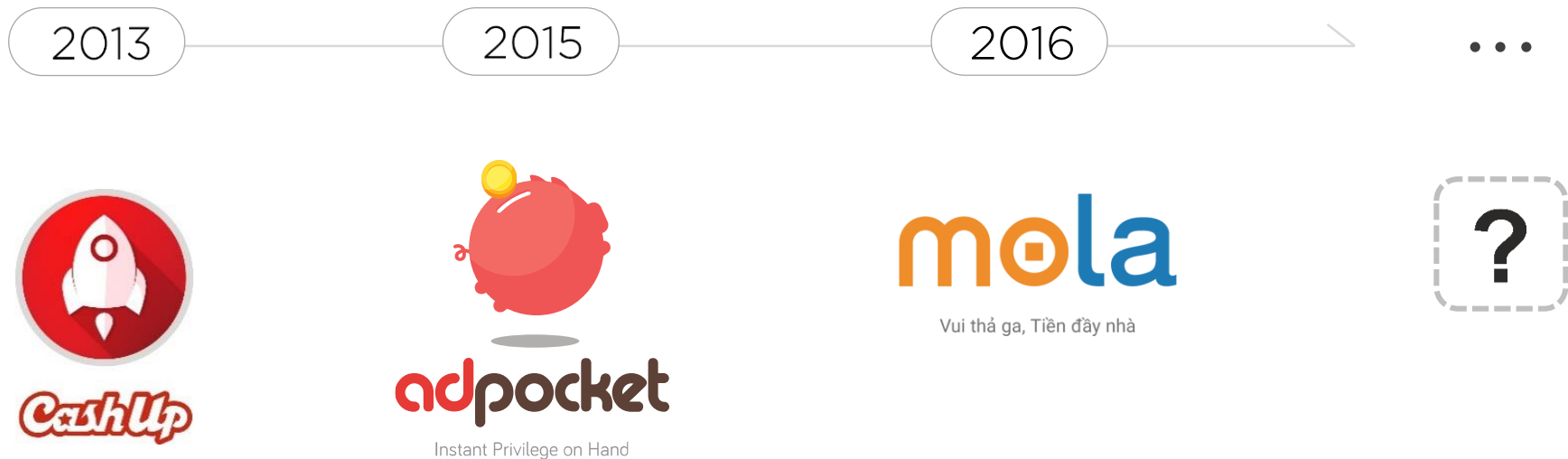
Scroll up & down to see more ads and contents!



Change from being only an ad platform to a total lock screen portal!

Introducing CashUp Global Version

We proudly present our completely new version of CASHUP for the global market. Classy, up to date design along with new features take our user experience and value to the next level.



AdPocket is the CashUp global version for the Thailand market. Name, Logo, Colors, etc. will be customized for selected market.

Global Expansion



In 2016, FSN is expanding business to 6 countries in South East Asia in cooperation with Yello Mobile's global network.

- ✓ A rapid expansion to Global market by leveraging Yello Mobile's global network
- ✓ Launched Thailand CASHUP (Adpocket) in November, and launching Vietnam CASHUP in January 2016
- ✓ Plan to introduce ad platform solutions to other Southeast Asia markets soon

Synergy with Yello Family

FSN is the only mobile ad platform within Yello Family; which works as a hub for 80 other Yello family businesses to diversify products.

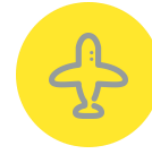


MEDIA & VERTICAL APPS

Pikicast, 1KM, Jihachul, Poing, Alarmmon, Blank, Cream, Flava, Moncast



CAULY will play the key role to connect services of Yello Mobile family to drive synergy.



TRAVEL

Travel doctor, Woori Pension, Jeju.com, Jeju Mobile, MOGIT



AD & DIGITAL MARKETING

Yello story, Innobirds, E-motion, adqua, purple friends



SHOPPING MEDIA

Coocha, Coupon Moa, Kookmin Coupon, Price Area



OFFLINE TO ONLINE

JTNET, Good doc, Karam, Vibe RC, Hotel now

Company Overview

Organization



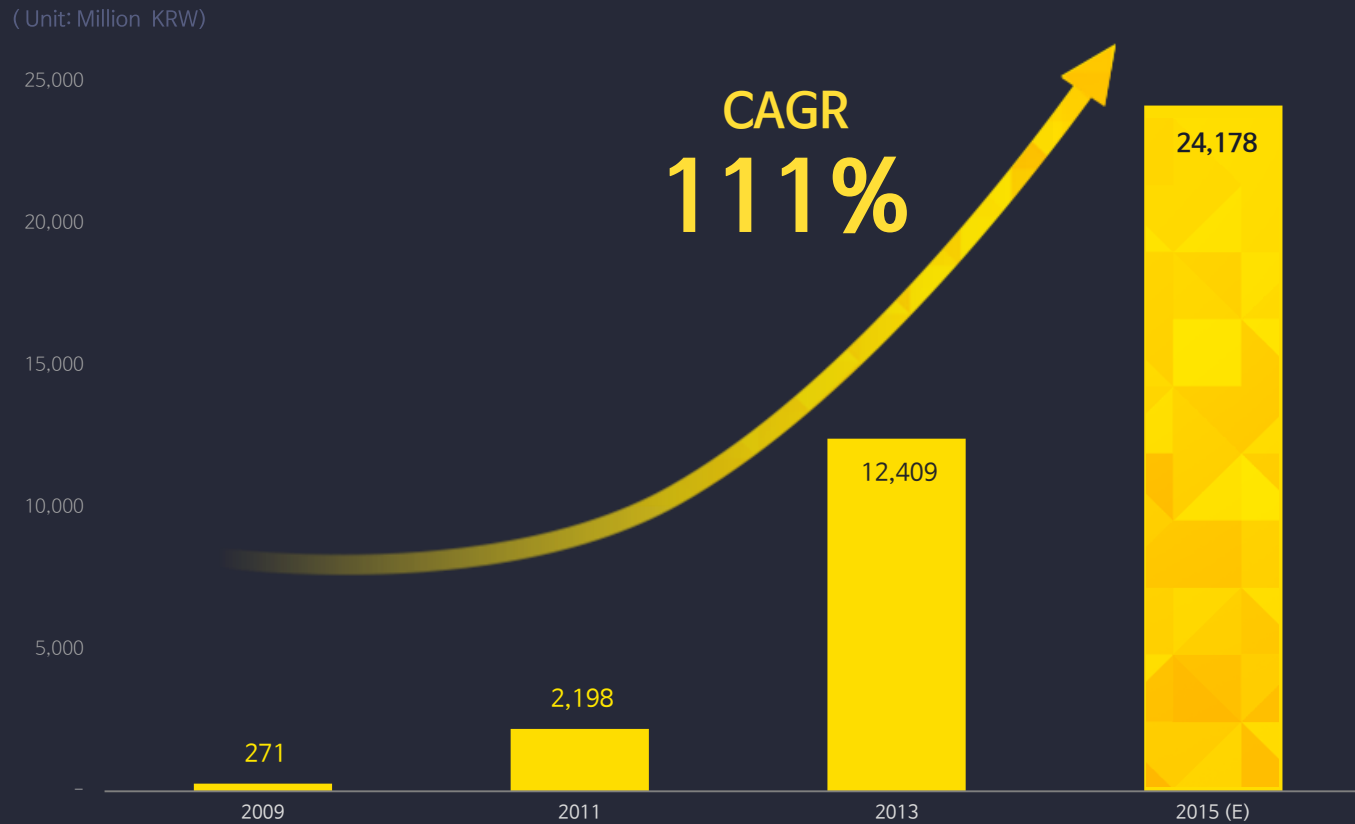
FSN's Board of Management and Key Member Profile is as following

Shin, Chang Kyun	CEO	NHN China Chief Manager ('00 - '09) LG Capital ('97 - '99) B.S. in Agricultural Economics, Korea Univ. ('90 - '96)
Lee, Jong Eun	Vice President	Nemo Partners SCG Partner LG EDS B.A. in Mathematics Education, Seoul National Univ.
Cho, Chang Hyun	Vice President	A.T. Kearney Korea Partner ('09 - '15) Nemo Partners SCG ('06 - '09) Withus Investment CIO ('02 - '05) B.A. in Economics, Seoul National Univ. ('95 - '02)
Jeon, Chan Seok	CTO	TechnomadCEO ('08 - '09) NHN NaverPhone Team Leader ('02 - '08) Digito.com ('99 - '02) B.S. in Computer Science/ Biology, Seoul National Univ. ('95 - '99)
Lee, Sun Young	CMO	SL Communications Online Division Manager ('13 - '14) ATTOMEDIA Education Service Manager ('09 - '13) LG AD Marketing Strategy Division ('02 - '09) B.S. in Business Administration, YonseiUniv. ('94 - '02)
Song, Ki Hyun	CSO	NemoPartners SCG Manager ('06 - '11) NHN HangameGlobal Platform ('02 - '06) B.S. in Electrical and Electronic Engineering, Seoul National Univ. ('96 - '02)
Kang, Nam Seok	Management Planning Dept.	Senior Manager, SamilPricewaterhouseCoopers ('04 - '14) KICPA, CIA, SAP CO Consultant Bachelor of Business Administration, Seoul National Univ. ('96-'02)

FSN Major milestones in mobile ad market

2015	01	Launched CAULY Native AD	2011	11	Launched the first mobile richmedia in Korea
	06	CAULY video launch		10	Exceeded 0.1B (daily) CAULYAPV/ 6,000 Apps
2014	12	Sales exceeded 25B KRW	2010	03	3B KRW investment from Capstone Partners Awarded Grand Prize of Korea Mobile Ad
	03	Joined Yello Family Exceeded monthly revenue of 2M USD		11	1.2B KRW investment from Capstone Partners
	05	Ad performance optimizer launched	09	Started Android phone advertising service	
2013	11	Sales exceeded 10B KRW	2009	04	Launched Korea's first mobile ad platform
	10	Launched game marketing platform "CAULYSquare"		12	Established mobile ad. platform TF
	04	Launched lockscreen ad platform "CASHUP"	2007	06	Incorporated FuturestreamNetworks
2012	08	Exclusive display ad platform for KakaoGame Center			
	05	Exceeded the total sales of 2011			
	02	3D mobile ad service for the first time in Korea			

Through the relentless innovation, FSN has demonstrated its leadership throughout the market in the last 6 years.



IFRS after 2013

FSN has first commercialized mobile ad platform in Korea and recorded 100% annual growth 6 consecutive year.

FSN Financial Statements

Income Statement

(Unit: Million KRW)

	FY 2014	FY 2013
Revenue	25,735	12,409
<i>Growth(% , YoY)</i>	<i>107.39%</i>	<i>54.74%</i>
Cost of Goods Sold	- 12,108	- 5,705
Gross Margin	13,626	6,704
<i>Gross Margin rate</i>	<i>52.95%</i>	<i>54.03%</i>
SG & A	- 7,698	- 7,353
Operating Income(Loss)	5,928	- 649
<i>Operating Income Rate</i>	<i>23.04%</i>	<i>-5.23%</i>
Financial Income	1,108	36
Financial Expense*	- 212	- 1,445
Non-operating Income	2	8
Non-operating Expense	- 4	-29
Earning before Tax(Loss)	6,822	- 2,079
Tax Income	233	-
Net Income(Loss)	7,055	- 2,079
Other Comprehensive Income	-	-
Net Income(Loss)	7,055	- 2,079
<i>Earnings per Share(Loss)</i>	<i>5,861</i>	<i>- 2,121</i>
<i>EBITDA</i>	<i>5,991</i>	<i>- 583</i>

*Includes RCPS loss

Balance Sheet

(Unit: Million KRW)

	FY 2014	FY 2013
Current Assets	12,764	3,952
Cash and Cash Equivalents	1,574	327
Account Receivable	5,003	3,493
Other Current Financial Assets	6,188	131
Non-Current Assets	529	343
Other Non-current Financial Assets	150	150
Tangible Assets	120	165
Intangible Assets	21	28
Deferred Tax Assets	238	-
Total Assets	13,293	4,295
Current Liabilities	4,571	13,315
Account Payable	3,093	2,405
Short term Borrowings	1,200	1,222
Bonds with Stock Warrant	-	1,283
RCPS	-	7,868
Derivatives Liabilities	-	34
Allowances	11	217
Other Current Liabilities	265	286
Non-Current Liabilities	16	16
Total Liabilities	4,586	13,330
Capital Stock	867	500
Capital Surplus	10,637	301
Other Capital	140	155
Deficit	- 2,936	- 9,991
Total Stakeholders' Equity	8,707	- 9,035
Total Stakeholders' Equity and Liabilities	13,293	4,295
<i>Net Liabilities</i>	<i>- 4,941</i>	<i>3,668</i>

Thank you

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