

No.1 Worldwide
K-Beauty
Platform
SILICON2



SILICON 

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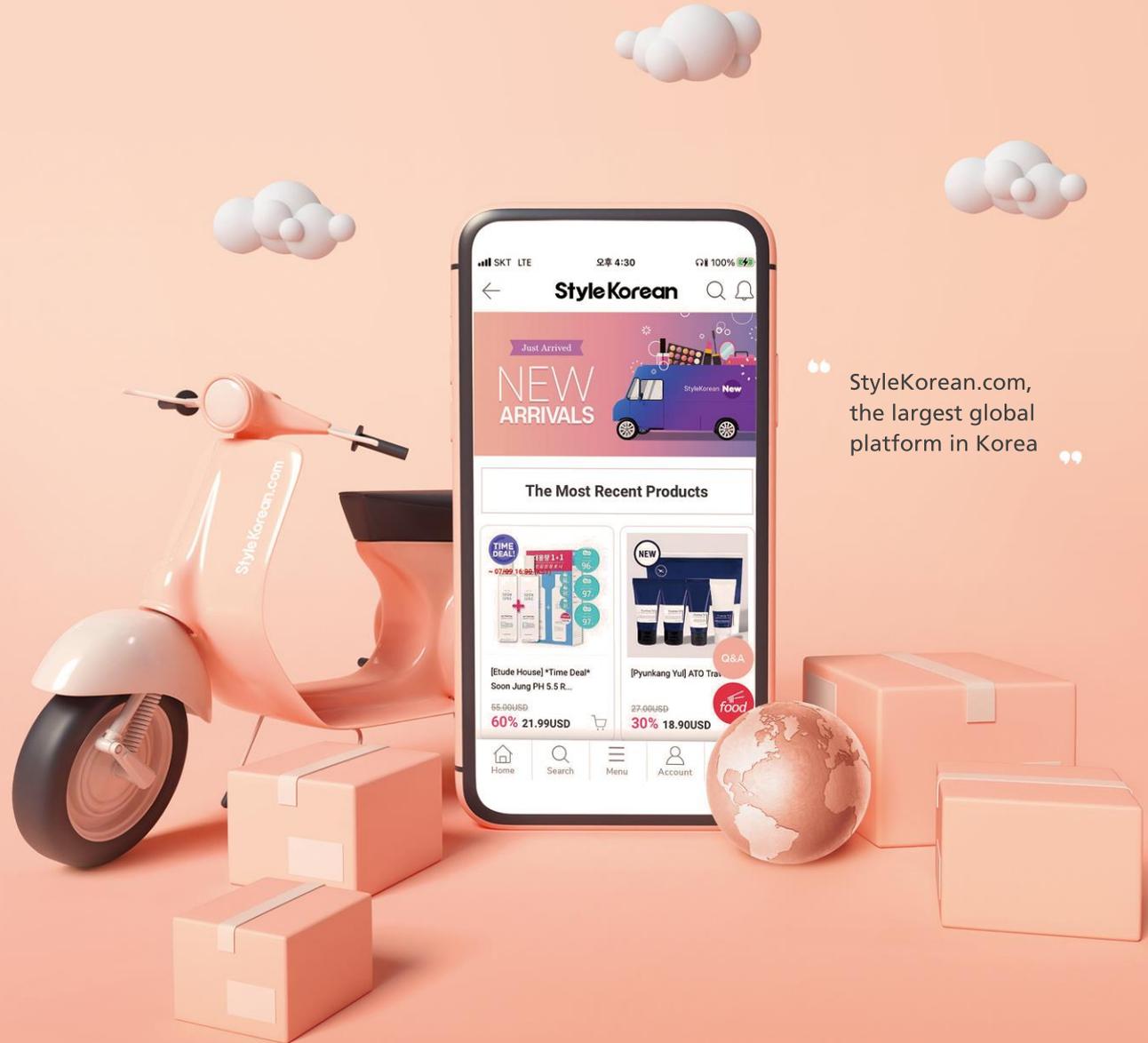
Connecting K-Beauty to the World

Chapter 03_ SILICON2's Grounded Confidence

Chapter 04_ SILICON2 Leading K-Beauty

Worldwide

Appendix



StyleKorean.com,
the largest global
platform in Korea

Rise of K-Culture and SILICON2

K-Game



Ranked 1st
in global annual revenues

K-Movie



"Parasite"
won four awards at Oscars

K-Drama



"Squid Game"
Critics Choice Super Awards

K-Pop



BTS, Super M, Stray kids
won four Billboard
Music Awards

K-Beauty



Hidden heroes
behind great success

Publisher



Distributor



Entertainment Agency



SILICON2



Design, Distribute and Promote K-Beauty by **SILICON2**

→ SILICON2 is a global E-Commerce platform for K-Beauty

Value Creator Beyond E-Commerce, SILICON2

Silicon2 is expanding overseas with diverse K-Beauty brands and products continuously emerging.



- Growing popularity of K-Beauty**
Numerous Brand and Product Sourcing
- Value creation powered by brands with cultural contents**
Storytelling Media Marketing
- Global customer satisfaction**
Consumer Accessibility and Convenience

PUBLISHER

Supply of K-Beauty products (+250 brands)



LOCALIZATION

Share know-hows in licensing and locally specialized expertise & marketing



INCUBATION

Mutual growth with emerging brands (Investment in 9 brands)





Chapter 01

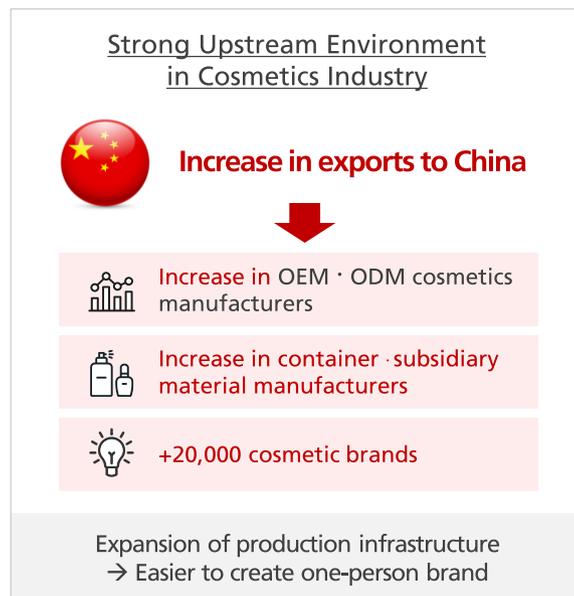
K-Beauty & E-Commerce

01_ Growth Factors of K-Beauty

02_ Crisis of K-Beauty

Satisfying various trends and global demands through online channel expansion and K-Beauty's massive infrastructure

Optimized production infrastructure for growing beauty industry



K-Brand Growth



E-Commerce Growth



↓

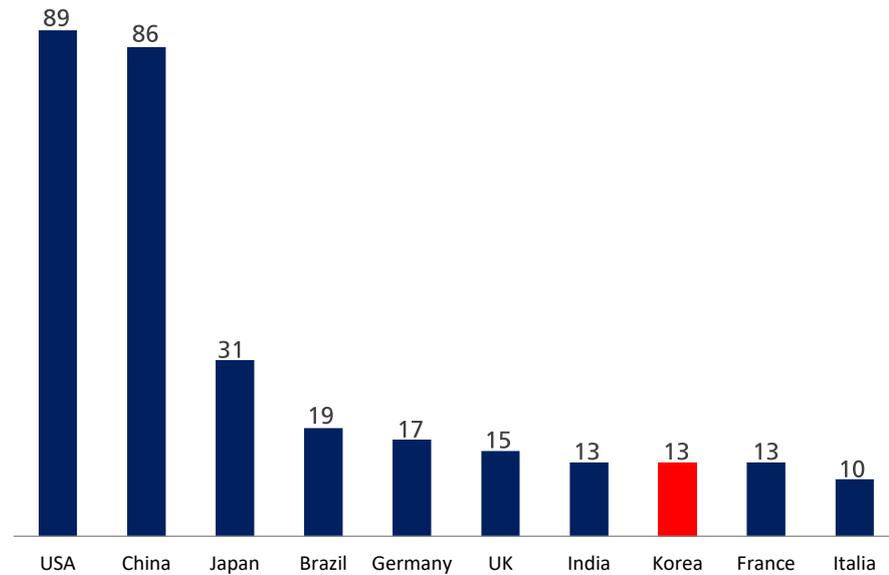
'Made in Korea' with K-content and technology
→ Shared growth with K-Beauty, K-POP, K-Food, K-Fashion

02 Investor Relations 2023 Crisis of K-Beauty

Global export scale and Cosmetics market size

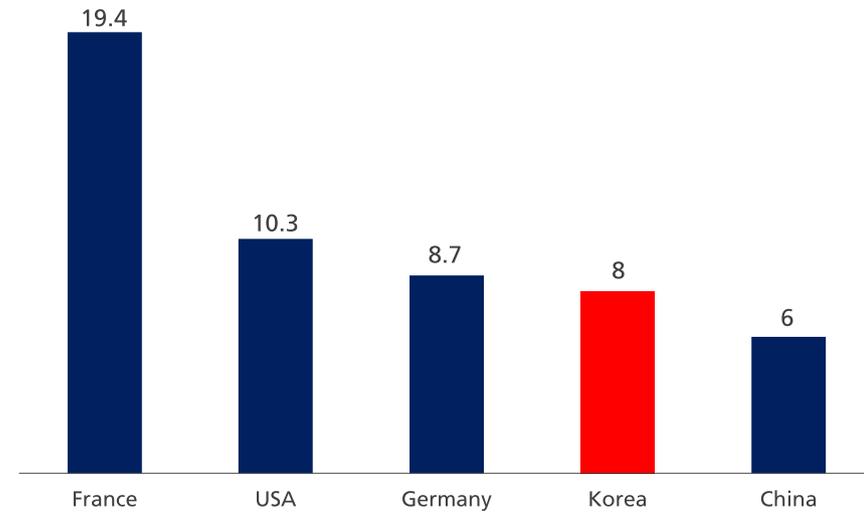
2022 Cosmetics World Market Size Top 10

Billion USD



2022 Cosmetics Export Ranking Top 5

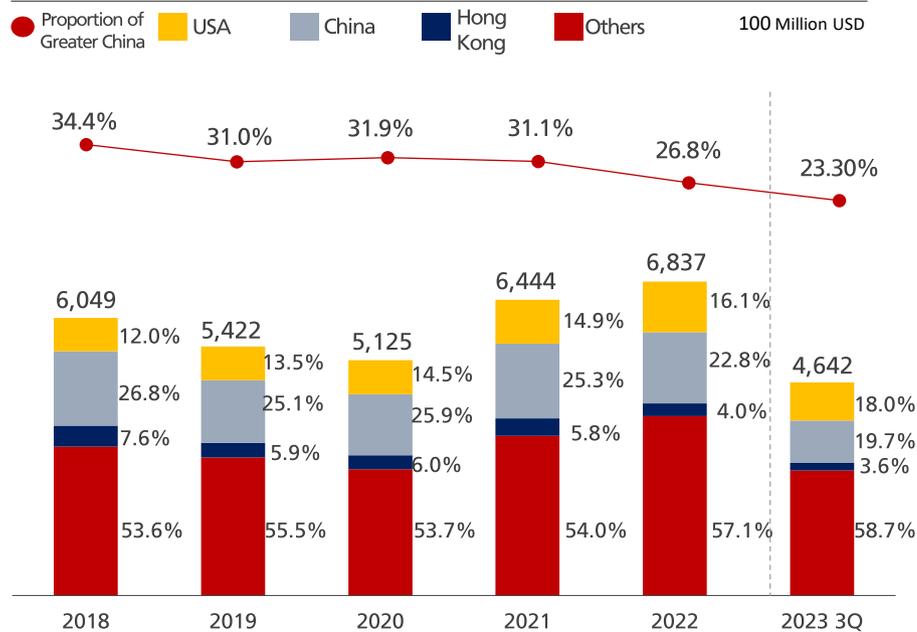
Billion USD



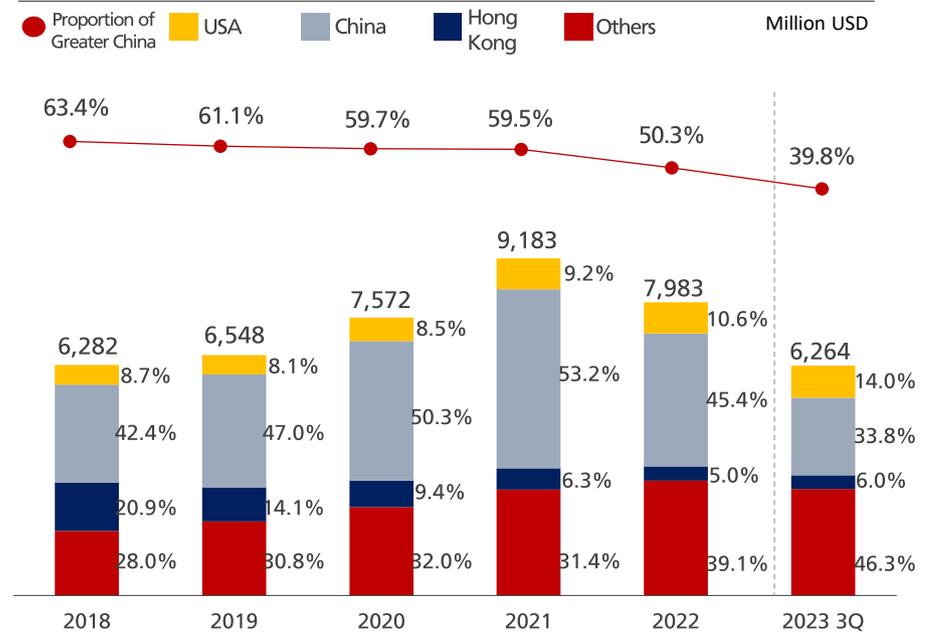
Source : KHISS Health Industry Statistics 2021 (estimated), Observatory of Economic Complexity, Euromonitor, KOSIS

Korea's share of total exports and cosmetics exports (by country)

U.S.A and Greater China exports as a share of total exports



U.S.A and Greater China as a share of cosmetics exports



Logistics threat + Guo Chao craze ⇒
Decline in China market exports = Decline in China market cosmetics export

Source : KCI, Unipass Import/Export Trade Statistics

Guo Chao Craze : Rising incomes and patriotic education drive the Chinese MZ generation to use domestic products



Chapter 02

SILICON2, E-Commerce Platform Connecting K-Beauty with the World

- 01_ No.1 K-Beauty E-Commerce Platform Company
- 02_ Successful Growth Driven by Change and Innovation
- 03_ Differentiated Business Model
- 04_ Achieving Solid and Sustainable Business Performance (1), (2), (3), (4)

SILICON2, the largest K-Beauty e-commerce platform business in Korea

Company Overview

| | |
|------------------|--|
| Company Name | SILICON2 CO., LTD. |
| CEO | Kim, Sung Woon |
| Establishment | Jan 19, 2002 |
| Capital Stock | KRW 30.2 billion |
| No. of Employees | 190 (excluding overseas personnel in USA, Indonesia and others) |
| Business Area | K-Beauty Wholesale, Retail, V-Commerce |
| Head Quarter | #907, Phase S, H-SQUARE, 680 Sampyeong-Dong, Bundang-Gu, Seongnam-City, Gyeonggi-Do, Korea |
| Website | www.siliconii.com |

Senior Management

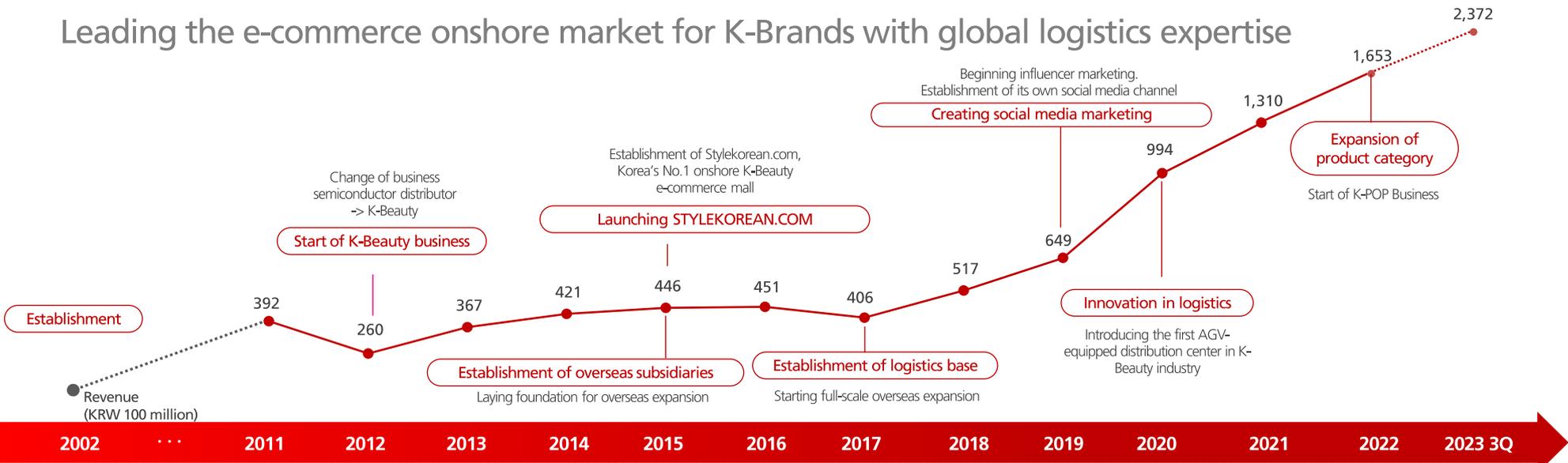


Kim, Sung Woon Chairman & Founder

- 2002~ present
SILICON2 CO., LTD. Chairman & Founder
- 2018
 - Recognized by Minister of Trade, Industry and Energy at E-commerce Export Market on Trade Day
 - Recognized by Minister of Employment and Labour
 - Won 2018 Future Creation Management Award of Korea
- 2019
 - Won 2018 Korea Superb Brand Awards

| Name | Title | Role | Career and Work Experiences |
|--------------|----------------|------|--|
| Son, In Ho | Vice President | CFO | <ul style="list-style-type: none"> • 2016 ~ Present : SILICON2 CO., LTD. • 2009 ~ 2014 : Stonebridge Capital Inc.(CFO) • 2007 ~ 2009 : Goldman sachs Asset Management Korea (CMO) • 2000 ~ 2007 : Macquarie IMM Asset Management(CFO) • 1998 ~ 2000 : IMM Investment (Co-founder) |
| Choi, Jin Ho | Vice President | COO | <ul style="list-style-type: none"> • 2012 ~ Present : SILICON2 CO., LTD. • 1998 ~ 2011 : Dong-woon International Inc. • 1996 ~ 1998 : YOUNG POONG Precision Inc. |

Leading the e-commerce onshore market for K-Brands with global logistics expertise



| Period | Key Events |
|--------------------------|--|
| Early Days Period | <ul style="list-style-type: none"> 2002: Established SILICON2 CO., LTD. → Ran semiconductor distribution → Accumulated expertise in logistics & inventory |
| Growth Period | <ul style="list-style-type: none"> 2012: Equipped with expertise in logistics & inventory management → Start of K-Beauty business 2017: Established logistics base. Built New Jersey Warehouse. Built Eastern USA Office 2015: Established onshore K-Beauty e-commerce platform. Launched STYLEKOREAN Global homepage. Launched STYLEKOREAN JP homepage. Established a subsidiary in USA 2019: Created social media marketing. Launched K-BEAUTY STUDIO. Launched YouTube Channel "Beauty Cookie". Diversified overseas markets. Established STYLEKOREAN INDONESIA |
| Expansion Period | <ul style="list-style-type: none"> 2020: Innovation in logistics. Introduced AGV system 2022: Expanded K-category. Established STYLEKOREAN MY SDN. BHD 2023: Established SKO Sp. z o.o. Established STYLEKOREAN EU B.V. Established MOIDA Limited Liability Company |

Awards

- Received Presidential Industry Award in 2018



- Won Future Creation Management Award of Korea in 2018



- Recognized by Minister of Employment and Labour in 2018



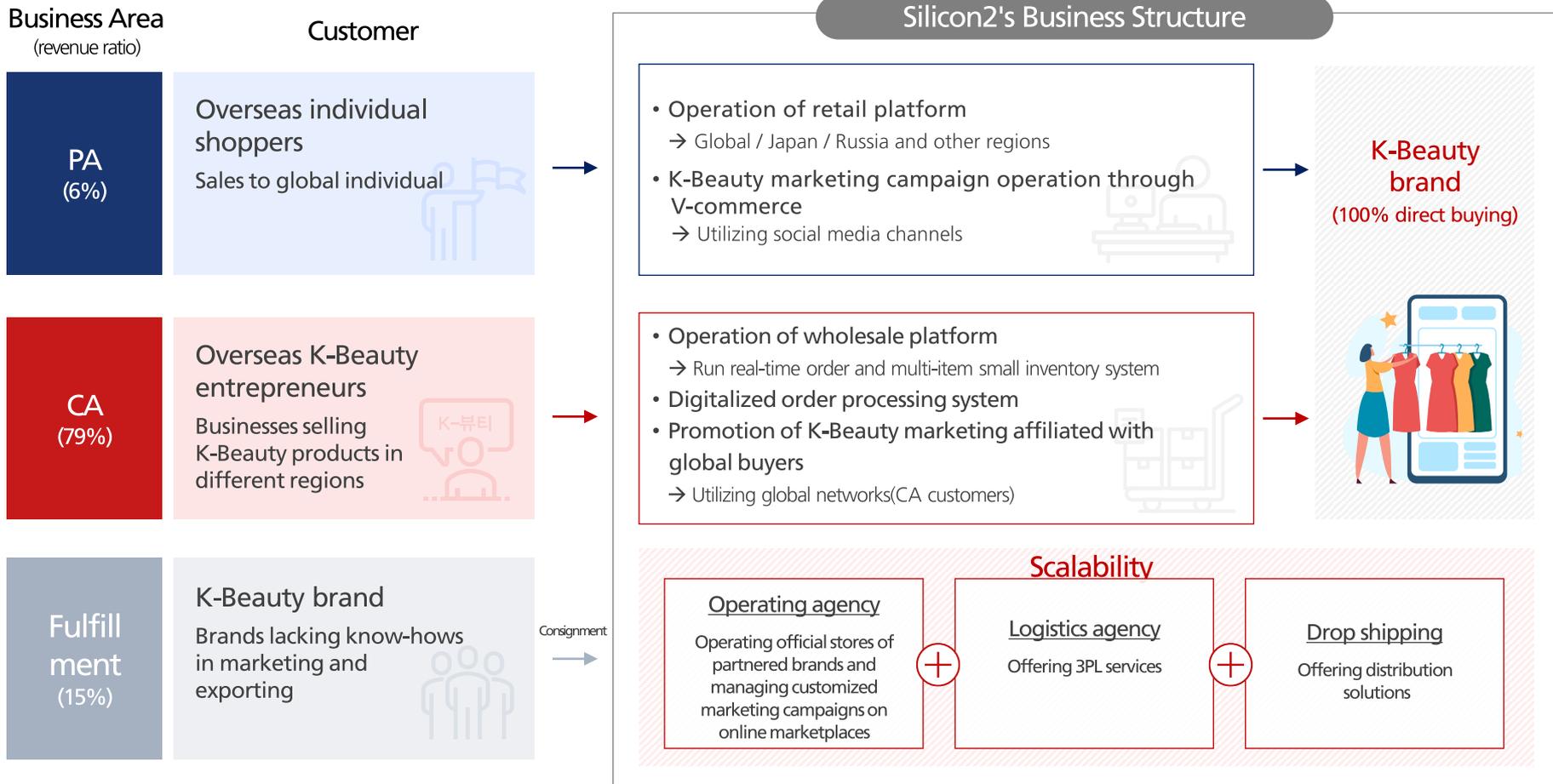
- Won Korea Hit Brand of the Year Award in 2018



- Received \$70M Export Tower Award in 2022

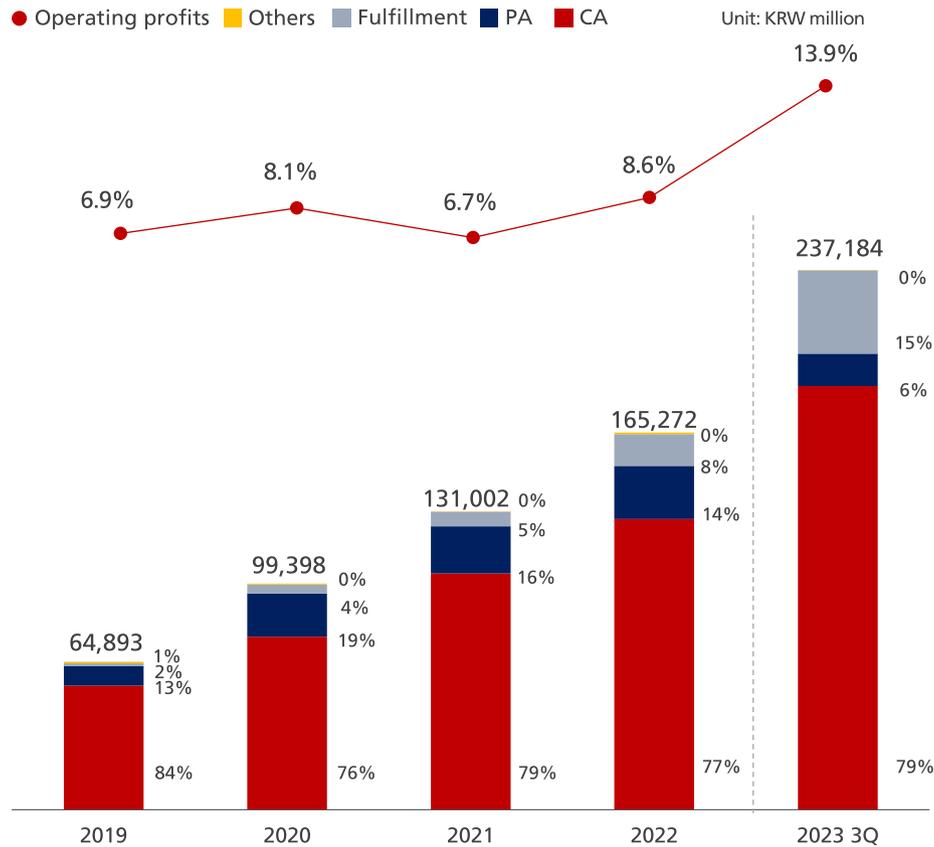


Creating Value through e-commerce platform that best fulfils customer needs

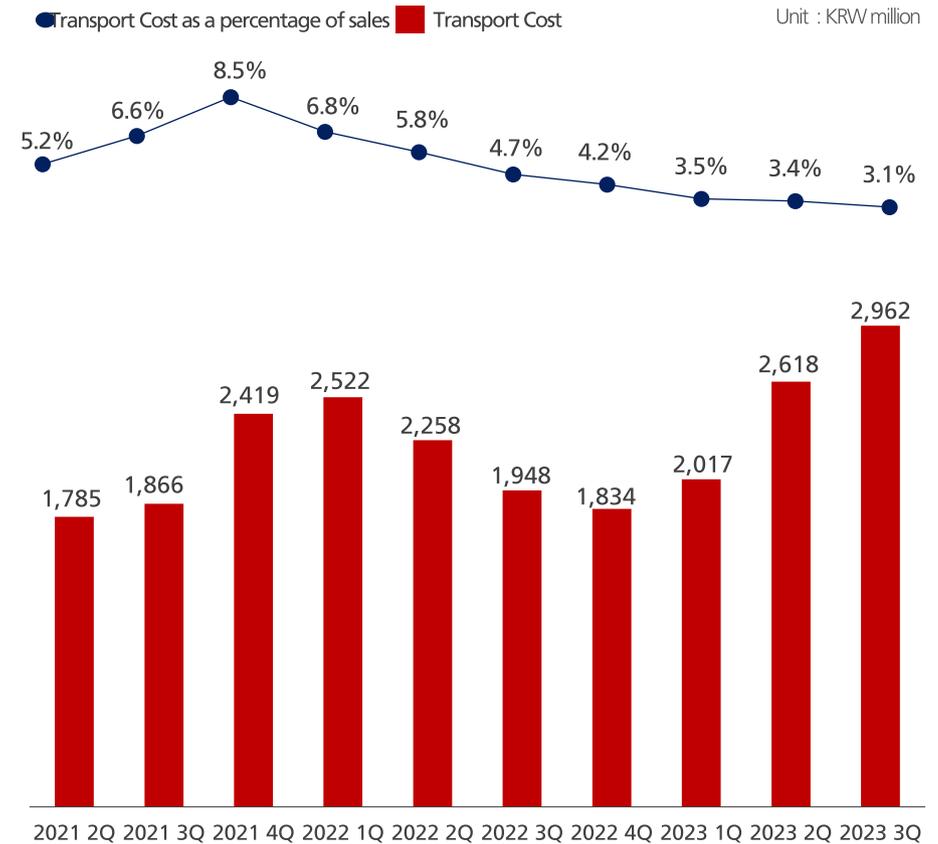


Achieving robust performance driven by the synergy between business units

Revenue Trend by Business Unit



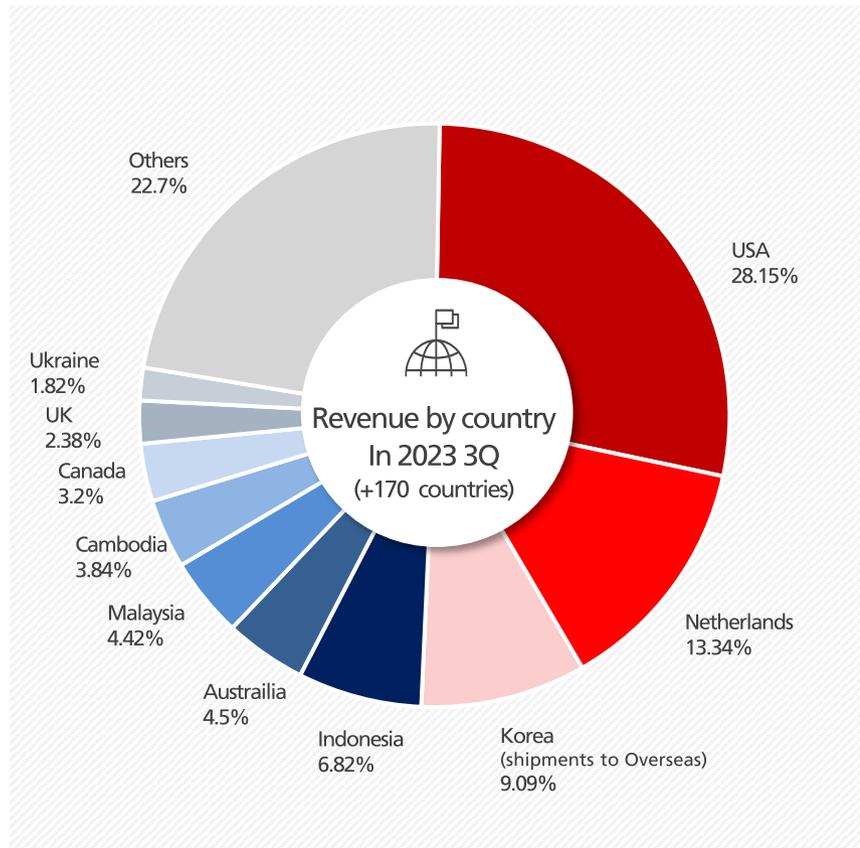
Transportation Cost Trend



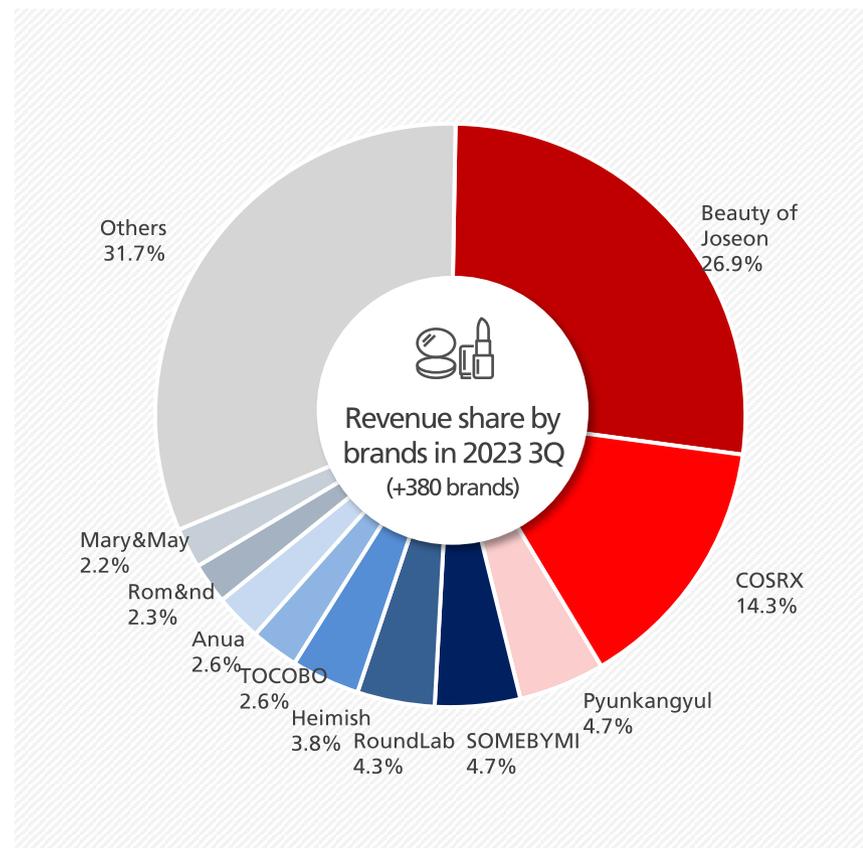
Source: standalone, K-GAAP(FYE 2018), unaudited consolidated, K-IFRS(FYE 2019), not reviewed consolidated, K-IFRS(3H23), not reviewed consolidated, K-IFRS(FYE2020, 2021, 2022)

Diversifying export markets(0% export to China) minimizing risks
 → Achieving robust business performance

Revenue Share by country



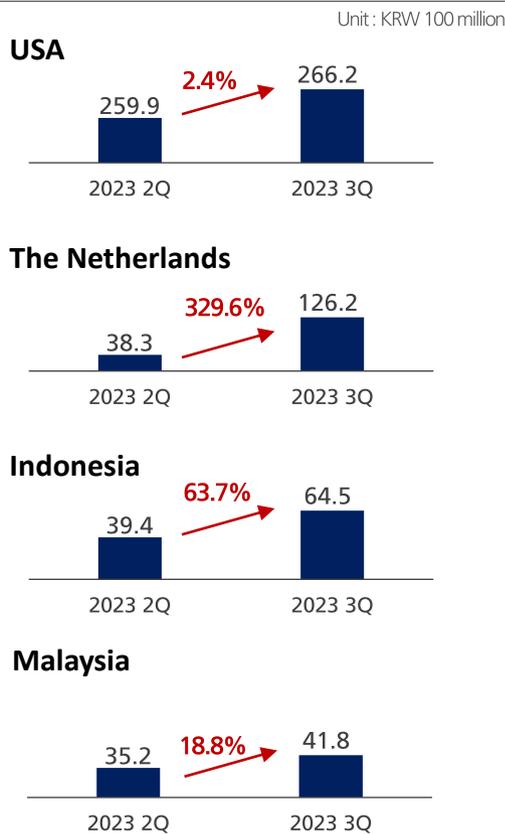
Revenue Share by Top 10 brands



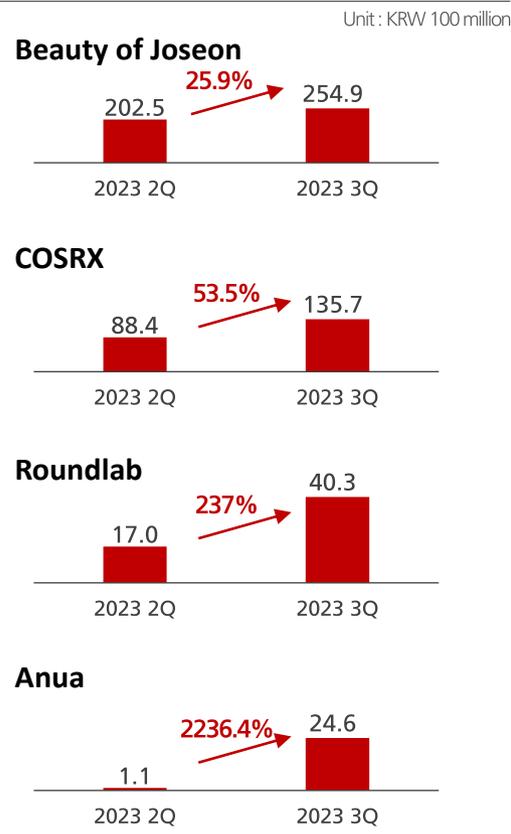
Source: K-IFRS

Solid sales growth per country and brand

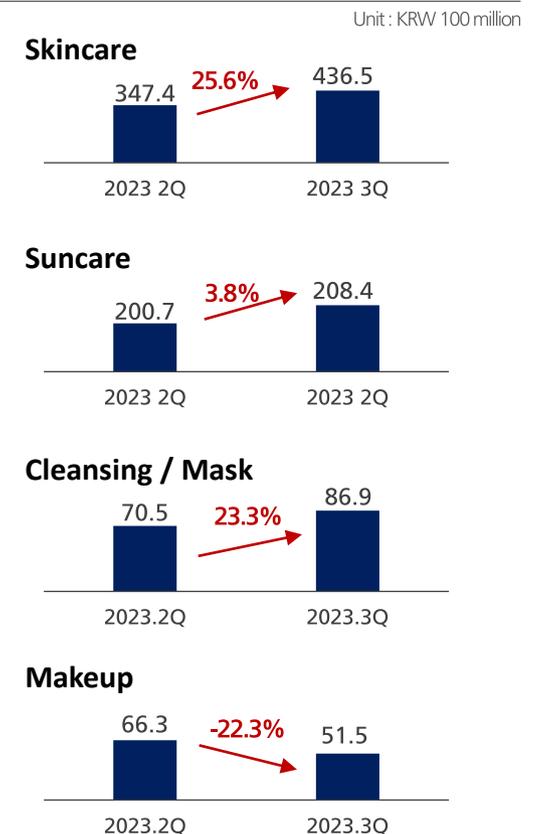
Sales Growth by Major Country



Sales Growth by Major Brand



Sales Growth by Types of Cosmetics

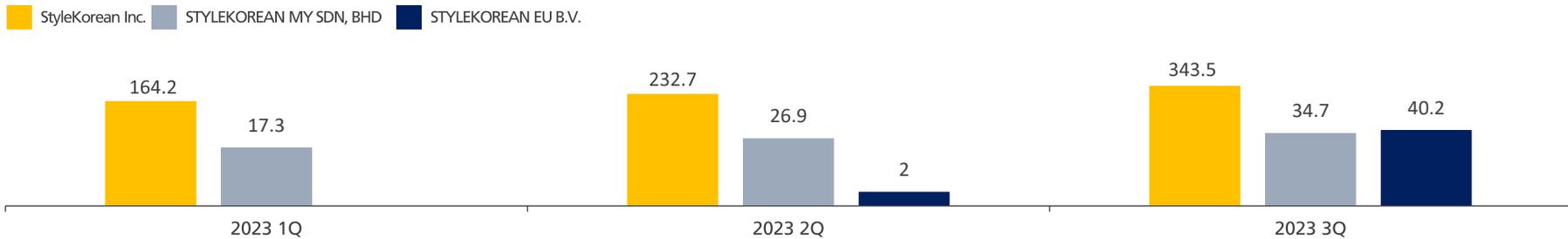


Source : Cumulative Annual Sales of Our Entire Business Based on Fulfilled Orders from Our Internal ERP System

Continuous growth of overseas branch

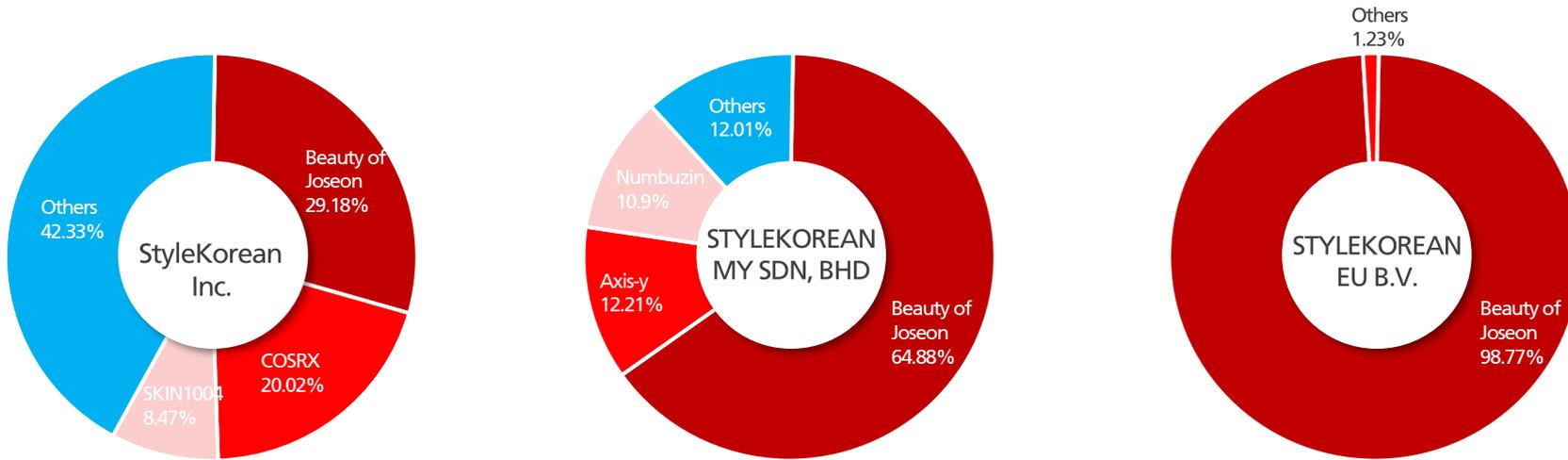
Sales Trends by Branch

Unit : KRW 100 Million



Top 3 Brand Sales by Branch

Based on 2023.3Q



Source : Cumulative Annual Sales of Our Entire Business Based on Fulfilled Orders from Our Internal ERP System



Chapter 03

SILICON2's Substantiated Confidence

- 01_ Global Marketing, Branding through Social Media
- 02 Global Fulfillment & Cross-border Logistics
- 03_ Localization

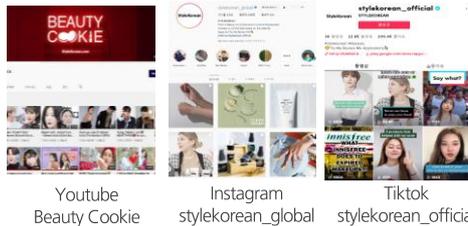


Raising brand awareness and boosting growth for small and medium-sized brands through contents planning optimal for global marketing

Unit: KRW billion

SILICON2's Owned Media

+3M followers through diverse social media channels



Effective marketing with various channels, 'One source multi-use'

- Securing diverse channels such as YouTube, Instagram, Facebook, Tiktok, Twitter and others
- Producing and distributing contents through two owned studios

Influencer Pool

+10000 influencers in 13 countries



Leading trends of K-culture, K-pop culture & K-Beauty

- Planning and producing K-Beauty & entertainment contents with famous beauty influencers in every country
- Organizing local influencer fan meetings
- Effective exposure through partnership with leading influencers

V-Commerce

Running live-commerce and home shopping shows through partnership with influencers



Influencer promotion (LUCKY BOX)



YouTube Contest GURUS

Brand exposure through diverse promotions
Running brand /product seeding marketing

- Attracting customers through free product promotions around the world such as Try Me Review Me or Giveaways.
- Organizing viral marketing with video contests joined by foreign influencers (GURUS)

Top 3 Most Profitable Brands in SILICON2



Source: Separate sales of CA, PA, fulfillment

Laying the foundation for LaaS business(Logistics-as-a Service) by strengthening end-to-end service capacity

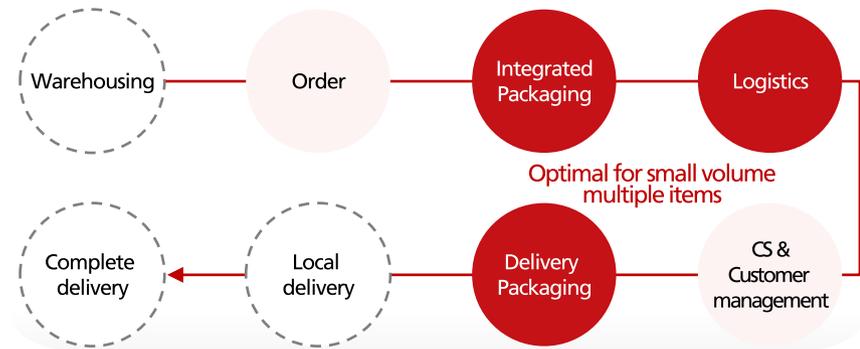
What is Our Fulfillment?

A comprehensive process that handles services ranging from warehousing to inventory management, sorting, delivery as well as follow-up



Silicon2's Automatic Logistics System

Self-development of optimal solution → Establishment of automatic logistics system → Expansion of Fulfillment



Expected Benefits

- 01_ Systematic inventory management and fast delivery
- 02_ Digitalized platform for order, payment and delivery
- 03_ Labor cost reduction and improved efficiency by AGV



SILICON2, leading the global market trends with its localization strategy

Localized Logistics



Logistics center for each location



Localized Marketing



Marketing campaigns for local communities



Strengthening Localization



Localization per language, payment and numerous certifications



Providing better service to customers through localization



Chapter 04

SILICON2, Leading K-Beauty Worldwide

- 01_ Expansion of Category to K-Food, K-Fashion and K-Style
- 02_ Expanding Localization through Accelerating Global Bases
- 03_ Mutual Growth through Equity Investment in K-Brand Shares

Utilizing success of K-Beauty to diversify product line ups through supplying various K-Brands

Expansion of K-Brand Line Ups

- Accumulating data on sales and global/local customers highly interested in K-Brand
- Utilizing SILICON2's know-hows in global marketing and exports
- Developing competitive domestic small and medium-sized brands



High Scalability empowered by platform

StyleKorean.com

Diversification of product line ups by expanding K-Brand category



Continuous Demand Increase Since K-Food Launch in 2020

A grid of five red-bordered boxes showcasing product categories.

- K-Food:** Displays various food products like instant noodles and snacks.
- Health Functional Foods:** Shows health supplements like 'Inner Beauty'.
- K-POP:** Features a 'Season's Greetings' banner for NCT 127 & NCT DREAM, along with merchandise like posters and stickers.
- K-Fashion:** Shows fashion accessories like jewelry and handbags.
- K-Style:** Displays lifestyle products like 'Silhouette' beauty products and stationery.

Source: Company internal data

Entering K-POP as the 2nd largest shareholder of HANTEO GLOBAL, INC.

Representative Company of K-POP Chart and Big Data 'HANTEO GLOBAL, INC.'



- Company Name : HANTEO GLOBAL, INC.
- Business Type : Software, Big Data, AI, Information Services
- Services offered : Hanteo chart, Whosfan, Hanteo news, and more

A Variety of Marketing Activities from 'HANTEO GLOBAL, INC.'



HANTEO MUSIC AWARDS 2022

- Hosted Hanteo music awards
- Pop-up store with idols

30th Anniversary Hanteo Music Awards 2022

Joint operation with the Ministry of Culture, Sports and Tourism for the "Year of Korea Visit" - Annual event to continue



Various collaborations with HANTEO GLOBAL, INC.

Purchase albums through Hanteo Global's K-POP Network

Marketing collaborations from Silicon2 and HANTEO GLOBAL, INC.



한터차트
(Hanteo Chart)

The only real-time music chart in the world that has been counting and releasing album sales for over 30 years



후즈팬
(Whosfan)

Global K-POP Fandom Platform

with more than 7.15 million subscribers

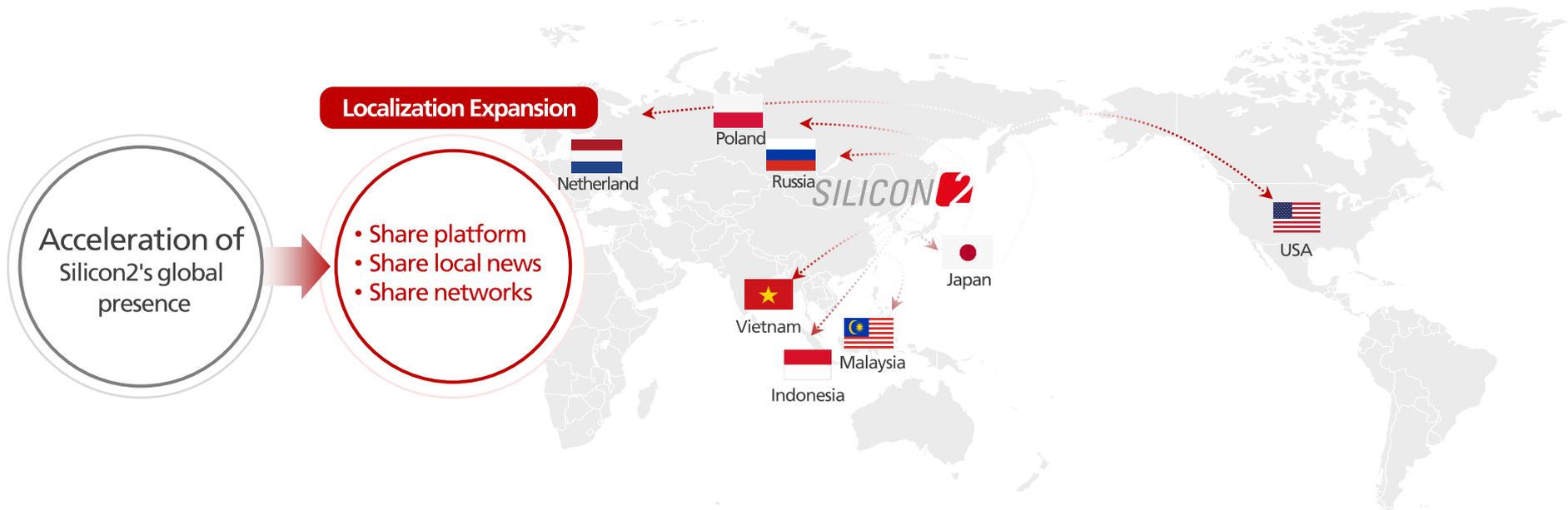


한터뉴스
(Hanteo News)

Professional K-POP Internet News

with AI technology applied based on big data

Sharing an end-to-end service worldwide → Boosting growth through localization



| Domestic No.1 Competence, Global Expansion | | Expanding services in new regions and between countries | | | Building optimal logistics system & localization | | |
|---|-----------------|---|-------------------|----------------|--|-------------------------------|--|
| 2015 | 2017 | 2018 | 2019 | 2021 | 2022 | 2023 | To - Be |
| USA(California) | USA(New Jersey) | Indonesia | Korea(Gwangju-si) | USA (Santa-Fe) | Malaysia Japan | Netherlands, Poland Russia | Expanding global logistics network (India, EU, ETC) |
| | | | | | | | Providing global open fulfillment platform through strategic partnership and accumulated know-hows |
| Strengthening global networks of logistics infrastructure | | | | | | | |

Seeking to grow together with major K-Brand by equity investment and partnership

Synergy Effects from Partnership with K-Beauty Brands



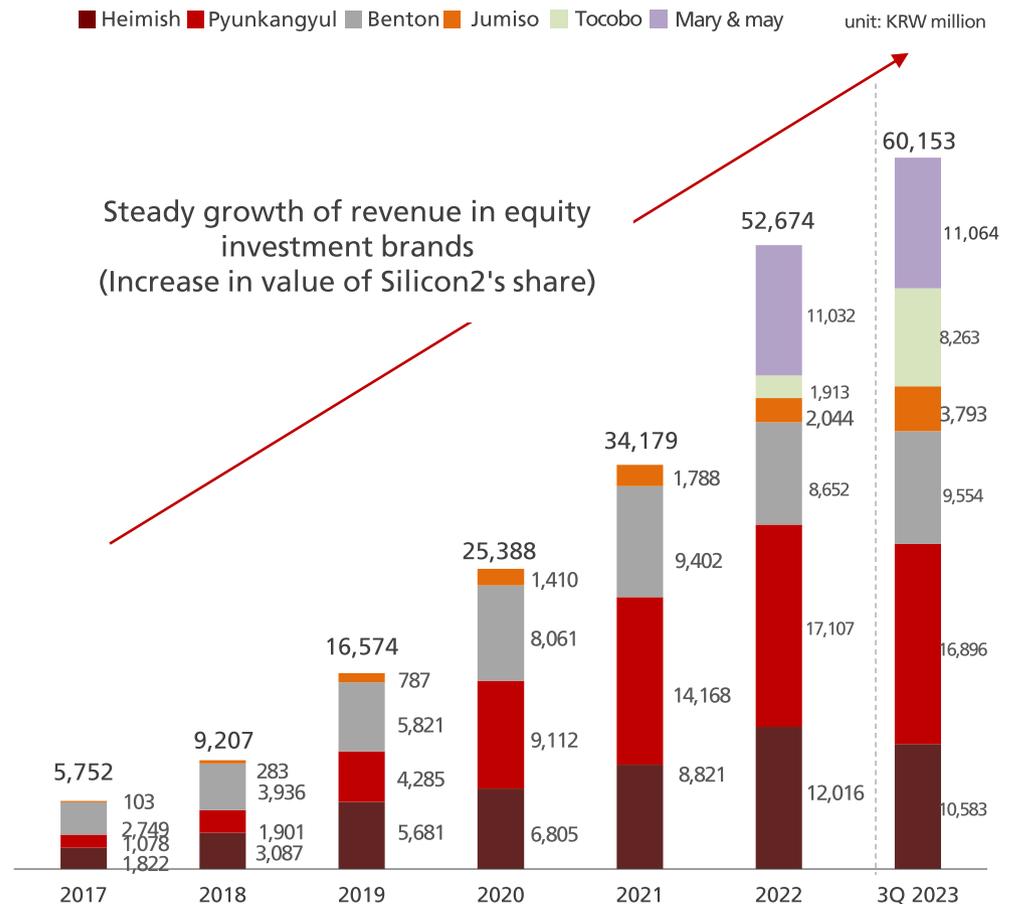
Nurturing K-Brand with high potential for success in global expansion

unit: KRW million

| Category | Oneand | Benton | Pyunkang Yul | Hello skin | Tocobo | Mary & May |
|---------------------------------|-------------|-----------|--------------|------------|-----------|----------------|
| | heimish | Benton | Pyunkang Yul | Jumiso | TOCOBO | MARY & MAY |
| Investment Time | 2016.03 | 2016.11 | 2017.12 | 2018.02 | 2021.05 | 2021.10 |
| Investment Amount (share ratio) | 400 (23.4%) | 300 (25%) | 300 (10%) | 50 (25%) | 300 (30%) | 1,200 (31.25%) |
| Revenue CAGR ('17-'20) | 53% | 102% | 43% | 144% | - | - |

Add to 3 Brands (JCN Compy, Be the skin, The plantbase)

Revenue Trends of Equity Investment Brands



VISION



- Systematic global distribution system
- Customized overseas customer connection
- Local office networks
- Best global marketing strategy



- Swift logistics value chain
- Easier access to K-Brand with diverse networks
- Advanced and easier system for order/payment/delivery/logistics
- Keeping up-to-date with the latest K-trends

Sharing Platform to Best Meet the Needs
of Suppliers and Customers

Business Scale-up with Localization in
Countries/Regions



APPENDIX

Statement of comprehensive income [abstract]

100M Won

| | 2021 | 2022 | 2023 3Q |
|-------------------|---------------|---------------|---------------|
| | 2021. 1. 1. ~ | 2022. 1. 1. ~ | 2023. 1. 1. ~ |
| | 2021. 12. 31. | 2022. 12. 31. | 2023. 9. 30. |
| Revenue | 1310.0 | 1652.7 | 2,371.8 |
| % Growth | 31.8 | 26.2 | |
| Gross profit | 386.9 | 527.6 | 768.5 |
| % Margin | 29.5 | 31.9 | 32.4 |
| Operating income | 87.6 | 142.4 | 329.3 |
| % Margin | 6.7 | 8.6 | 13.9 |
| Profit before tax | 102.6 | 142.7 | 362 |
| % Margin | 7.8 | 8.6 | 15.3 |
| Profit | 82.5 | 111.6 | 280.3 |
| % Margin | 6.3 | 6.8 | 11.8 |

Statement of financial position [abstract]

100M Won

| | 2021 | 2022 | 2023 3Q |
|--|---------------|---------------|--------------|
| | 2021. 12. 31. | 2022. 12. 31. | 2023. 9. 30. |
| [Current assets] | 688.5 | 732.3 | 1,185.2 |
| • Quick assets | 470.7 | 446.3 | 458.3 |
| • Current inventories | 217.8 | 286.0 | 726.9 |
| [Non-current assets] | 285.4 | 559.9 | 737.4 |
| • investment assets | 48.0 | 103.5 | 129.1 |
| • Property, plant and equipment | 229.8 | 441.1 | 575.6 |
| • Intangible assets | 1.7 | 0.9 | 6.6 |
| • Other non-current assets | 6.2 | 14.3 | 26.0 |
| Total assets | 973.9 | 1,292.2 | 1922.6 |
| [Current liabilities] | 64.6 | 286.1 | 603.0 |
| [Non-current liabilities] | 46.4 | 42.2 | 62.7 |
| Total liabilities | 111.0 | 328.3 | 665.7 |
| [Issued capital] | 50.1 | 301.9 | 302.7 |
| [Capital surplus] | 527.7 | 296.3 | 300.5 |
| [Other Comprehensive income/loss accumulated amount] | 22.3 | 27.1 | 36.4 |
| [Elements of other stockholder's equity] | 8.9 | 10.7 | 9.1 |
| [Retained earnings] | 254.0 | 327.9 | 608.2 |
| Total equity | 862.9 | 963.9 | 1256.9 |