

No.1 Worldwide
K-Beauty
Platform
SILICON2



SILICON 

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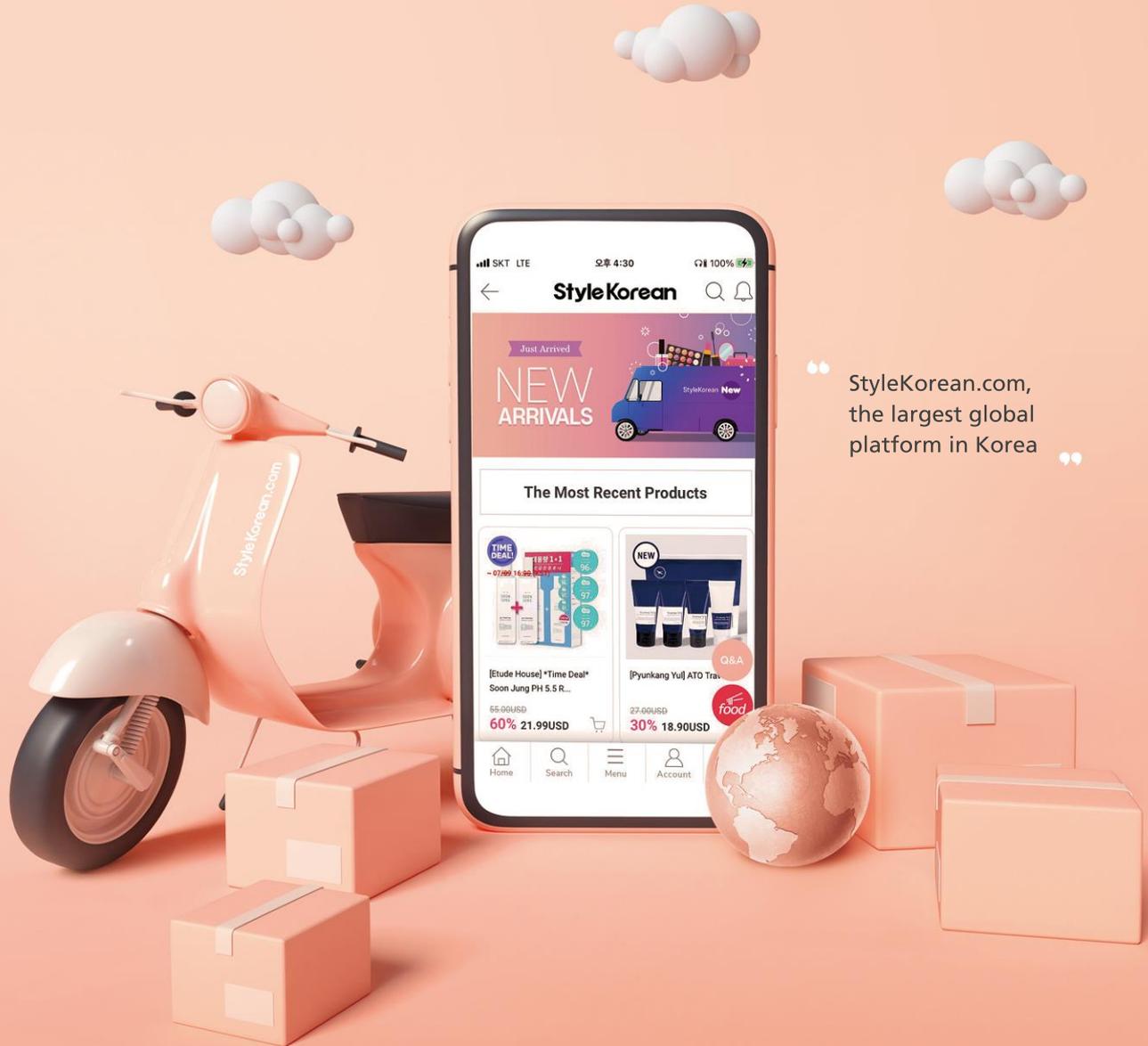
Connecting K-Beauty to the World

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 and entry into Indian market

K-Movie



'Decision to Leave' won at Cannes

K-Drama



'Bargain' won at Canne Series

K-Pop



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

K-Beauty



Hidden heroes behind great success

Publisher



Distributor



Entertainment Agency



SILICON2

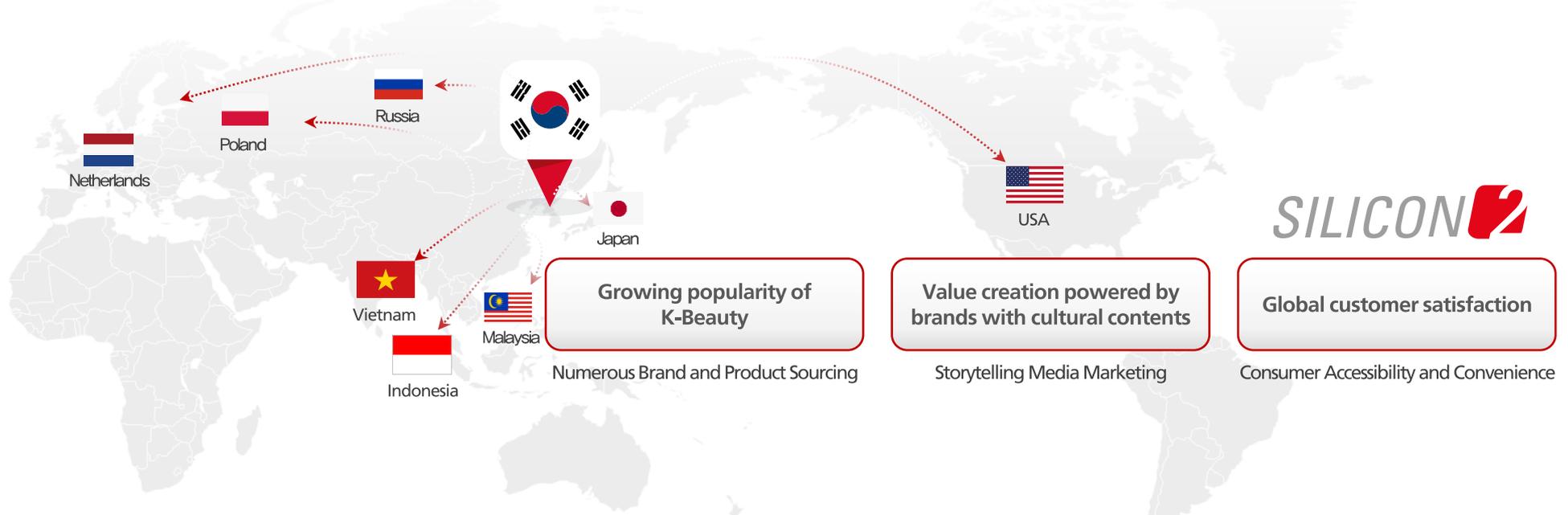


Design, Distribute and Promote K-Beauty by **SILICON2**

→ 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.



PUBLISHER

Supply of K-Beauty products (+570 brands)



LOCALIZATION

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



INCUBATION

Mutual growth with emerging brands (Investment in 9 brands)





Chapter 01

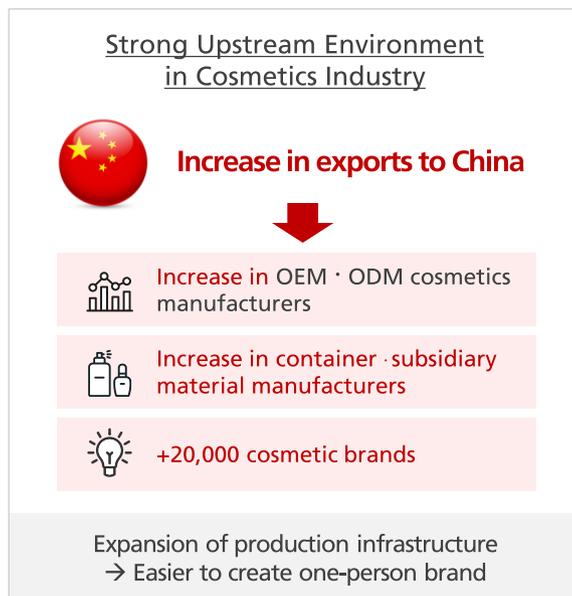
K-Beauty & E-Commerce

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

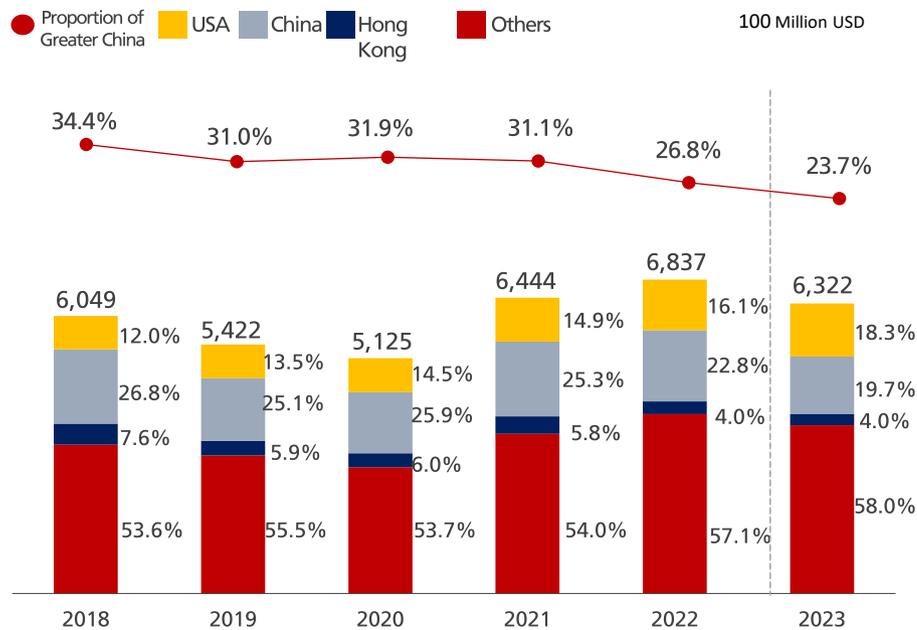


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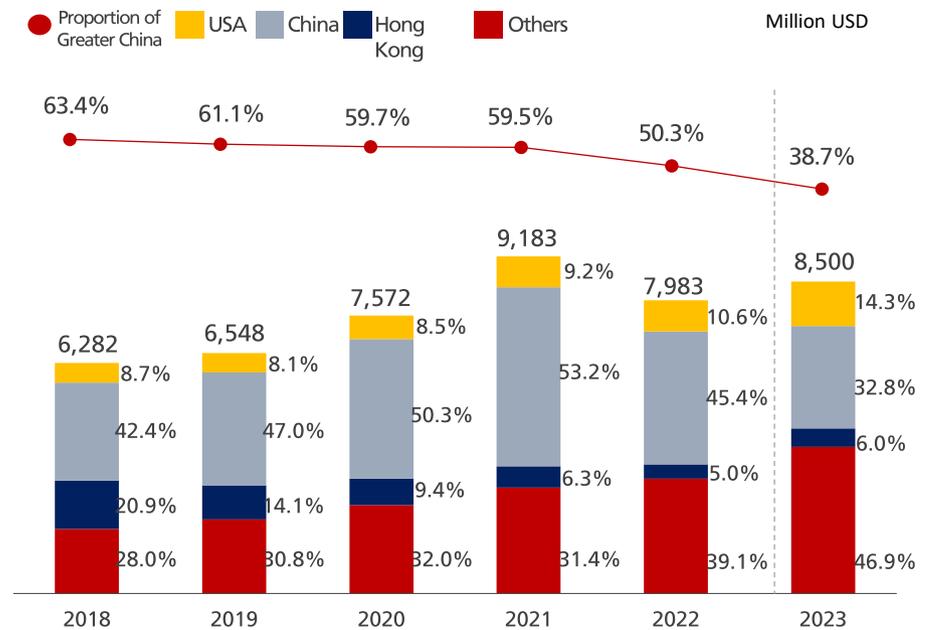
'Made in Korea' with K-content and technology
→ Shared growth with K-Beauty, K-POP, K-Food, K-Fashion

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 : KCII, 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 30.3 billion
No. of Employees	214 (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

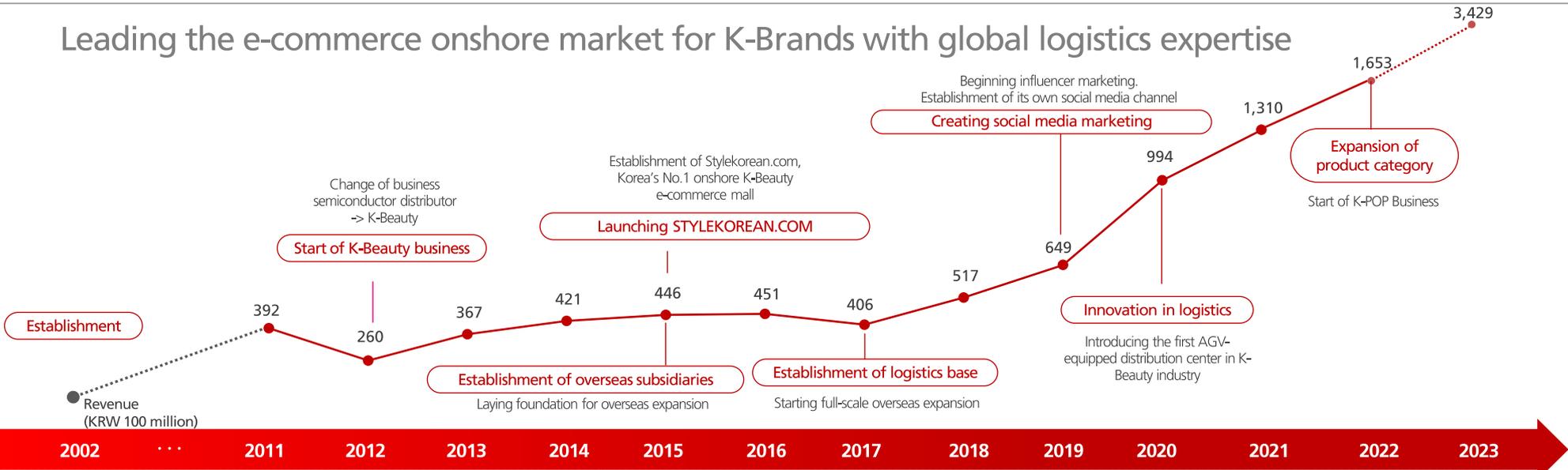
- 2002~ present
SILICON2 CO., LTD. Chairman & Founder
- 2018
 - Recognized by Minister of Trade, Industry and Energy at E-commerce Export Market on Trade Day
 - Recognized by Minister of Employment and Labour
 - Won 2018 Future Creation Management Award of Korea
- 2019
 - Won 2018 Korea Superb Brand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

Successful Growth Driven by Change and Innovation



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



Early Days Period | Growth Period | Expansion Period

2002 Established SILICON2 CO., LTD.
 → Ran semiconductor distribution
 → Accumulated expertise in logistics & inventory

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

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



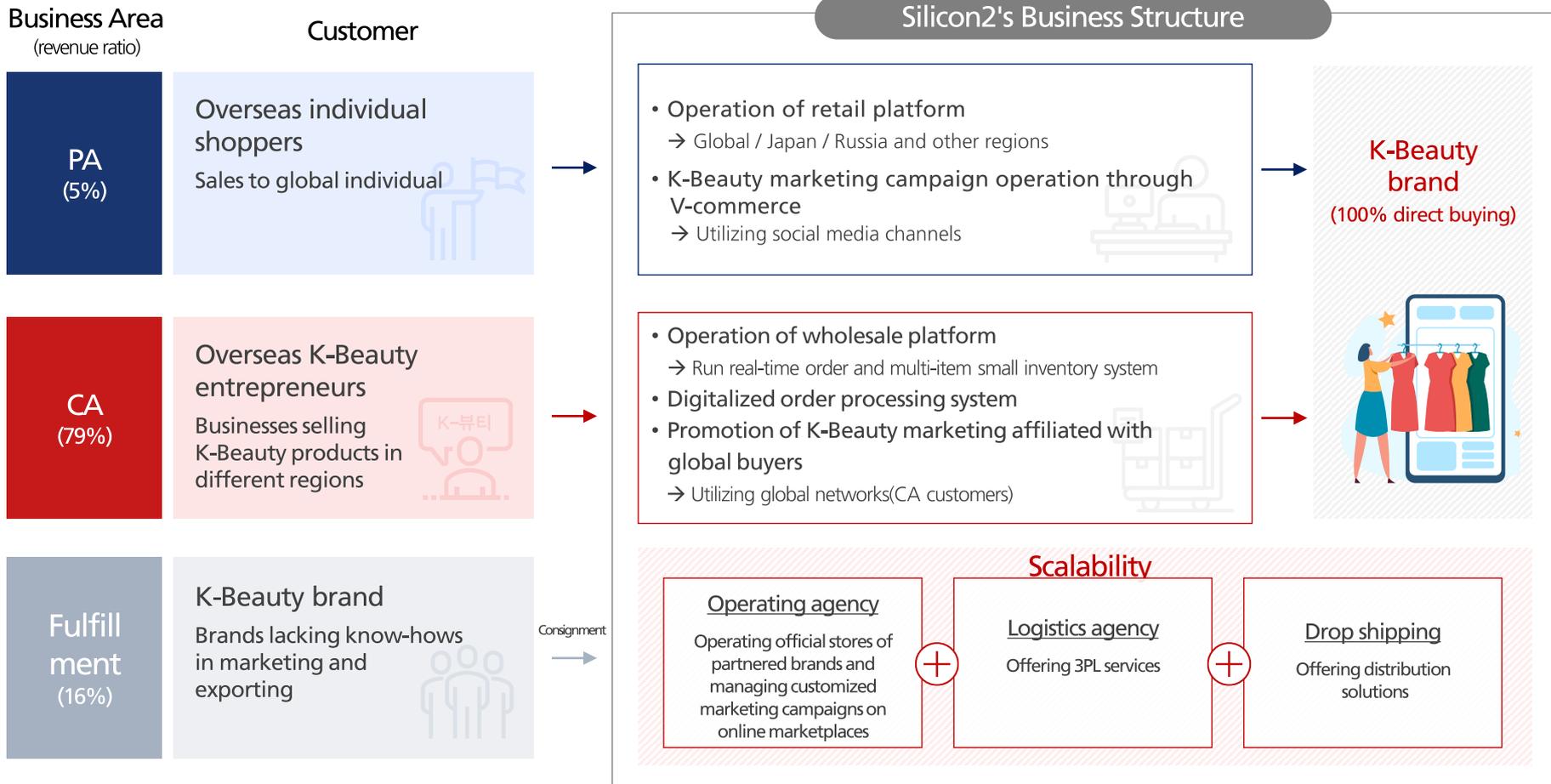
• Won Korea Hit Brand of the Year Award in 2018



• Received \$70M Export Tower Award in 2022

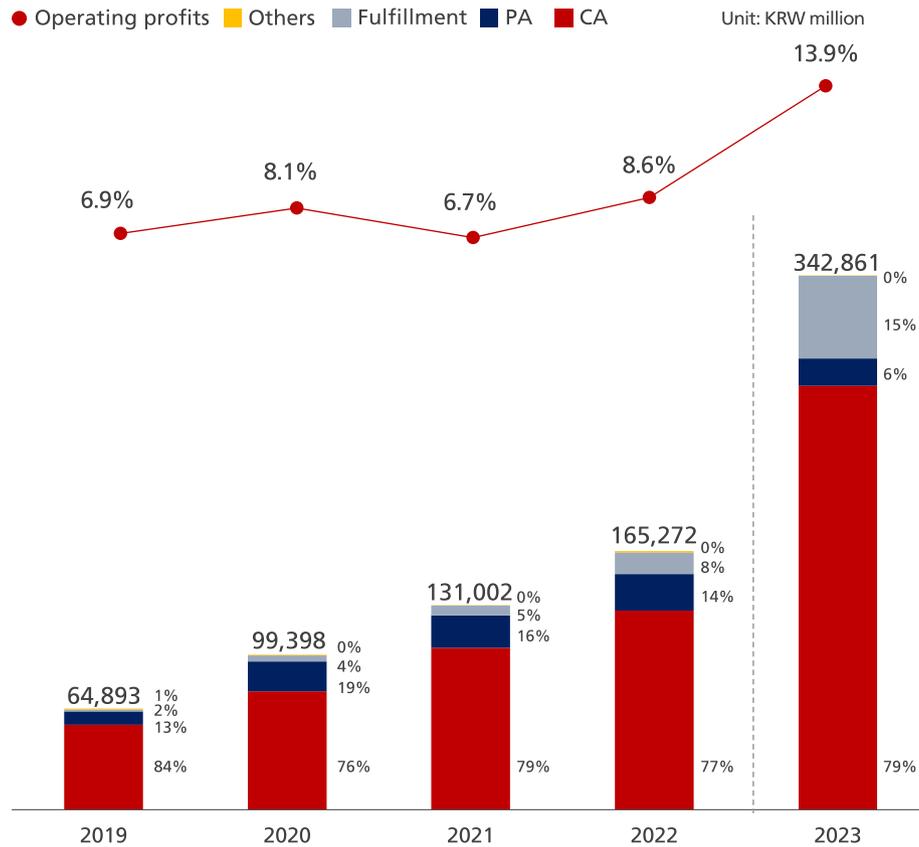


Creating Value through e-commerce platform that best fulfils customer needs

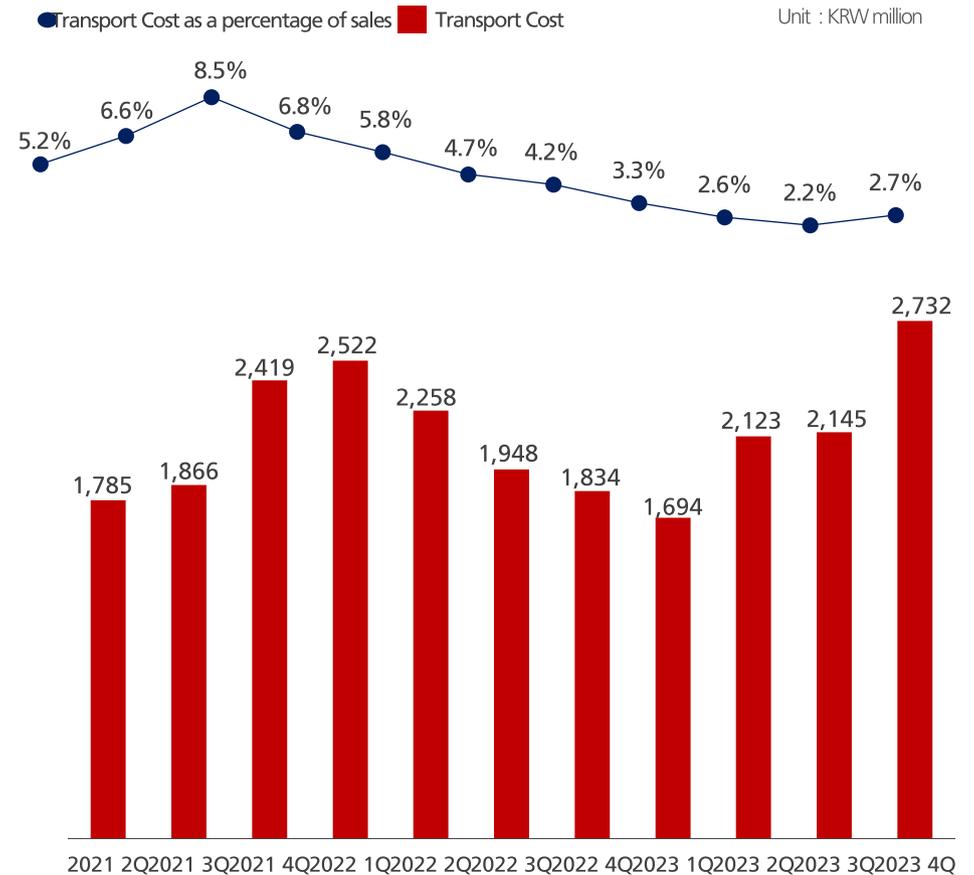


Achieving robust performance driven by the synergy between business units

Revenue Trend by Business Unit



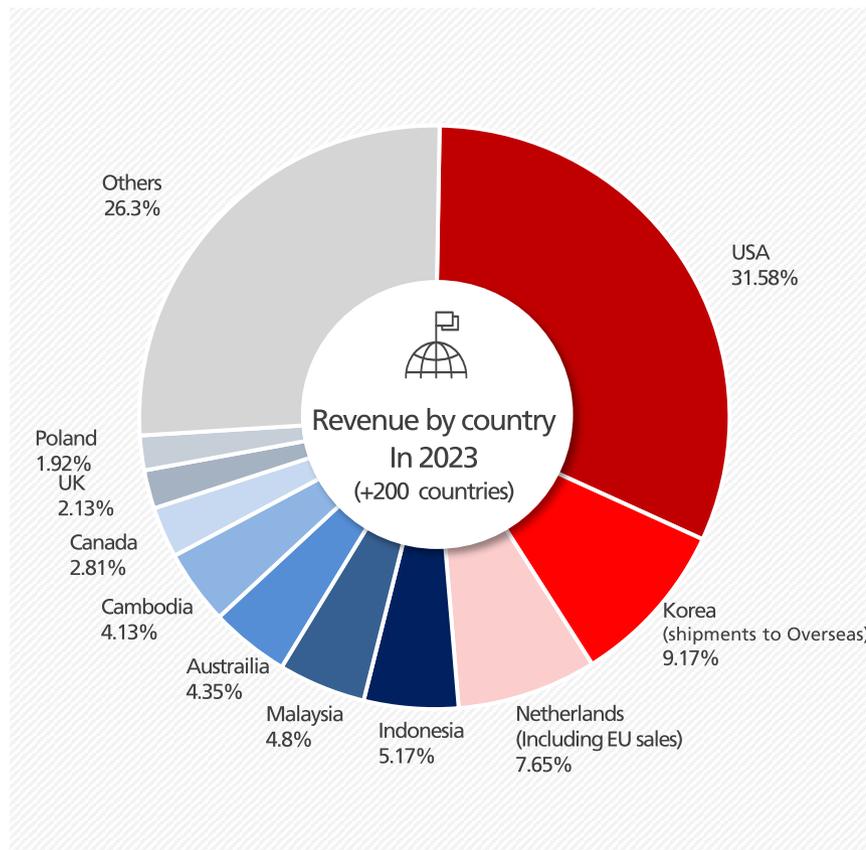
Transportation Cost Trend



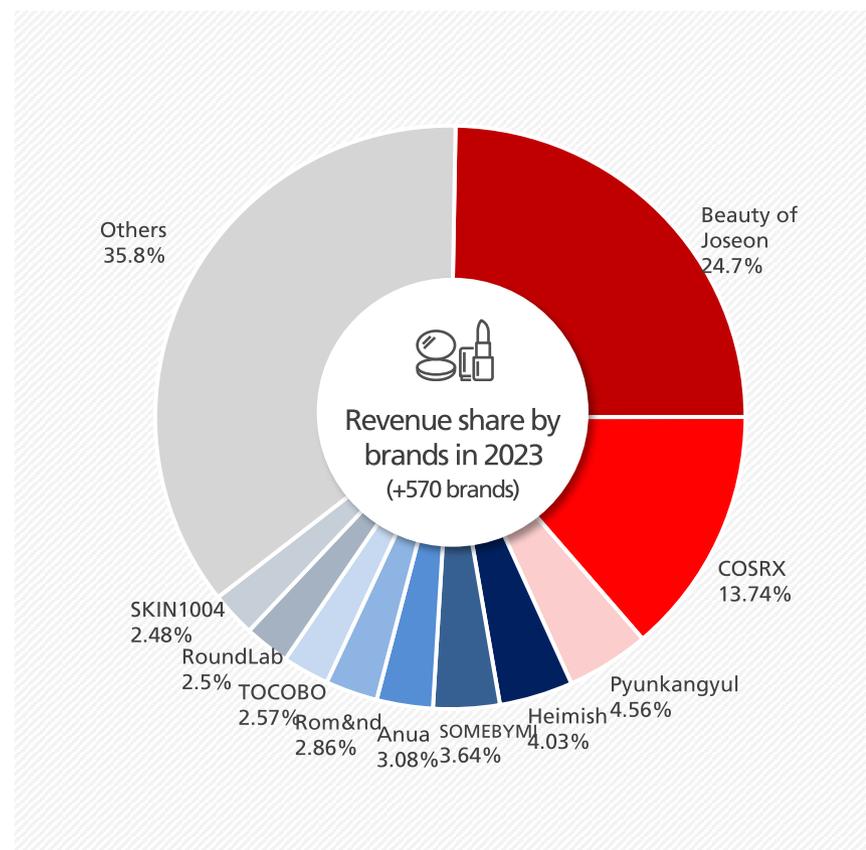
Source: unaudited consolidated, K-IFRS(FYE 2019), K-IFRS(FYE2020 ~ 2023)

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

Revenue Share by country



Revenue Share by Top 10 brands

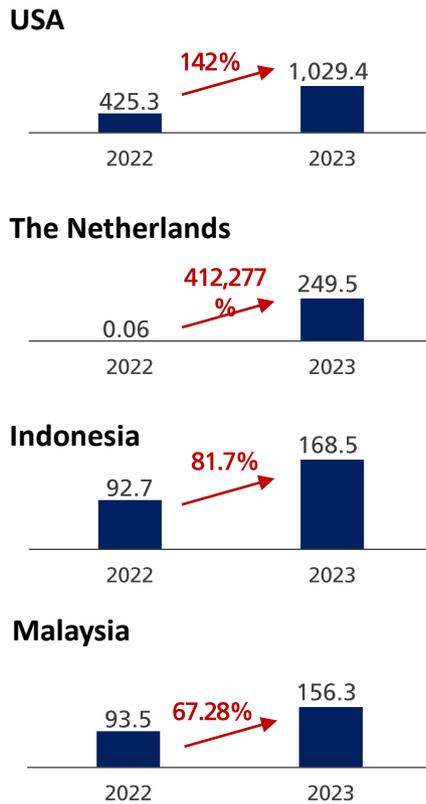


Source: K-IFRS

Solid sales growth per country and brand

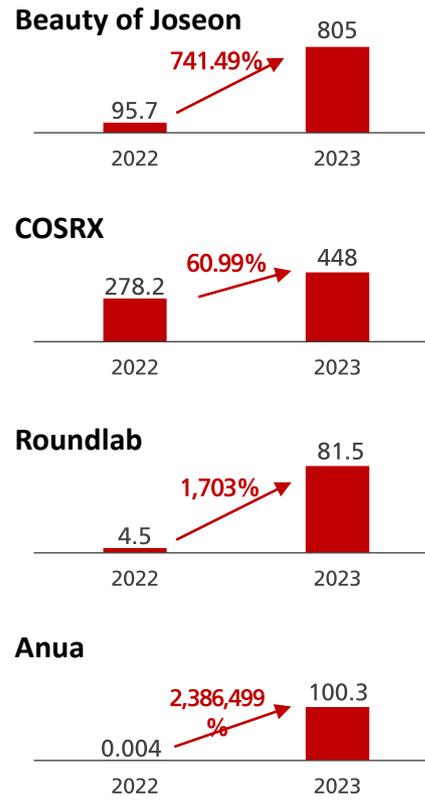
Sales Growth by Major Country

Unit : KRW 100 million



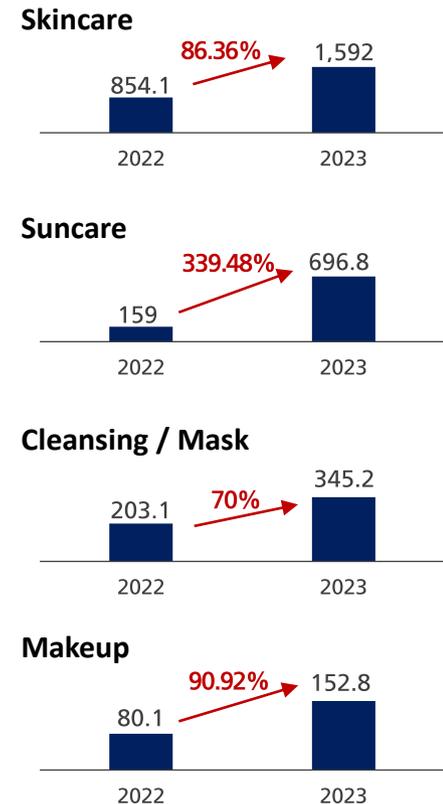
Sales Growth by Major Brand

Unit : KRW 100 million



Sales Growth by Types of Cosmetics

Unit : KRW 100 million

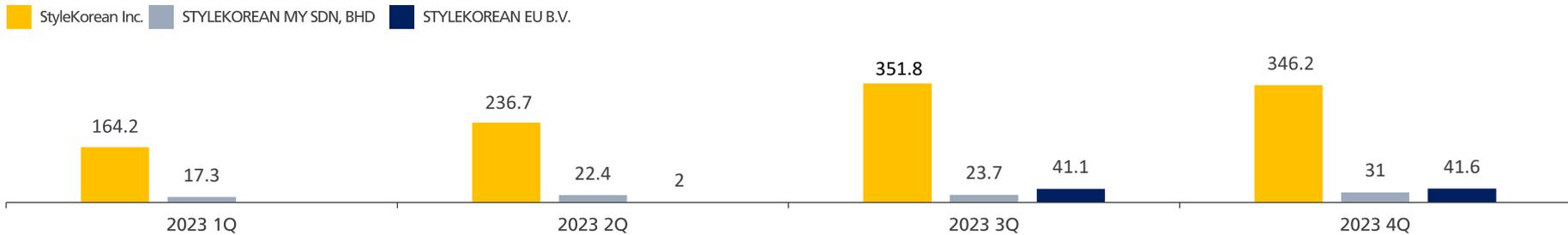


Source : Cumulative Annual Sales of Our Entire Business Based on Fulfilled Orders from Our Internal ERP System

Continuous growth of overseas branch

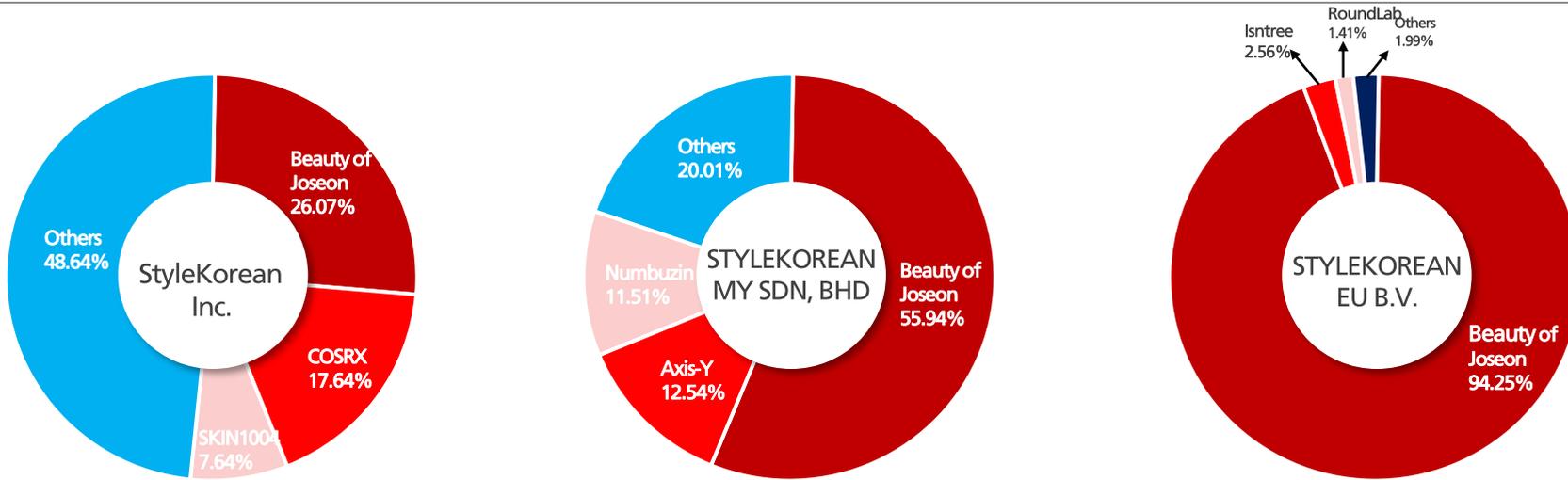
Sales Trends by Branch

Unit : KRW 100 Million



Top 3 Brand Sales by Branch

Based on 2023



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

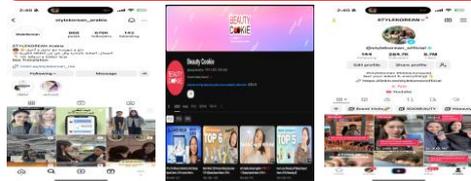


Raising brand awareness and boosting growth for small and medium-sized brands through contents planning optimal for global marketing

Unit: KRW billion

SILICON2's Owned Media

+4M followers through diverse social media channels



Instagram stylekorean_arabia Youtube Beauty Cookie Tiktok stylekorean_official

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

+25,000 influencers in 68 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)

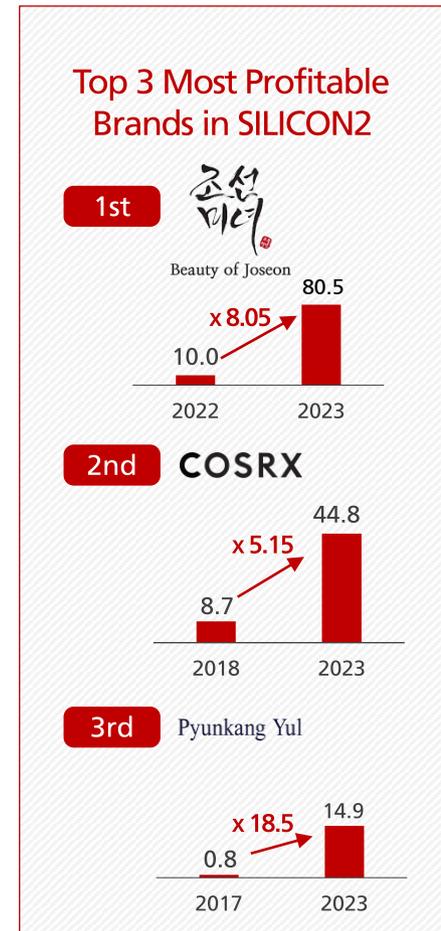


Influencer Live Stream

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)



Source: Separate sales of CA, PA, fulfillment

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

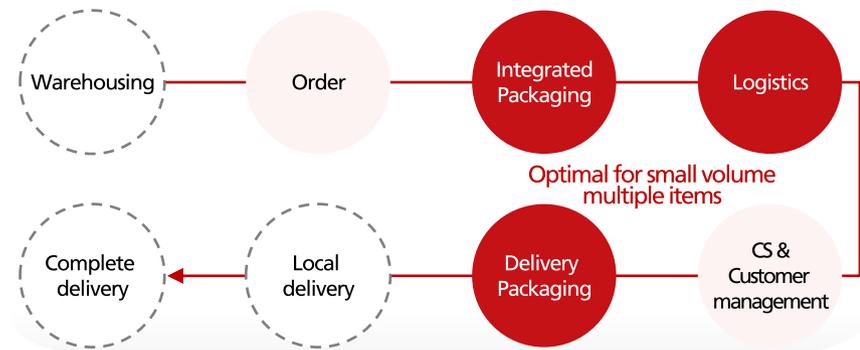
What is Our Fulfillment?

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

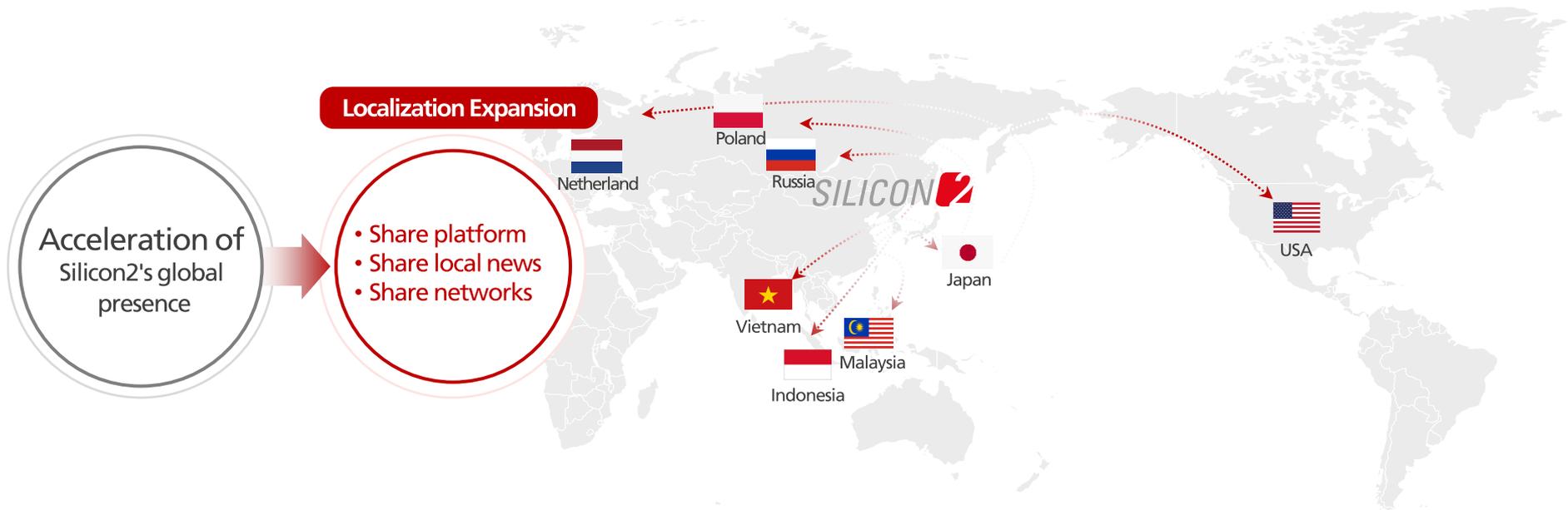


Chapter 04

SILICON2, Leading K-Beauty Worldwide

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

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							

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 2023

A collage of promotional banners for various K-Brand categories:

- K-Food:** Banners for 'Probunsik & Gm+' (58% off) and '暖かい K-FOOD' (64% off).
- Health Functional Foods:** Banner for 'KOREAN RED GINSENG BOGO'.
- K-POP:** Banner for '6 YEARS WITH SKZ' (STRAY KIDS COLLECTION) with 'UP TO 68% off'.
- K-Fashion:** Banner for 'ÉDGEU' (最大 63% 割引).
- K-Style:** Banner for 'BRAND CLEARANCE LensVery' (All products on sale).

Source: Company internal data

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

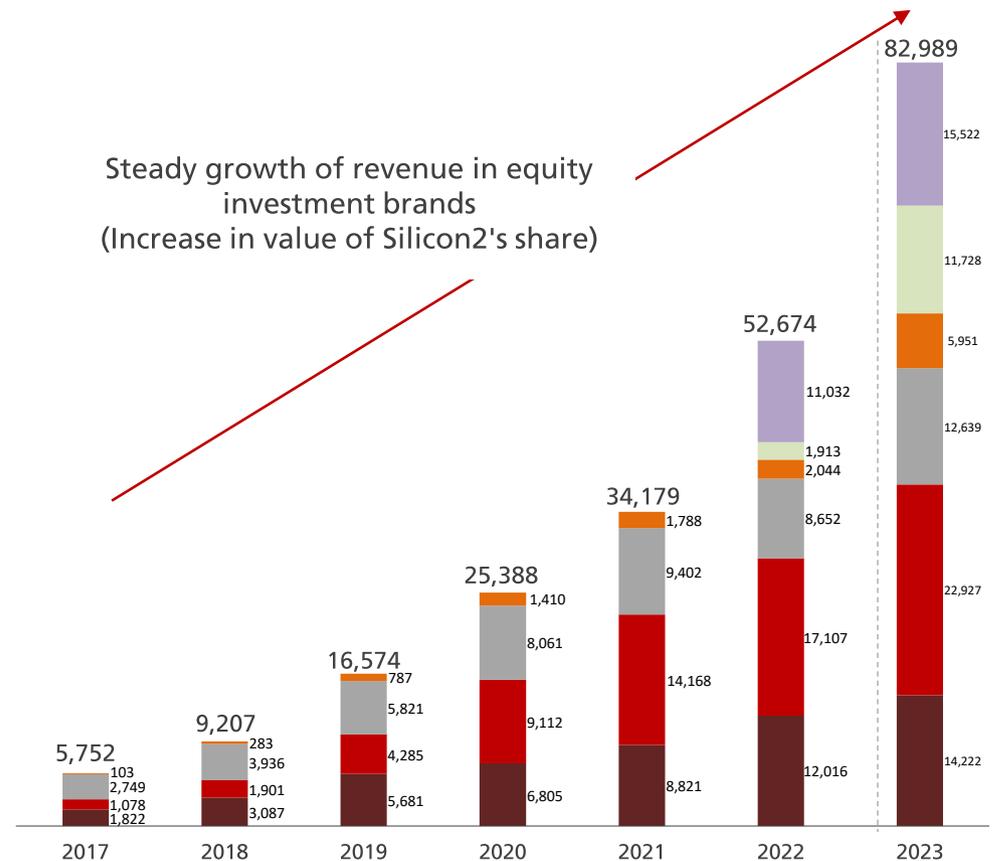
unit: KRW million

Category	Oneand	Benton	Pyunkang Yul	Hello skin	Tocobo	Mary & May
			Pyunkang Yul		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

Legend: Oneand (dark red), Pyunkangyu (red), Benton (grey), Helloskin (orange), Picktor (light green), Adekorea Company (purple). unit: KRW million



Steady growth of revenue in equity investment brands (Increase in value of Silicon2's share)

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

	2023	2022	2021
	2023. 1. 1. ~	2022. 1. 1. ~	2021. 1. 1. ~
	2023. 12. 31.	2022. 12. 31.	2021. 12. 31.
Revenue	3,429	1,652.7	1,310.0
% Growth	107.5	26.2	31.8
Gross profit	1,151	527.6	386.9
% Margin	33.6	31.9	29.5
Operating income	478	142.4	87.6
% Margin	13.9	8.6	6.7
Profit before tax	481	142.7	102.6
% Margin	14.0	8.6	7.8
Profit	380	111.6	82.5
% Margin	11.1	6.8	6.3

Statement of financial position [abstract]

100M Won

	2023	2022	2021
	2023. 12. 31.	2022. 12. 31.	2021. 12. 31.
[Current assets]	1,363.9	732.3	688.5
• Quick assets	578.6	446.3	470.7
• Current inventories	785.4	286.0	217.8
[Non-current assets]	788.8	559.9	285.4
• investment assets	162.3	103.5	48.0
• Property, plant and equipment	592.1	441.1	229.8
• Intangible assets	0.7	0.9	1.7
• Other non-current assets	27.8	14.3	6.2
Total assets	2,152.7	1,292.2	973.9
[Current liabilities]	741.8	286.1	64.6
[Non-current liabilities]	61.4	42.2	46.4
Total liabilities	803.2	328.3	111.0
[Issued capital]	303.0	301.9	50.1
[Capital surplus]	301.8	296.3	527.7
[Other Comprehensive income/loss accumulated amount]	28.4	27.1	22.3
[Elements of other stockholder's equity]	8.4	10.7	8.9
[Retained earnings]	708.1	327.9	254.0
Total equity	1349.5	963.9	862.9