

Global Success Partner
cafe24

October 2019



D i s c l a i m e r



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Cafe24

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C O N T E N T S

Chapter 1. Cafe24, the New Paradigm of the E-commerce Industry

Chapter 2. Cafe24, the Company with a Promising Future

Chapter 3. Leap Forward as a Global E-commerce Platform

< Appendix >

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01

Cafe24, the New Paradigm of the E-commerce Industry

- 01. Cafe24, Where You Can Find 1.6M K-Style Leaders
- 02. Global E-Commerce Platform, Cafe24

01. Cafe24, Where You Can Find 1.6M K-Style Leaders

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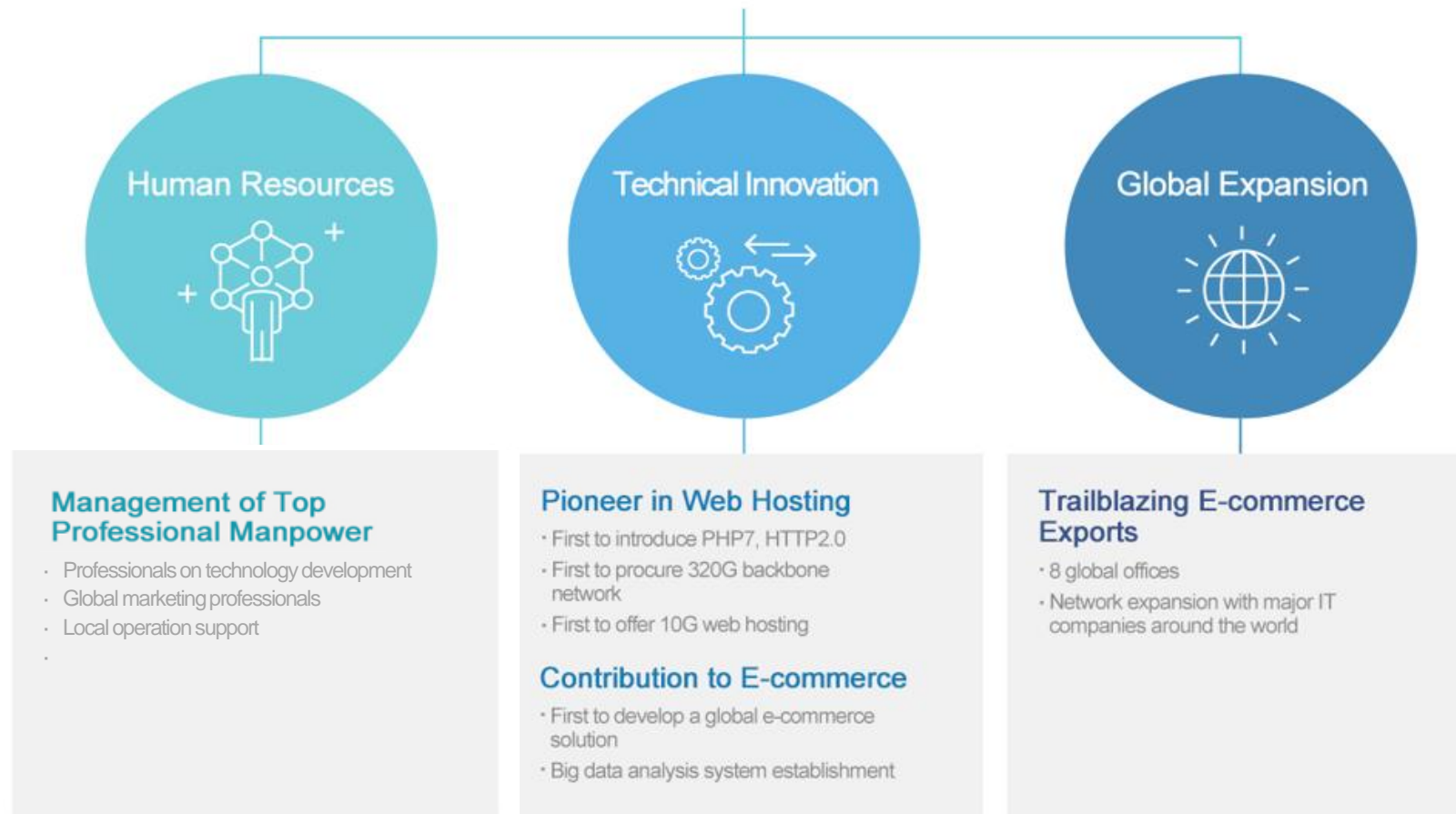
Global Success Partner for globalization of Hallyu (Korean Wave) and Korean Style products



02. Global E-Commerce Platform, Cafe24 _ Brand Power

Leading the global e-commerce market through continuous investment and innovation

Continuous Investment and Innovation



02. Global E-Commerce Platform, Cafe24 _ Business

We provide a full range of service to support online business



02. Global E-Commerce Platform, Cafe24 _ Service

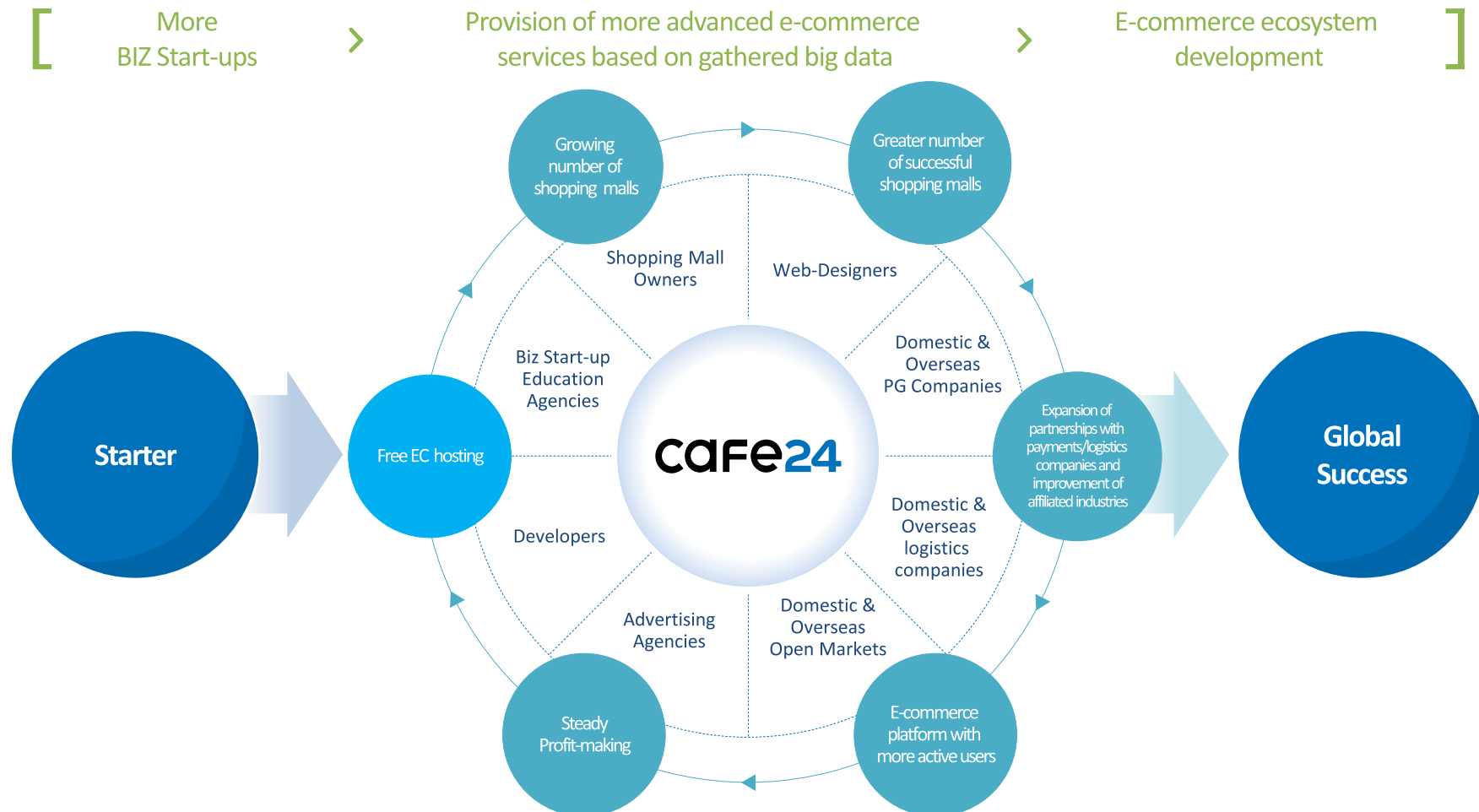
We provide an all-in-one service from building multi-language store to operating and branding

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02. Global E-Commerce Platform, Cafe24 _ E-commerce Ecosystem

Building an e-commerce ecosystem where every entity thrives and wins, reinforced through a virtuous circle between shopping mall owners ↔ Cafe24 ↔ payments & logistics partner companies


















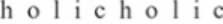


02. Global E-Commerce Platform, Cafe24 _ Main Partners & Customers

Partners

Customers

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02

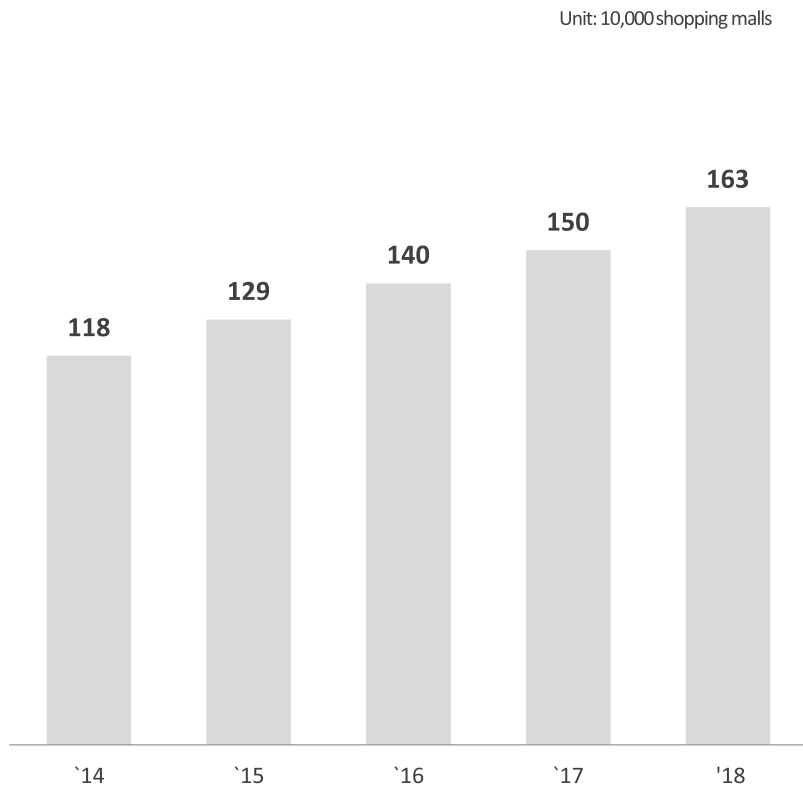
Cafe24, the Company with a Promising Future

- 01. Revenue Growth Driven by More Shopping Malls and Greater Transactions
- 02. Revenue Growth Backed by Solid E-commerce Market Momentum (1) (2)

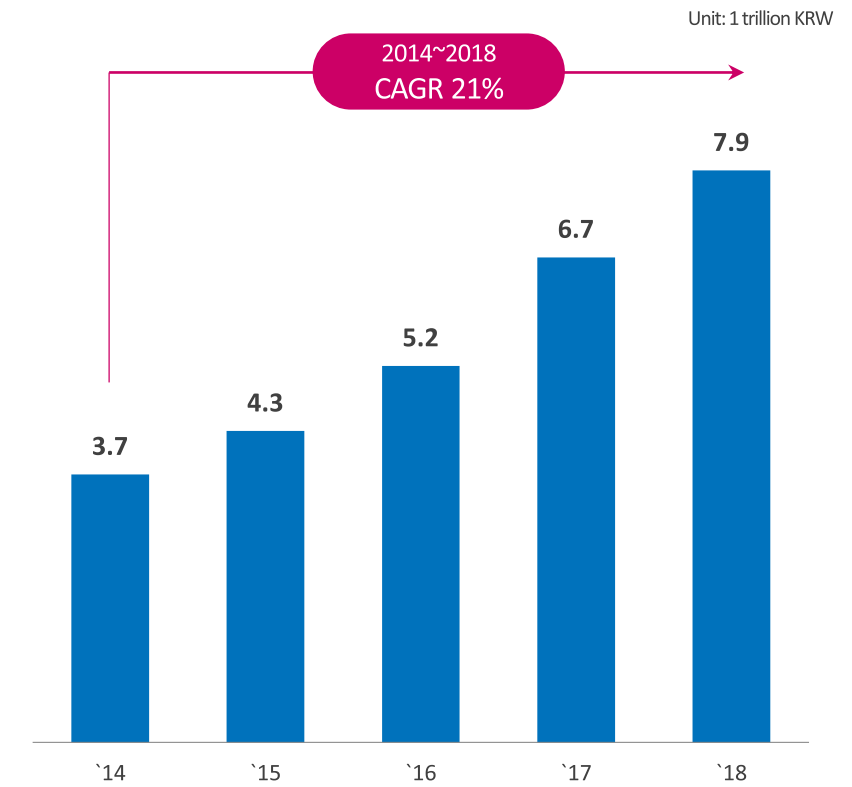
01. Revenue Growth Driven by More Shopping Malls and Greater Transactions

More shopping malls and greater GMV buoyed by the growth of the e-commerce market
With a total of 1.63 million online shopping mall accounts in 2018
The annual GMV is reached to 7.94 trillion KRW in 2018, YoY 18.2%

<Number of Cafe24 Shopping Mall Accounts>



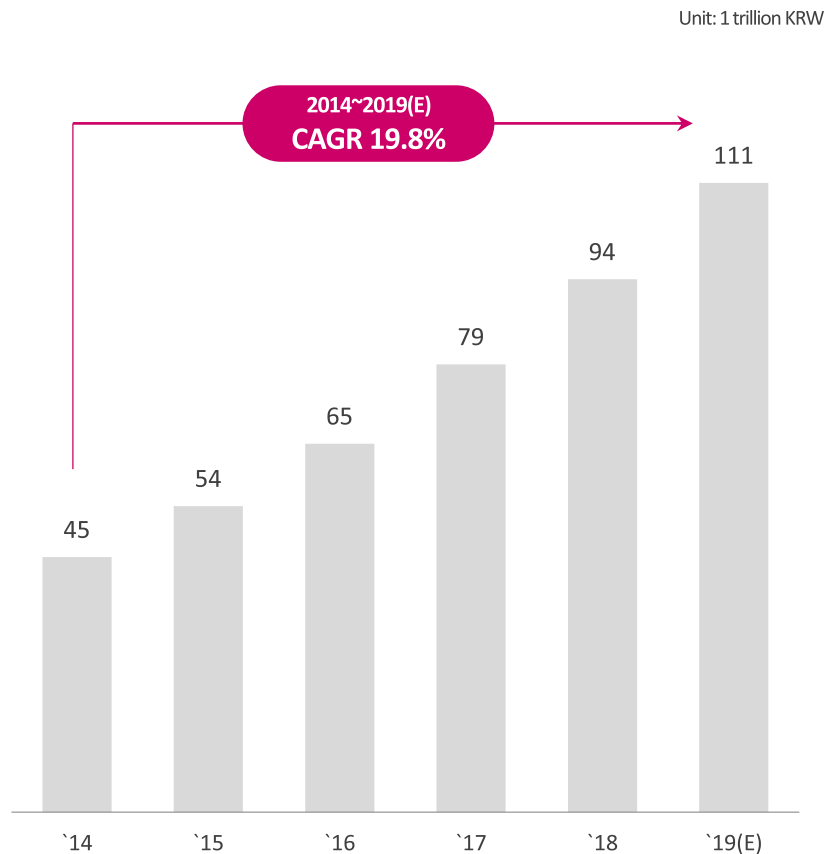
<Cafe24 Shopping Mall GMV>



02. Revenue Growth Backed by Solid E-commerce Market Momentum (1)

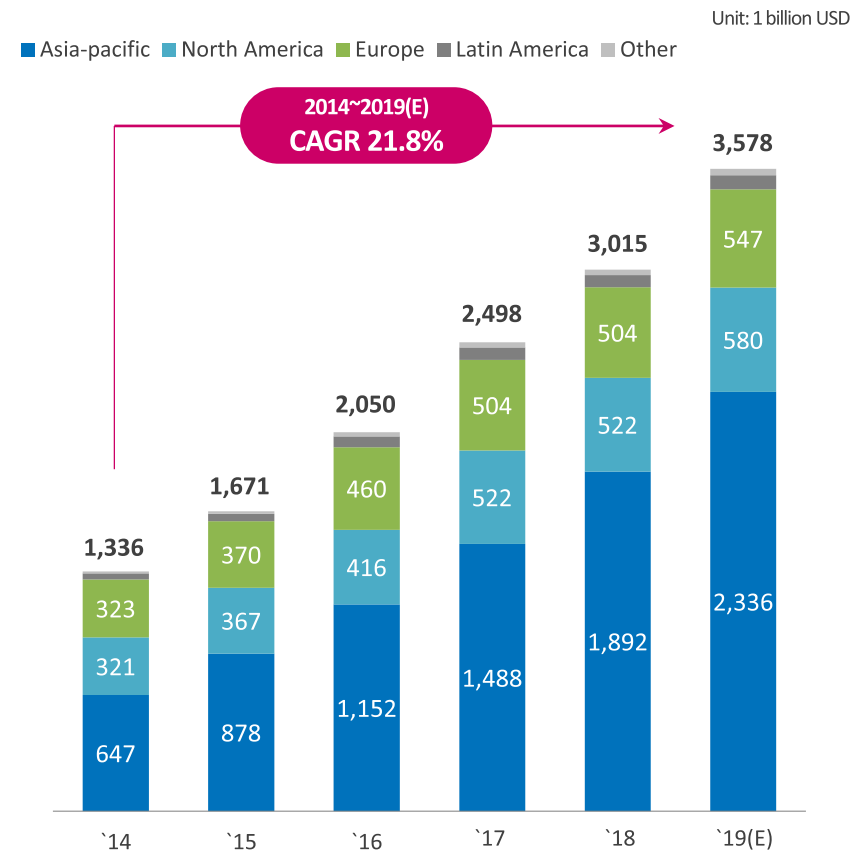
The Korean e-commerce market is expected to see 19.8% average growth per annum
Asia will lead the Global e-commerce market, which is forecasted for 21.8% average growth per annum

< Korean E-commerce Market Outlook >



Source: Statistics Korea, MiraeAsset Daewoo

< Global E-commerce Market Outlook >



Source: eMarketer

02. Revenue Growth Backed by Solid E-commerce Market Momentum (2)

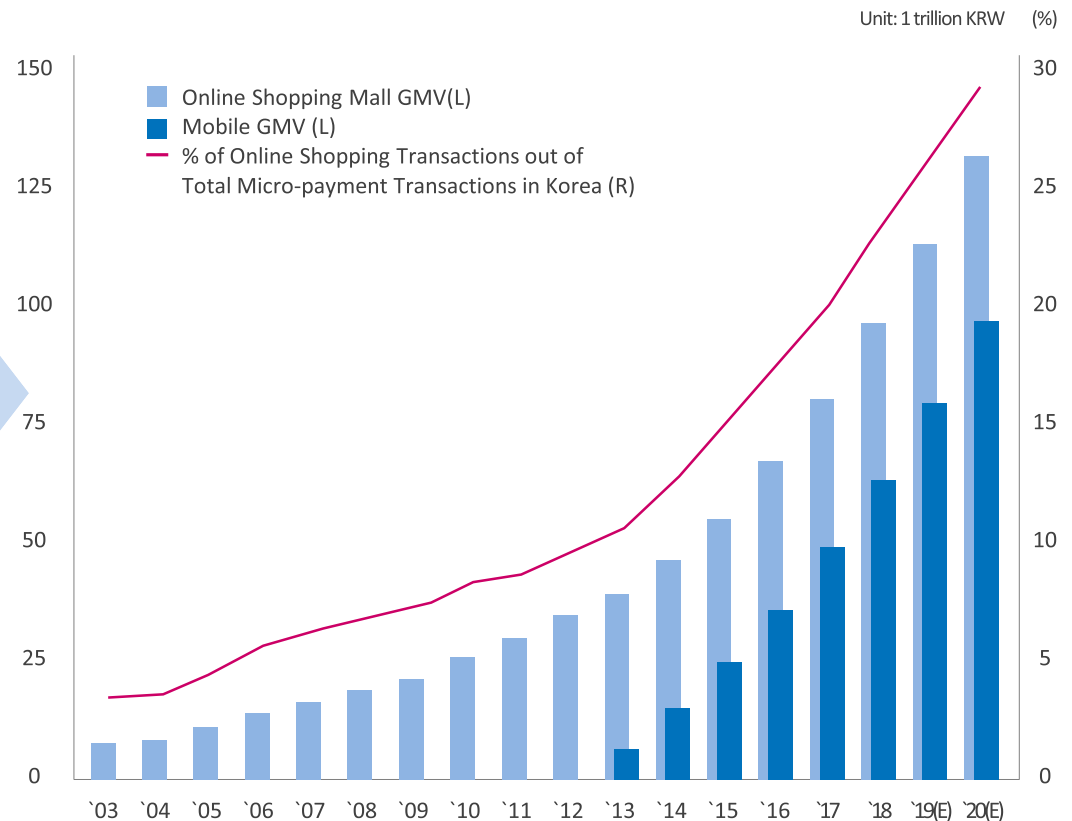
Share of mobile shopping to expand further in accordance with changing e-commerce market trends

< Mobile Shopping Share in the E-commerce Market >

Increased smartphone penetration in Korea

More online shopping malls featuring mobile-friendly systems and apps

Launch of various easy-to-use payment transaction systems

Source: Statistics Korea, MiraeAsset Daewoo

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03

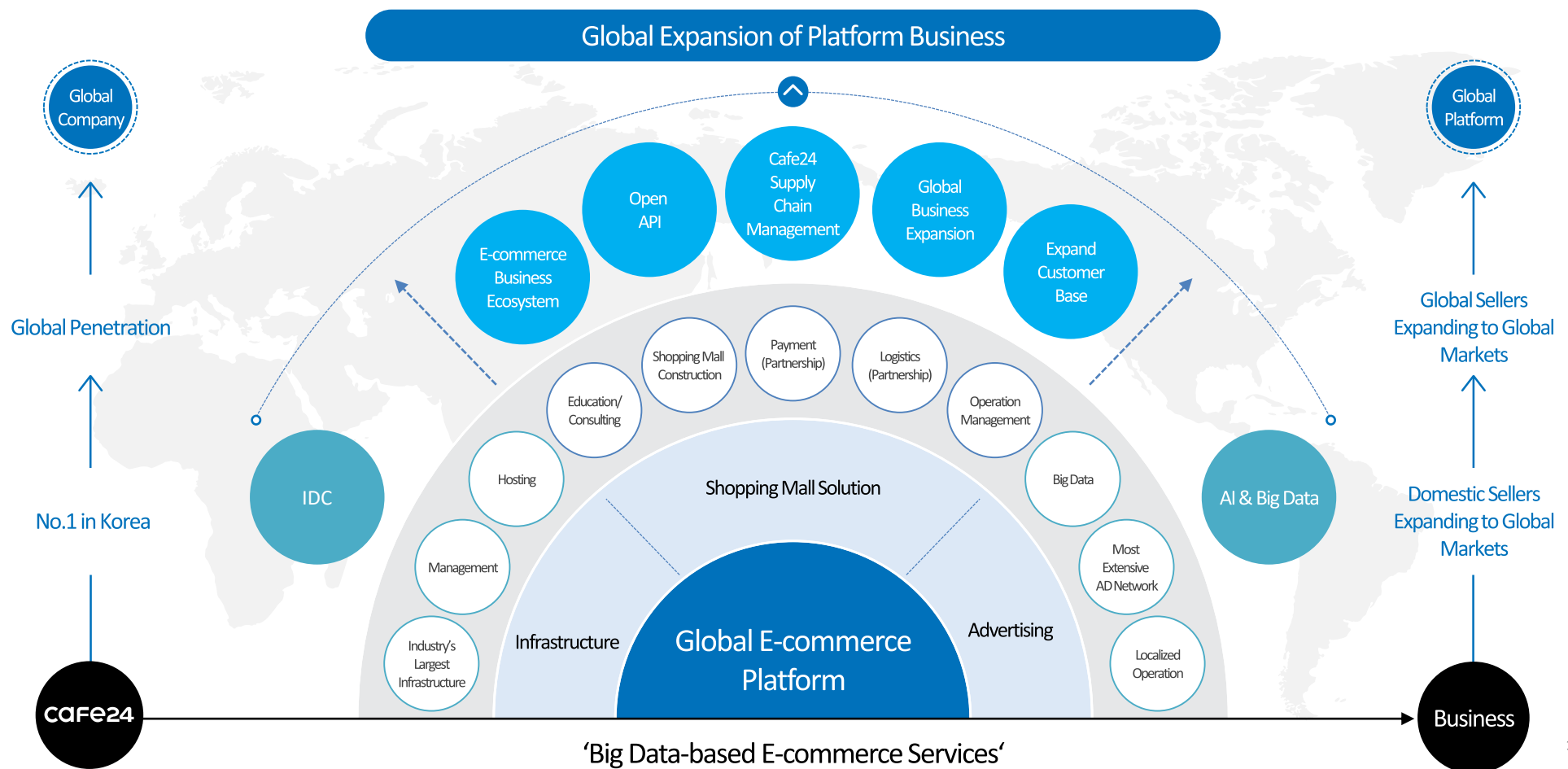
Leap Forward as a Global E-commerce Platform

- 01. Vision & Growth Strategies
- 02. Areas of Focus

01. Vision & Growth Strategies

Introducing a global e-commerce platform available for anyone in the world by leveraging dominance in the domestic market

Building an integrated platform that encompasses the entire e-commerce value chain through business expansion



02. Areas of Focus

E-Commerce Business Ecosystem

- Ecosystem connection with partner companies such as independent developers, design agencies, open market companies, online portal website operators, logistics companies, payment gateway companies, financial companies, and SNS companies etc.
- Seeks to actively develop its e-commerce business ecosystem and assist clients in realizing their creative business plans by expanding connection between our existing or future partner companies as well as associate companies and open App stores, API policy, developer center, and design center

Open API (Application Program Interface) policies

- Gain business flexibility and scalability through open and connection
- Flexible API policies to address the needs of diverse merchants
- Create business opportunities by enabling App Store and Developer Center
- Seek further collaboration with existing & potential partners

Cafe24's SCM(Supply Chain Management) build up

- As a platform operator, provides one-stop service based on supply & logistics connectivity as well as solution areas based on systems-data connection
- Seeks growth through connection and integration of relevant services being offered by Cafe24 companies

AI/Big Data -based function and service expansion

- Provides services such as Edibot and SERA based on AI/Robotics/Data science
- Focuses on developing a variety of new technologies for faster and easier services, sales expansion, and increase in work efficiency in the future
- Established BI(Business Intelligence) R&D center(June, 2019)



02. Areas of Focus

Global business expansion

- In process of building a virtuous eco-system by securing successful references, expanding partnership and network with PG & Logistics companies, and continuously adding more services in Japan
- Advance into markets in Vietnam, Southeast Asia and preparation for provision of English back-end services

Expand customer base

- Launched 'Smart Mode', an easy shopping mall solution for single founders(June, 2019)
- Creates e-commerce business opportunities by bridging e-commerce and influencers with creative contents
- Supports large corporations enter the global e-commerce market through Cafe24's platform

Seek growth opportunities

- Plans to seek additional M&A opportunities in the long-term unless there is risk of damaging financial soundness.
- Maintain a sound financial structure and create a sustainable business expansion business model



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< Appendix >

01. Company Overview

02. 2Q19 Earnings result

01. Company Overview

Cafe24 At A Glance

Company name	cafe24 Corp.	(2018.12.31)
Founded	May 1999	
Paid-in-Capital	4.7 billion KRW	
Number of employees	1,048 employees	
HQ address	15 Boramae-ro 5gil, Dongjak-gu, Seoul	
Homepage	www.cafe24corp.com	

CEO

Lee Jaesuk

- 1995 Researcher at KC Cottrell Co., Ltd.
- 1996 ~ 1999
CEO, Korea Network Business Consulting
- 1999 ~ Present CEO, cafe24

Management Philosophy

Trust

Build trust by maintaining close lines of communication

Humanism

The success of the corporation depends on our people

Client-centric

Satisfy clients by quickly identifying and responding to their needs



Key Milestones

2019	Signs MOU agreement : Seoul Metro, Taiwan Family Mart, Facebook APAP, SHOPLIST Launches next generation mobile technology(PWA,AMP) services
18	Signs MOU agreement : SB Payment, Facebook, SHIBUYA109, TSL. Etc. <u>Listed on KOSDAQ (2018.02.08)</u>
17	Changes corporate name to cafe24 Corp. Signs partnership agreement: Facebook
16	Signs MOU agreement: Sagawa, Hanjin Earns Google Analytics Partners Certification <u>Opens overseas sites: Taipei(Taiwan), Fukuoka(Japan)</u>
15	Signs MOU agreement: Alipay ePass Signs MOU agreement: Rakuten Inc. Signs MOU agreement: JD.com
14	Launches Global Open Market Business Support Service Starts Global Marketing &AD Service Signs MOU agreement: Alibaba
13	Launches cafe24 Global E-commerce Platform <u>Opens overseas site and branch: Delaware(USA), Hangzhou(China)</u> <u>Signs partnership agreement: Amazon.com</u>
12	Opens overseas branch: Tokyo(Japan) Signs MOU agreement: Yahoo! Japan Launches Smart Design Service
11	Adopts new cafe24 BI Opens cafe24 SOHO Business Center Opens overseas branch: LA(USA)
10	Launches Mobile Shopping Mall Service
08	Opens overseas branches: Yanji(China), Manila(Philippines)
06	Opens cafe24 Marketing Center
03	Opens cafe24 Shopping Mall Solution
02	Opens cafe24 Hosting
2000	Opens cafe24 Chatting Portal
99	Simplex Internet founded

02. 2Q19 Earnings result

2Q19 revenue YoY +35.3%, as a result of GMV growth, PIMZ & Feelway acquisition, JC Apparel sales increase

2Q19 operating profit KRW 4.1bn similar to 2Q18

- Adjusted operating profit KRW 4.7bn, considering amortization of intangible assets(customer relationships, etc.) recognized as results of M&A of PIMZ & Feelway

2Q19 net profit KRW 3.7bn, YoY turned to black

- 2Q18 loss(KRW 54.0bn) on valuation of 'Bond of warrant derivatives evaluation' which did not involve any cash outflow

Unit: KRW mn, %

	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	Growth YoY(%)
Revenue	36,597	40,495	38,444	49,851	49,736	54,793	35.3%
Shopping mall solution	22,583	25,686	23,791	34,592	31,730	35,540	38.4%
Ad solution	6,890	7,509	7,205	7,981	7,302	8,363	11.4%
Hosting	7,124	7,300	7,448	7,278	7,391	7,485	2.5%
Other(Feelway)	-	-	-	-	3,313	3,405	New
Operating expenses	33,487	36,361	35,258	44,695	47,791	50,733	39.5%
Operating profit	3,110	4,134	3,186	5,156	1,945	4,060	(1.8%)
OPM (%)	8.5%	10.2%	8.3%	10.3%	3.9%	7.4%	-
Operating profit (Adjusted)	3,110	4,134	3,186	5,360	3,160	4,711	14.0%
Adjustments (note1)	Not Calculated			204	1,215	651	-
OPM(%) (Adjusted)				10.8%	6.4%	8.6%	-
Net profit	2,654	(50,524)	14,209	5,386	1,090	3,658	Turned to black

(Note1) After adjustment OP = It's a number that reflects the adjustment (Note2) Adjustment = One time cost by M&A + Non-cash cost increased by M&A

02. 2Q19 Earnings result _ Revenue

2Q19 revenue YoY +35.3%, due to GMV increase, PIMZ/Feelway acquisition, subsidiaries sales increase

- Revenue by division → Shopping mall solution +38.4%, Ad solution +11.4%, Hosting +2.5% (YoY)
- Increased by KRW 5.6bn from PIMZ & Feelway acquisition (PIMZ KRW 2.2bn & Feelway KRW 3.4bn, respectively)

Per businesses, Shopping mall solution 65%, Ad solution 15%, Hosting 14%, Other(Feelway) 6%

< Revenue breakdown >

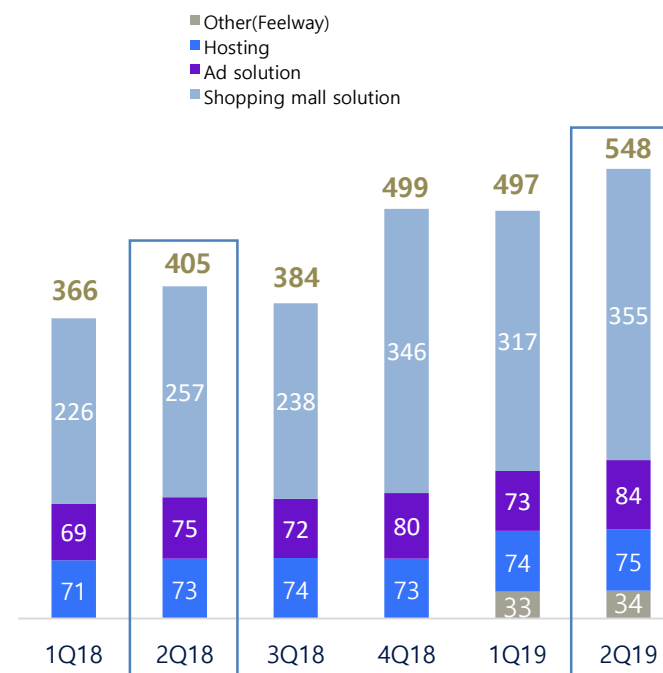
Unit : KRW mn, %

Business		19.2Q		
		Revenue	YoY(%)	Portion(%)
(1) Shopping mall Solution	PG fees	12,590	22.0%	23%
	Value added services(*)	14,708	57.3%	27%
	Product supply	5,819	123.5%	11%
	Direct sales. etc. (*)	2,423	(29.0%)	4%
Shopping mall solution sub total		35,540	38.4%	65%
(2) Ad solution		8,363	11.4%	15%
(3) Hosting		7,485	2.5%	14%
(4) Other Feelway		3,405	New	6%
Grand total		54,793	35.3%	100%

(*) Revenue from PIMZ is included in Value added services & Direct sales. etc.

< Quarterly revenue >

Unit : KRW 100mn

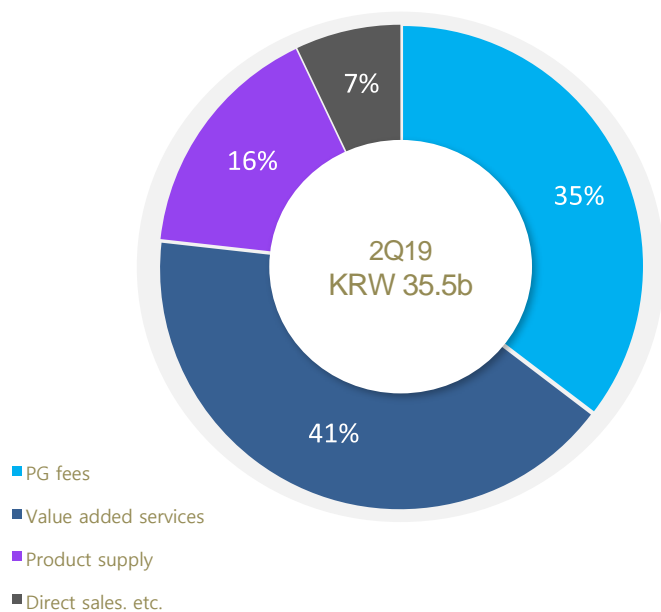


02. 2Q19 Earnings result _ (1) Shopping mall solution

2Q19 Shopping mall solution revenue YoY +38.4%

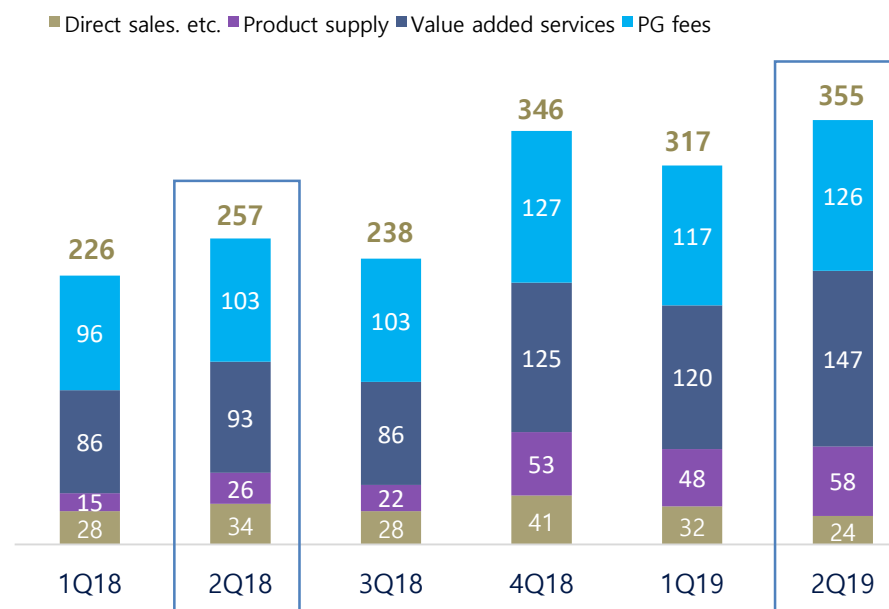
- PG fees increased +22.0%, Value added services +57.3%, Product supply +123.5%, Direct sales -29.0% (YoY)
- PG fees increased YoY +22.0%, due to GMV increase and the reduction in the portion of cash payments(FY2018 34% → 2Q19 31%)
- Revenue from Value added services increased YoY +57.3% through expansion of value added services and PIMZ M&A effect
- Product supply increased YoY +123.5%, due to business expansion

<Revenue proportion>



<Shopping mall solution revenue trend >

Unit : KRW 100mn



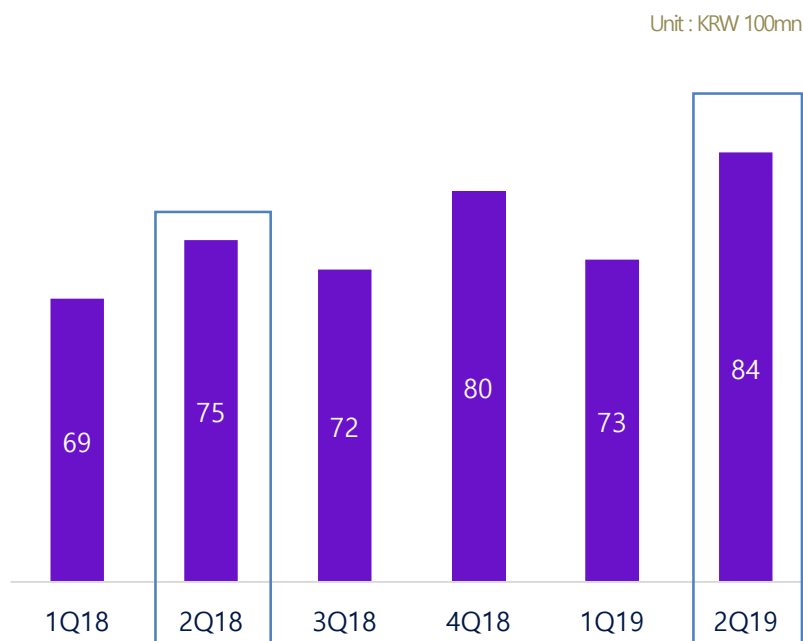
02. 2Q19 Earnings result _ (2)Ad solution (3)Hosting

2Q19 Ad solution revenue increased YoY +11.4%

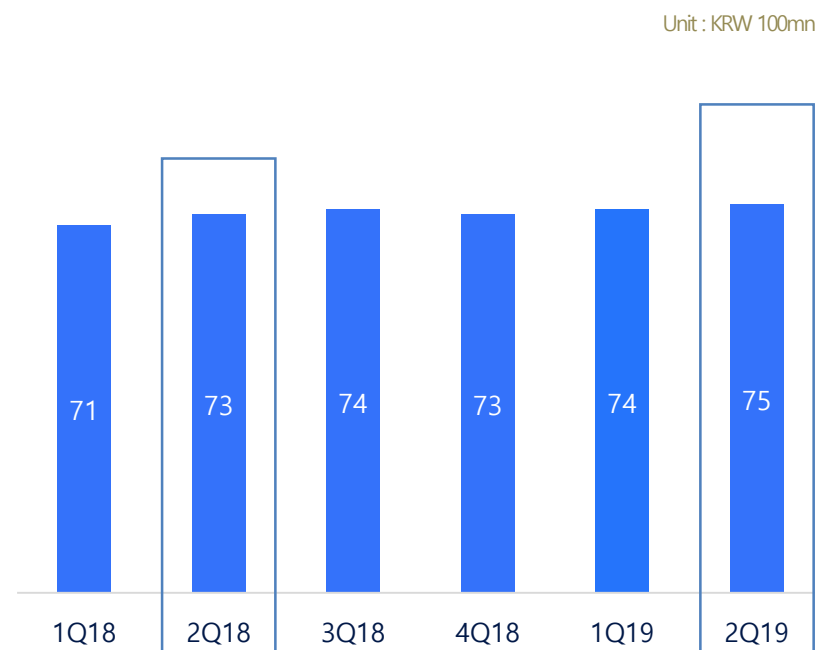
- YoY +10.3%, Ad transaction amount increased due to strong Mobile/SNS advertisement trend
- Expect continuous revenue growth in the future through Ad transaction amount increase, due to Ad commercialization and expansion of Ad channels such as SNS

2Q19 Hosting revenue increased YoY +2.5%, generating stable operating cash flow

<Ad solution revenue trend >



< Hosting revenue trend >



02. 2Q19 Earnings result _ Operating profit

2Q19 operating profit KRW 4.1bn, YoY +1.8%

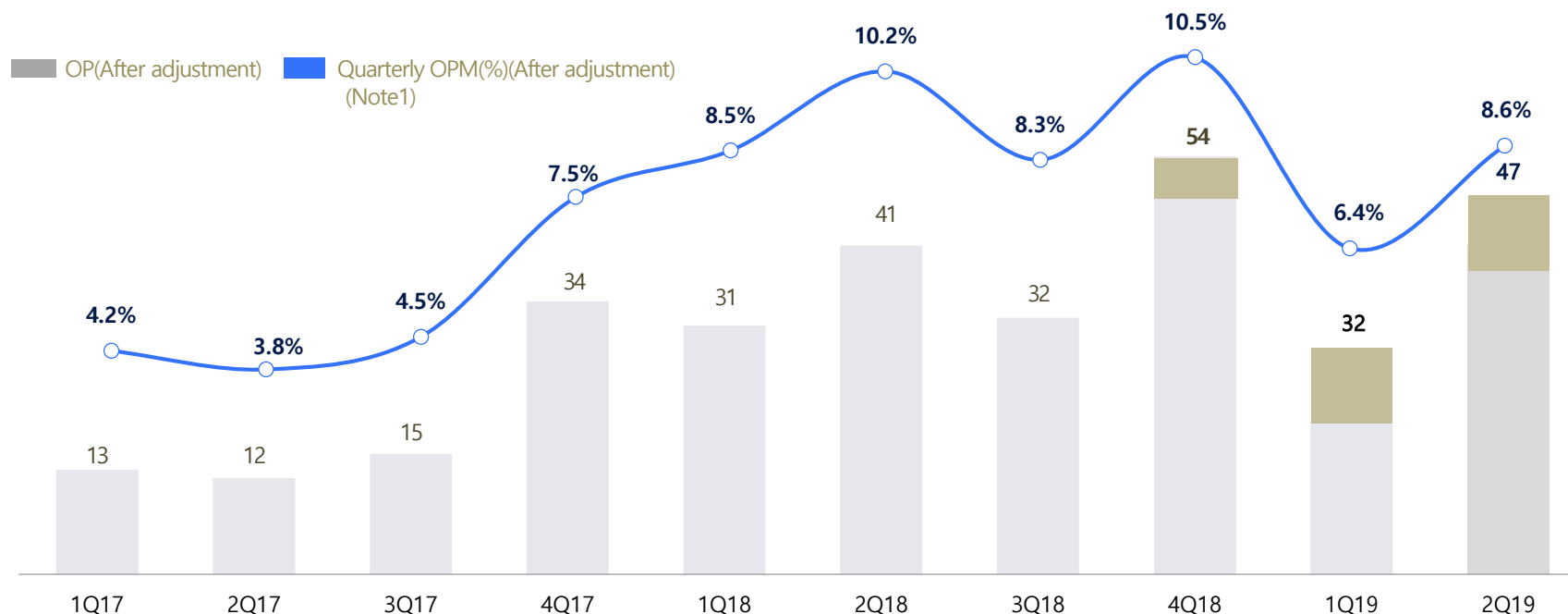
- Increase in operating expenses through investment in technology, manpower, and solutions for strengthening of main business

Adjusted operating profit KRW 4.7bn, OPM 8.6%, adding back PIMZ & Feelway amortization expenses on intangible assets

- Adjusted cost by PIMZ & Feelway M&A is KRW 0.65bn in amortization expenses for intangible assets

<Operating profit (margin) trend>

Unit : KRW 100mn



02. 2Q19 Earnings result _ Operating expenses

2Q19 Operating expenses KRW 50.7bn, increased YoY +39.5%

- Salaries & Retirement benefit YoY +30.2%, due to manpower increase to strengthen platform competitiveness
- Advertising fees YoY +116.3%, due to the consolidation of subsidiary (Feelway)
- Amortization of intangible assets YoY +519.1%, due to changes in PIMZ & Feelway acquisition

<Quarterly expenses>

Unit : KRW mn, %

	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	Growth YoY(%)	Portion (%)
COGS-Merchandise & Finished goods	2,529	4,194	3,049	7,053	5,918	6,505	55.1%	13%
Salaries & Retirement benefit	15,172	15,889	16,510	18,191	20,031	20,682	30.2%	41%
Welfare	1,589	1,653	1,535	1,724	1,937	2,011	21.7%	4%
Service fees	6,619	6,921	6,105	8,178	8,637	9,618	39.0%	19%
Communication & Telephone	2,660	2,672	2,763	2,911	3,056	3,172	18.7%	6%
Advertising fees	1,024	851	817	1,218	1,888	1,841	116.3%	4%
Depreciation of tangible assets	1,093	1,258	1,302	1,505	1,758	2,336	85.7%	5%
Amortization of intangible assets	162	162	175	509	951	1,003	519.1%	2%
Rent fees	1,328	1,486	1,544	1,489	1,490	1,242	-16.4%	2%
Taxes & Dues	648	610	661	678	702	641	5.1%	1%
Other fees	663	665	797	1,239	1,423	1,682	152.9%	3%
COGS and SG&A total	33,487	36,361	35,258	44,695	47,791	50,733	39.5%	100%

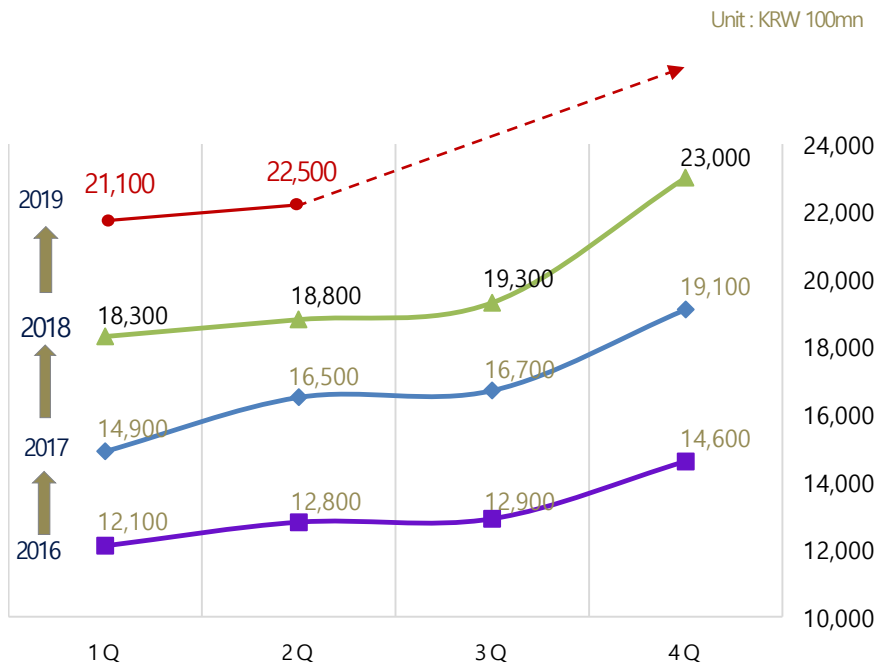
02. 2Q19 Earnings result _ Cafe24's GMV

2Q19 Cafe24's GMV is KRW 2.25 tn, YoY +19.6%

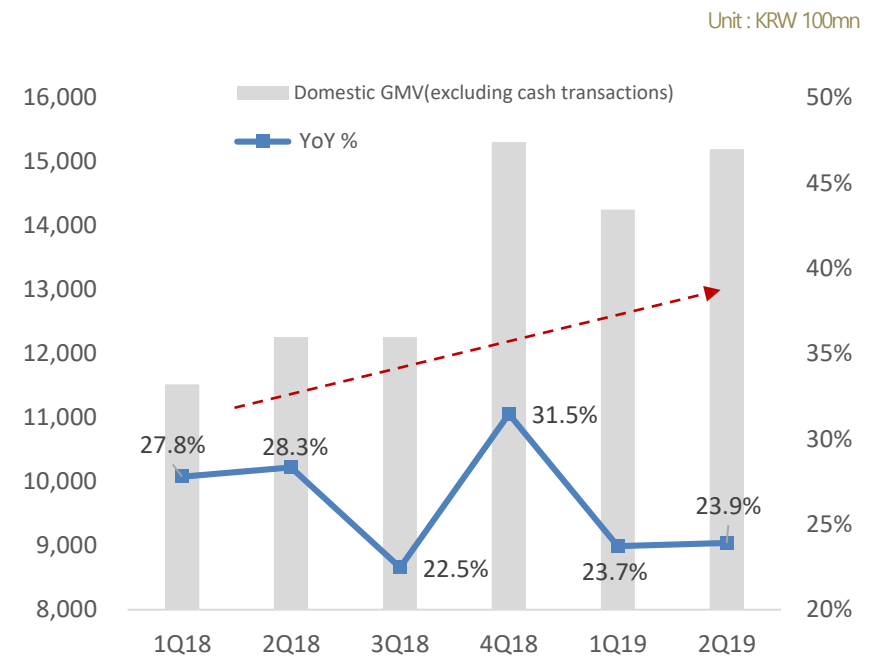
- 2Q19 domestic shopping mall GMV(excluding cash transactions) growth, YoY +23.9%

1Q19~2Q19 Cafe24's GMV is KRW 4.36 tn, YoY +17.4%

<Cafe24's GMV trend>



<Cafe24's domestic GMV(excluding cash transactions) & Growth rate >



02. 2Q19 Earnings result _Financial Summary (Consolidated, K-IFRS)

B/S (Consolidated)

Unit : KRW mn

	2016	2017	2018	2Q19
Current assets	26,654	53,440	113,138	103,382
Non-current assets	20,200	18,478	35,458	122,711
Total assets	46,854	71,918	148,596	226,093
Current liabilities	24,458	29,501	31,628	57,022
Non-current liabilities	12,620	28,693	2,279	19,710
Total liabilities	37,078	58,194	33,907	76,732
Capital stock	3,970	3,970	4,715	4,715
Capital surplus	12,348	12,348	136,068	94,343
Accumulated other comprehensive income	(29)	(171)	(35)	118
Retained earnings	(7,514)	(2,423)	(30,814)	14,960
Non-controlling interest	-	-	4,755	35,225
Total equity	83,932	13,724	114,689	149,361

I/S (Consolidated)

Unit : KRW mn

	2016	2017	2018	1Q19	2Q19
Revenue	118,080	142,578	165,387	49,736	54,799
Operating expenses	118,871	135,180	149,801	47,791	50,733
Operating profit	(791)	7,398	15,587	1,945	4,060
Other income	666	999	1,879	362	646
Other expenses	623	2,057	43,237	551	604
EBIT	(748)	6,339	(25,772)	1,756	4,102
Net income	(1,272)	5,091	(28,277)	1,090	3,658

02. 2Q19 Earnings result _Financial Summary (Separate, K-IFRS)

B/S (Separate)

Unit : KRW mn

	2016	2017	2018	2Q19
Current assets	22,079	46,618	96,162	61,680
Non-current assets	20,797	18,848	39,836	78,406
Total assets	42,876	65,466	135,998	140,086
Current liabilities	32,041	25,847	28,243	28,971
Non-current liabilities	3,671	28,275	1,675	1,987
Total liabilities	35,712	54,122	29,918	30,958
Capital stock	3,970	3,970	4,715	4,715
Capital surplus	12,348	12,348	136,068	94,343
Accumulated other comprehensive income	0	(171)	28	-
Retained earnings	(9,156)	(4,975)	(34,731)	10,070
Total equity	7,164	11,343	106,080	109,128

I/S (Separate)

Unit : KRW mn

	2016	2017	2018	1Q19	2Q19
Revenue	101,523	115,369	134,561	34,927	36,869
Operating expenses	104,041	109,151	121,097	34,022	34,717
Operating profit	(2,518)	6,218	13,464	905	2,152
Other income	564	956	1,660	280	441
Other expenses	498	1,917	43,101	71	42
EBIT	(2,452)	5,257	(27,976)	1,114	2,551
Net income	(2,724)	4,181	(29,756)	869	2,179