

# Value Creating Company 2017

ISE COMMERCE **INVESTOR RELATIONS**

# Disclaimer

This presentation includes forecasts, projections and other predictive statements that represent ISEC's assumptions and expectations in light of currently available information.

These forecasts are based on industry trends, circumstances involving clients and other factors, and they involve risks, variables and uncertainties.

ISEC's actual performance results may differ from those projected in this presentation content, no guarantee is presented or implied as to the accuracy of specific forecasts or predictive statements contained herein.

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# Company

## 1. Summary

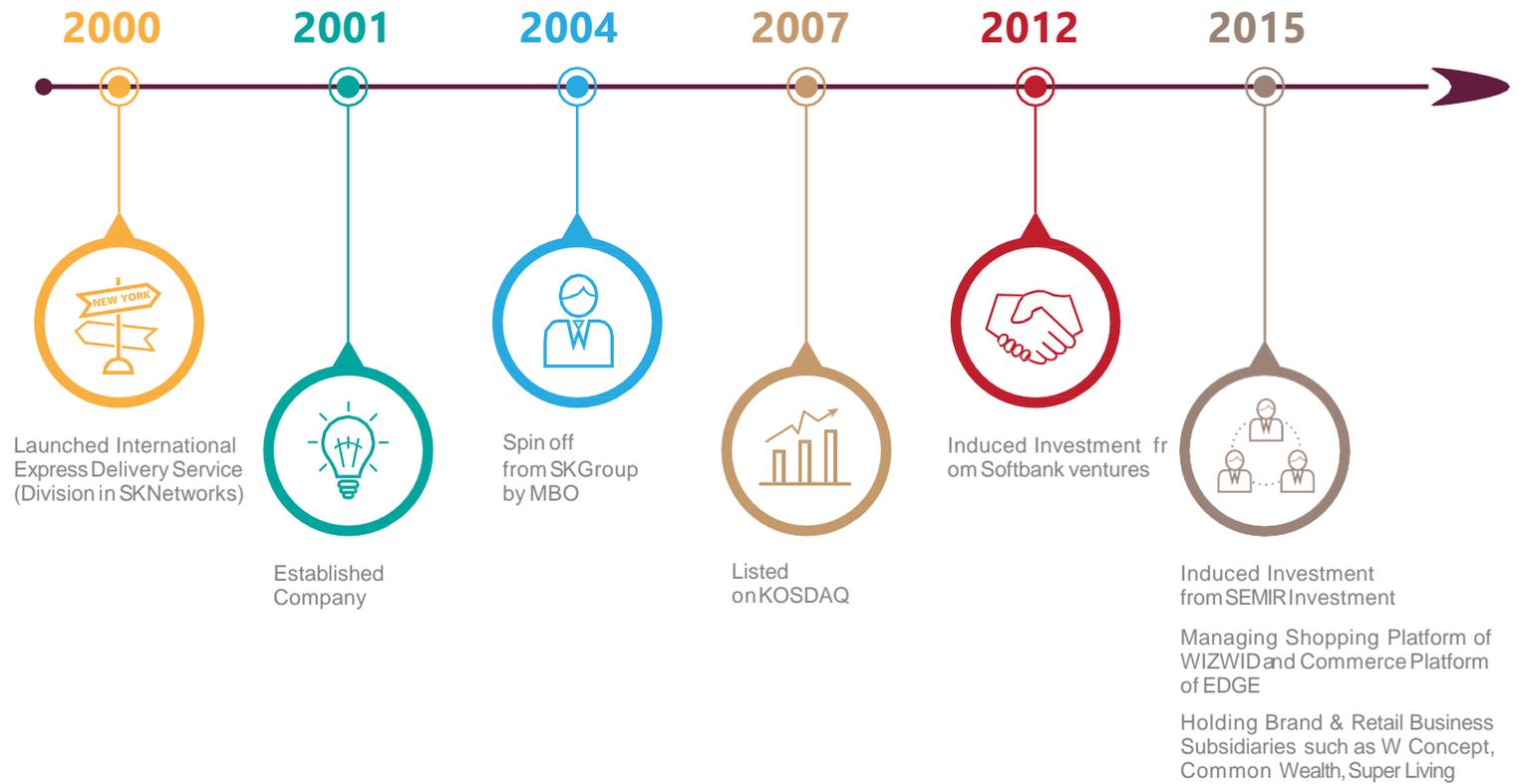
Company	ISE COMMERCE CO., LTD.
Established	March, 2001 (Business Started: August, 2000)
C.E.O.	Eungsu Kim, Eungsang Kim
Employment	85 Employees (As of 2016.09, WIZWID : 64, EDGE : 21)
Services	Import Agent Service, International Express Delivery, Local Shopping Service, IT, Logistics, Sourcing
Address	648, Yeongdong-daero, Gangnam-gu, Seoul, Korea
Web Site	<a href="http://www.isecommerce.co.kr">http://www.isecommerce.co.kr</a>

## 2. Shareholders – 2016. 12. 31

Shareholders	# of Shares	Share Ratio	Remarks
ISE NETWORK Co.,Ltd.	7,465,974	29.26%	
Affiliated Person	1,847,969	7.24%	Board Members, etc.
HanYoungGwaHak Co.,Ltd.	1,647,827	6.46%	Affiliated
SamAnTongSang Co.,Ltd.	554,131	2.17%	Affiliated
ZHEJIANG SEMIR GARMENT Co., Ltd.	5,102,818	20.00%	
SOFT BANK PAN-ASIA FUND	3,000,000	11.76%	
Others	5,895,374	23.11%	
<b>Total</b>	<b>25,514,093</b>	<b>100.00%</b>	

 - Controlling Stockholder Group : 45.14%

### 3. History



Since year 2000, ISE COMMERCE firstly introduce International Express Delivery and Import Agent Service in Korea. Based on these services, we became the fastest E-commerce company introducing brands from various countries to Korea. We also provide Local Shopping Service through \*BAM and \*RMM and based on the years of know-how in IT, Logistics, Sourcing and Marketing, we plan to build up the GLOCALIZED N2N/O2O Model.

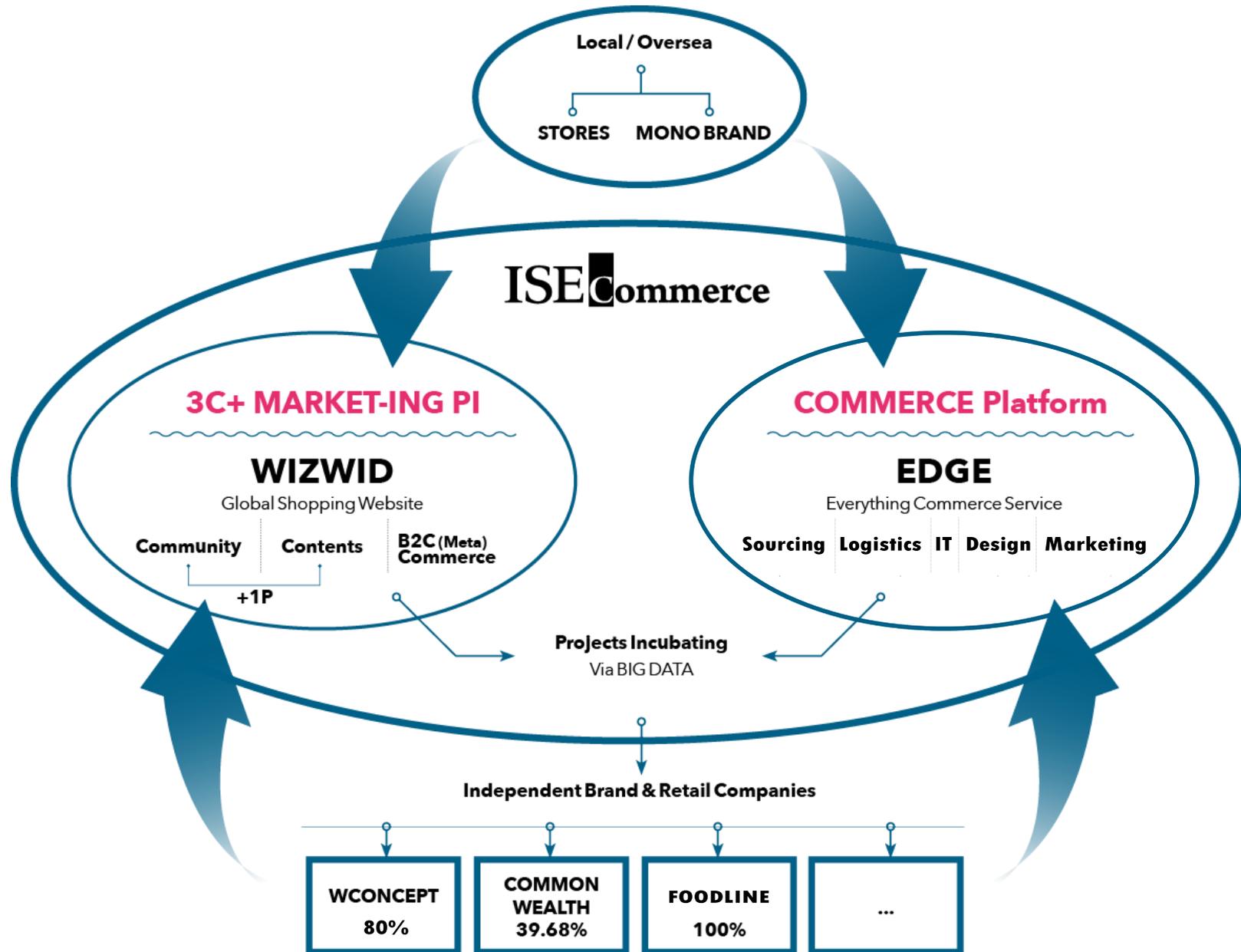
(\*BAM : Buying Agent Management / \*RMM: Registered Merchant Management)

#### 4. Vision

# The Creative Knowledge Network of Life and Culture in Global Market

ISEC runs distribution business based on e-commerce, and focuses on WIZWID (Life & Culture Items) and EDGE (Commerce Platform). Since 2001, ISEC has grown up to "Trend Leading Nto1 Fashion Shopping Service & Platform Company". ISEC will be a Life & Culture leader on the basis of the success in fashion industry.

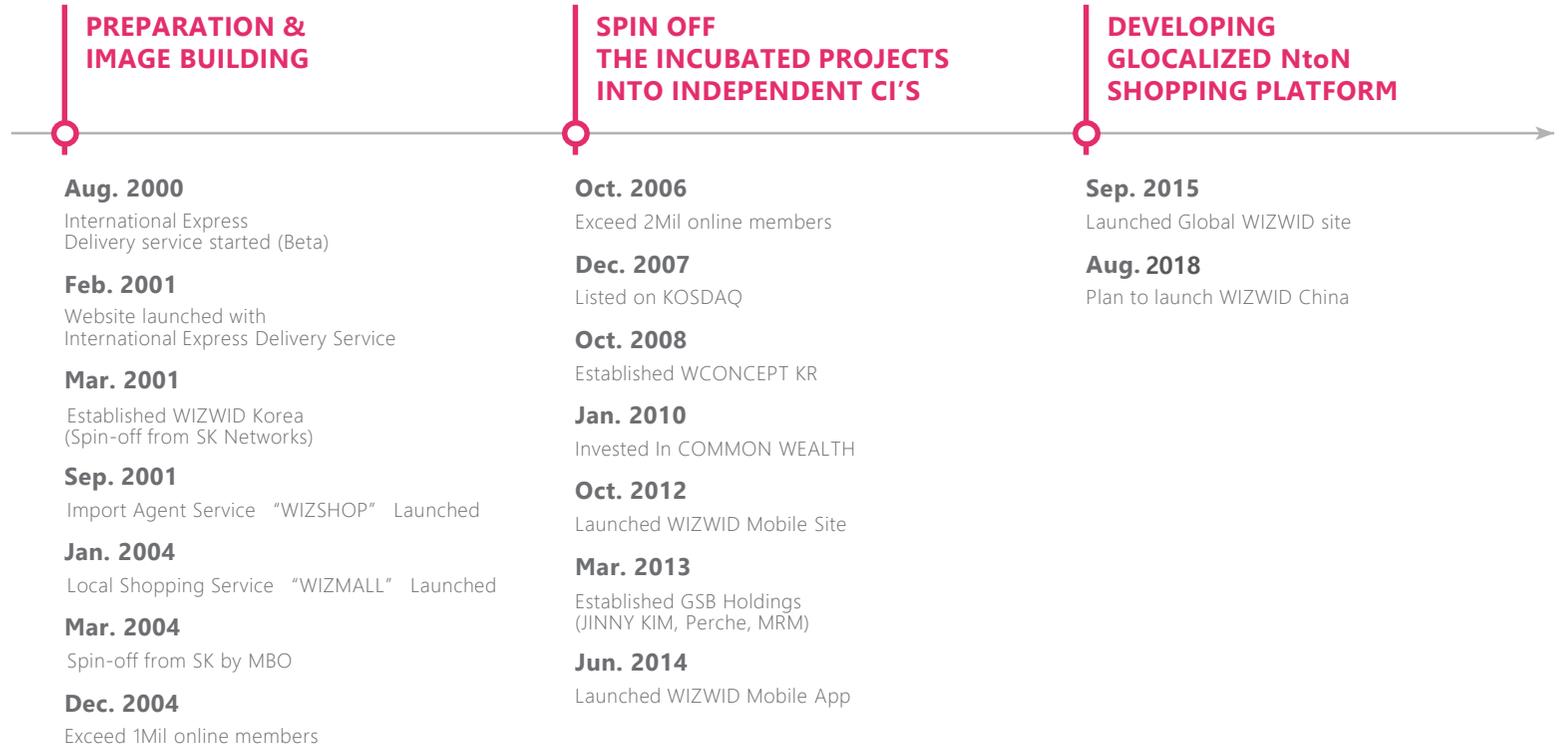
### 5. Business Structure



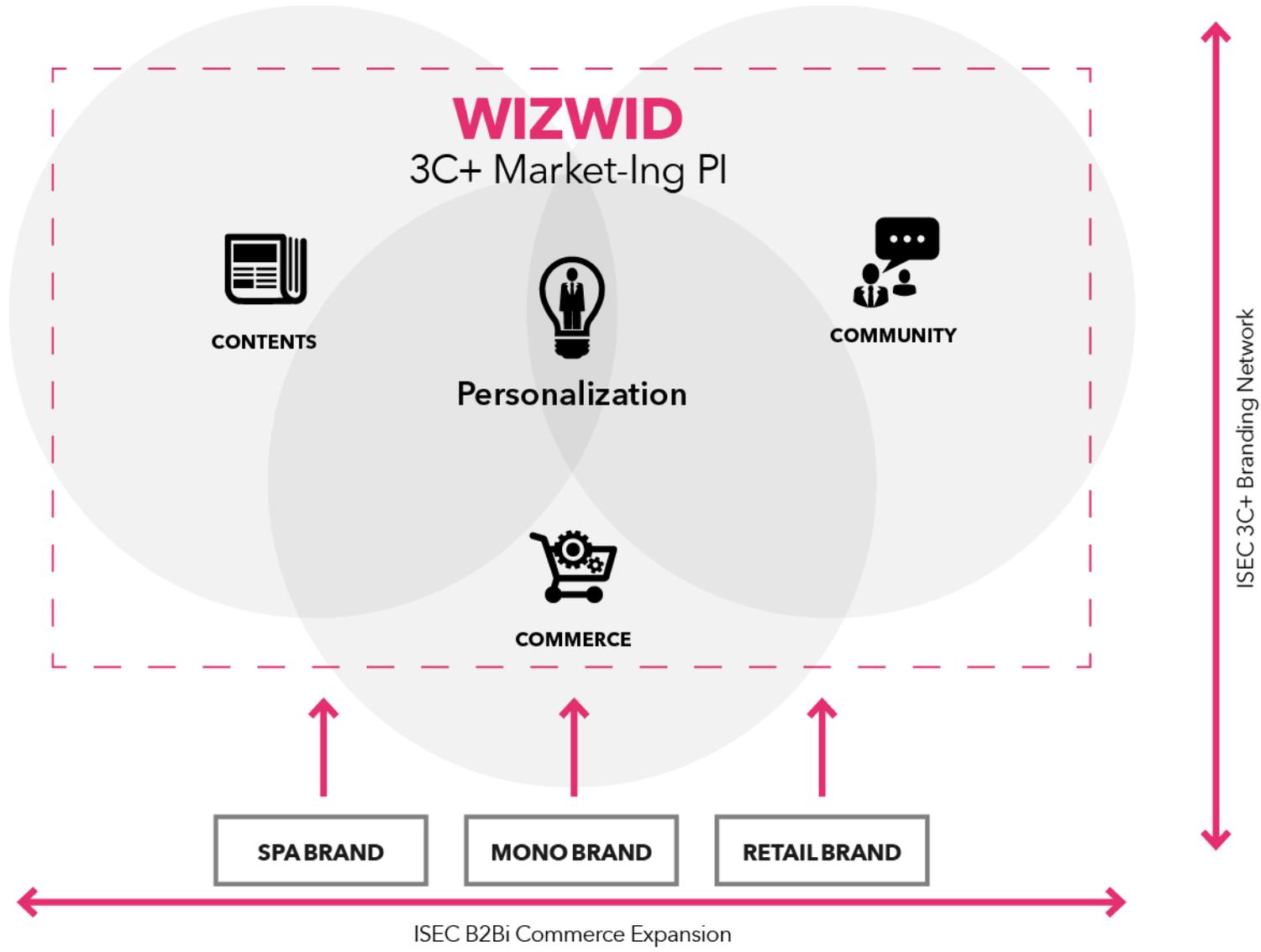
# Business

# 1. WIZWID

Division	WIZWID Business Identity
Business Started	August, 2000
Director	Eungsang Kim
Services	Import Agent Service, International Express Delivery, Local Shopping Service
Address	648, Yeongdong-daero, Gangnam-gu, Seoul, Korea
Web Site	<a href="http://www.wizwid.com">http://www.wizwid.com</a>

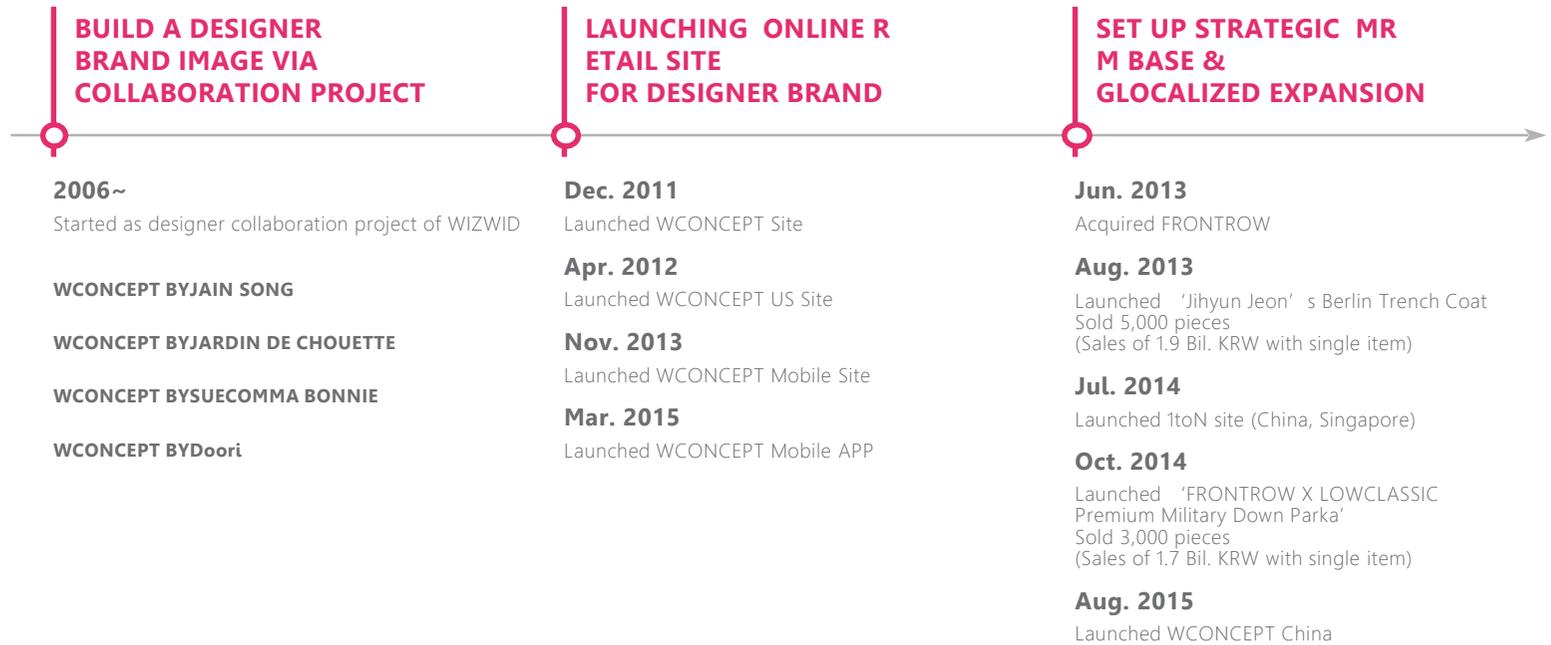


# 1. WIZWID, Branding & Sales Platform



## 2. W Concept

Company	W Concept KOREA Co., Ltd.
Established	October, 2008
C.E.O.	Jaeik Hwang
Services	E-commerce, Manufacturing
Address	5F Line building, 16, Teheranro-14gil, Gangnam-gu, Seoul
Web Site	<a href="http://www.wconcept.co.kr">http://www.wconcept.co.kr</a>



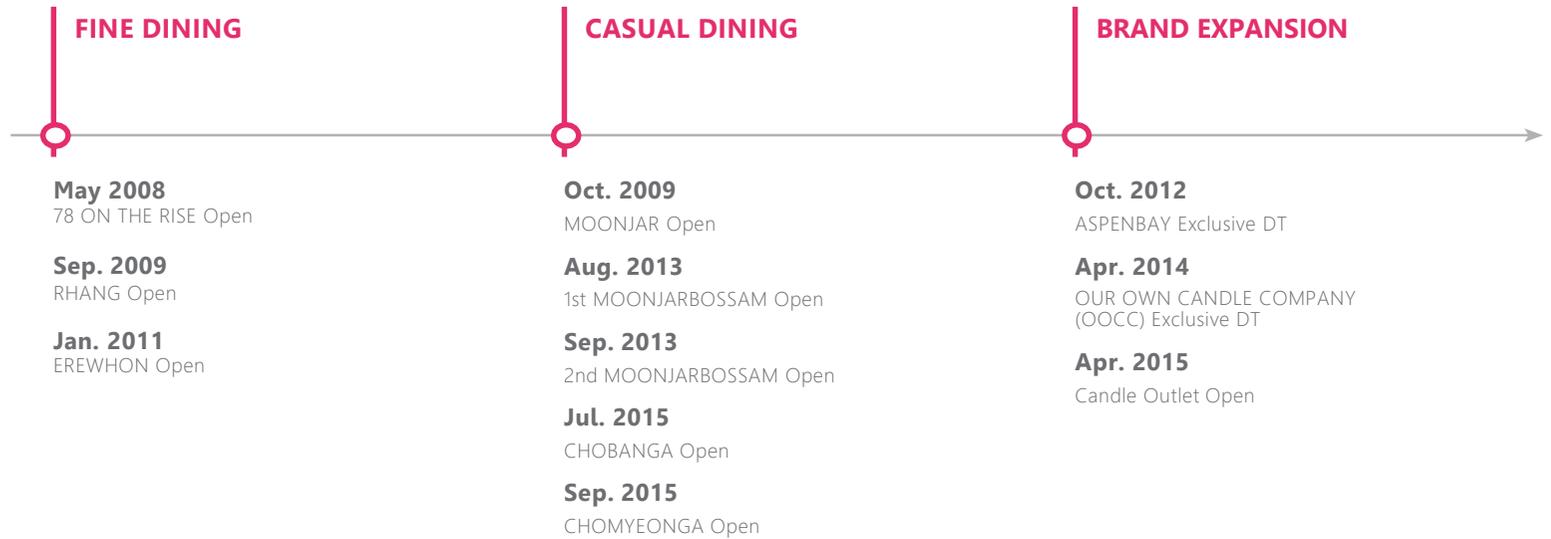
### 3. Common Wealth

Company	Common Wealth Co., Ltd
Established	July, 2003
C.E.O.	Sangwon Cha
Services	Distribution, Trade, Wholesale/Retail, Manufacturing
Address	16, Dosandaero-59gil, Gangnam-gu, Seoul
Web Site	<a href="http://www.jinnykimcollection.co.kr/">http://www.jinnykimcollection.co.kr/</a> , <a href="http://www.perche.co.kr/">http://www.perche.co.kr/</a> , <a href="http://www.nimue.co.kr/">http://www.nimue.co.kr/</a> , <a href="http://www.spanx-korea.com/">http://www.spanx-korea.com/</a>



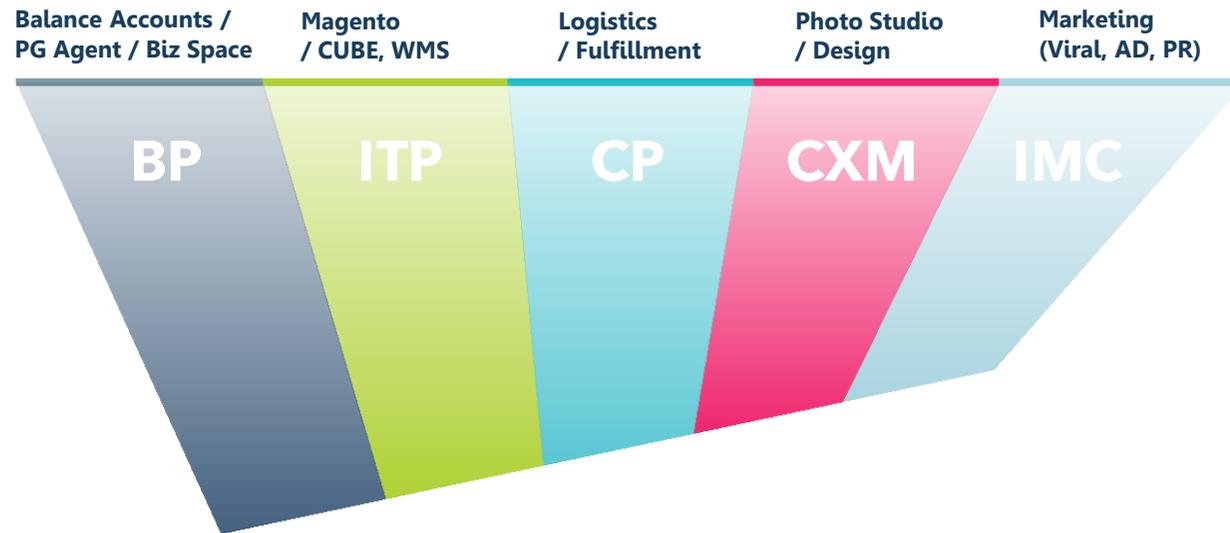
## 4. Foodline

Company	Foodline Co., Ltd
Established	Dec. 2007
C.E.O.	Joohyuk Park
Services	Food Retailer(Restaurants), Food & Living Brand Distribution
Address	A-203, Apgujeong-ro 309, Gangnam-gu, Seoul, Korea
Web Site	<a href="http://www.foodline.co.kr">http://www.foodline.co.kr</a> , <a href="http://www.78ontherise.com">http://www.78ontherise.com</a> , <a href="http://www.rhang.com">http://www.rhang.com</a> , <a href="http://www.moonjarbossam.com">http://www.moonjarbossam.com</a> <a href="http://www.theerewhon.com">http://www.theerewhon.com</a> , <a href="http://www.moonjar.co.kr">http://www.moonjar.co.kr</a>



## 5. EDGE, Commerce Platform

BP : Business Platform  
ITP : IT Platform  
CP : Commerce Platform  
CXM : Customer eXperience Management  
IMC : Integrated Marketing Communications

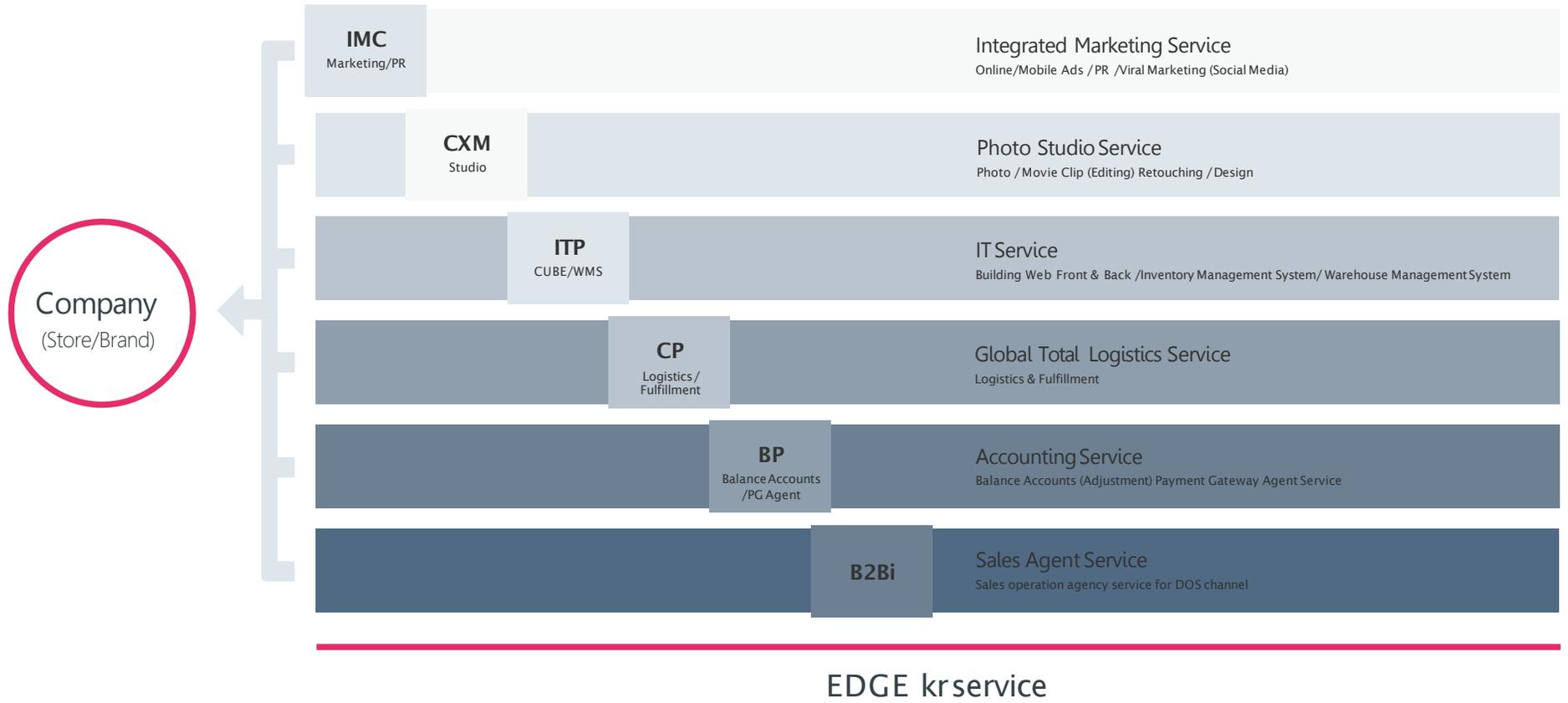


### EDGE Platform

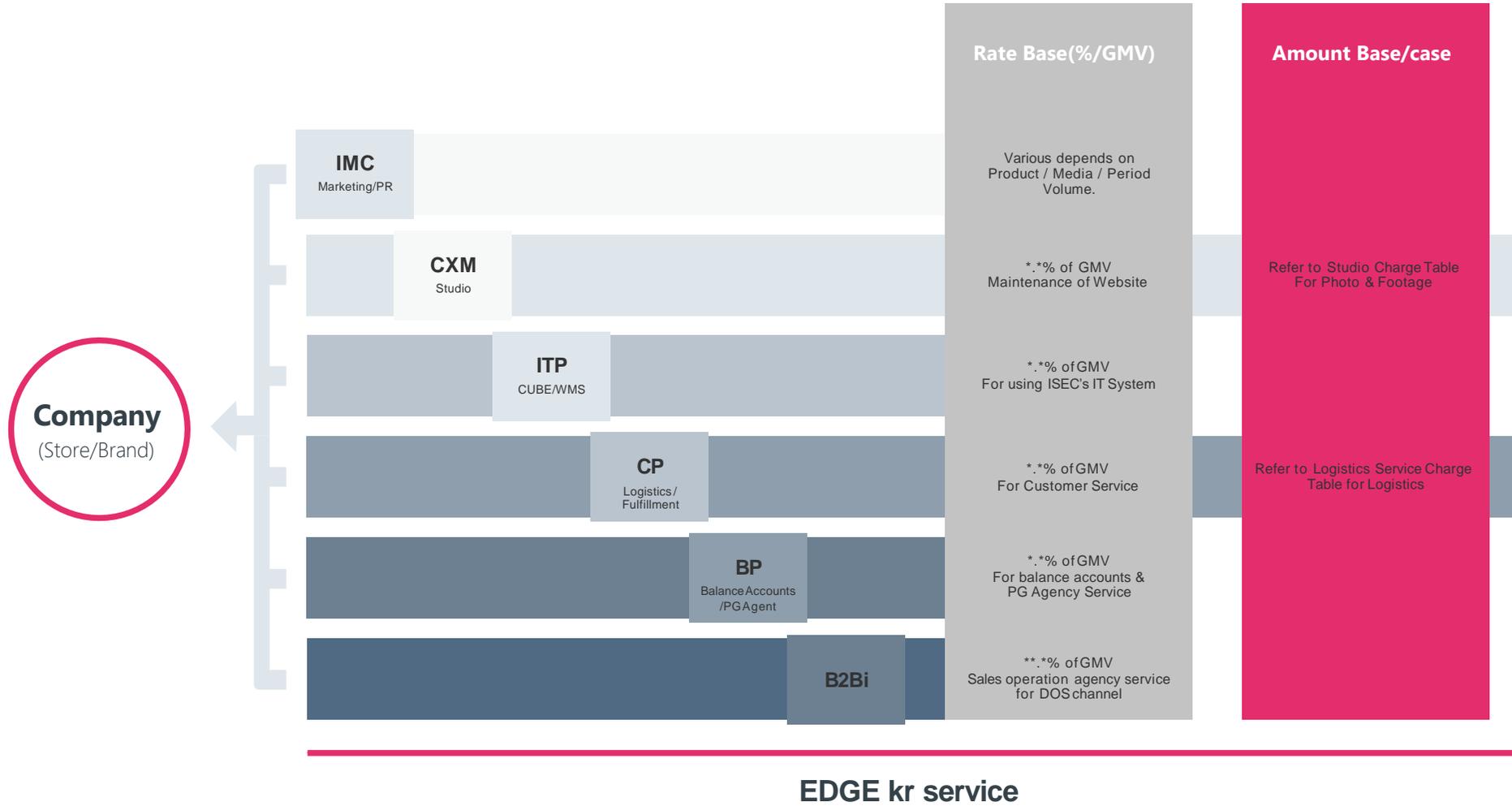


Everything commerce hub **D**riven **G**lobal **E**xpansion  
Everything Commerce Service Platform

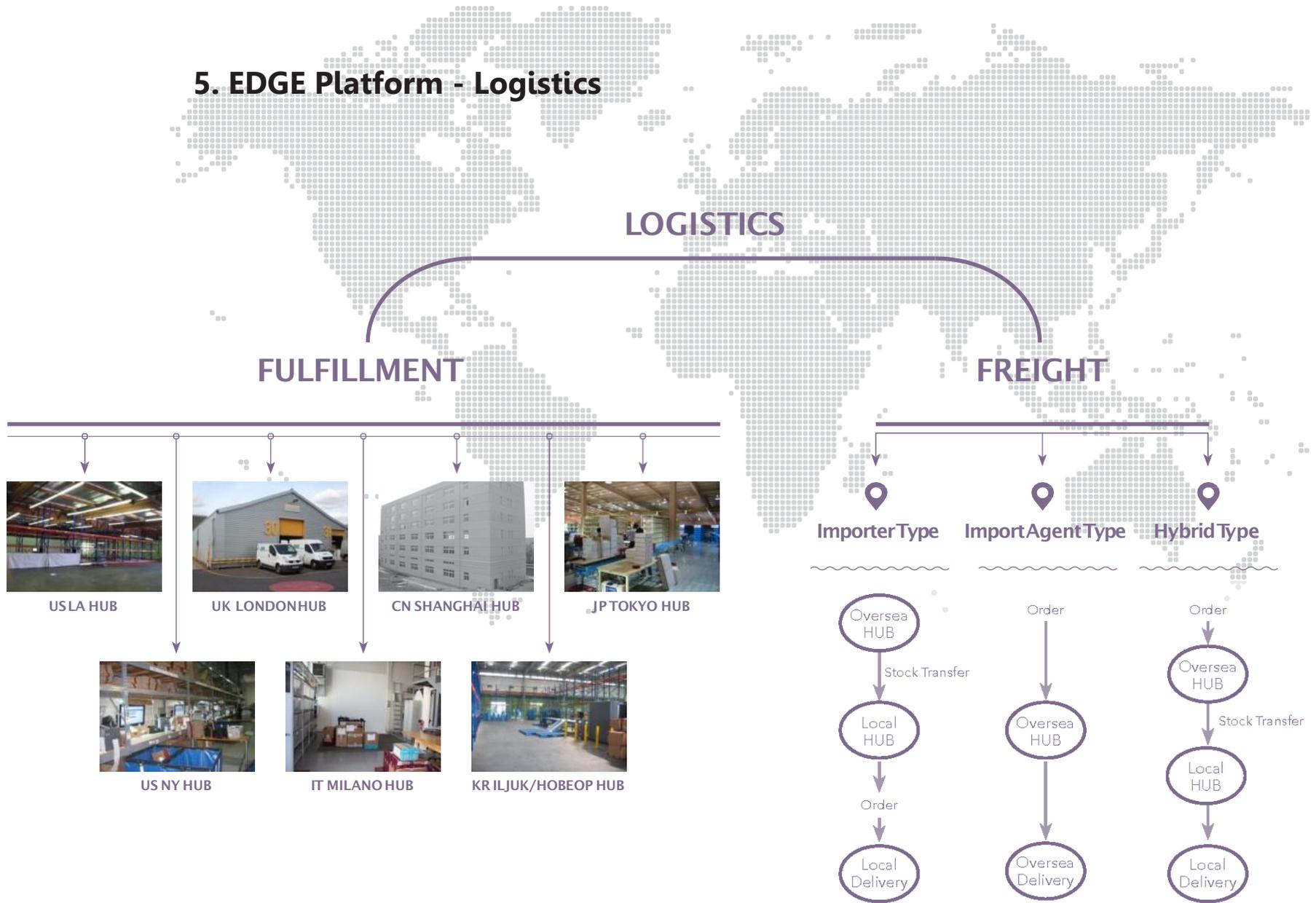
### 5. EDGE Platform - Service Rate



## 5. EDGE Platform - Service Rate



# 5. EDGE Platform - Logistics



# Growth Strategy

## 1. Countermeasures against market changes

In terms of the market size, the growth of domestic commerce market could be a favorable factor. However, the most of domestic companies' biz model almost reached their limits considering recent borderless economic atmosphere.

### Now, ISEC is transforming

- Recent move as a Company Builder → "Spotlight.ly" has launched in May, 2016.  
(Co-working Space for startups and small biz companies)
- Digital HUB + MORE → Manufacturing/Logistics Space + Specialized Shopping Space

### Stable Business Structure

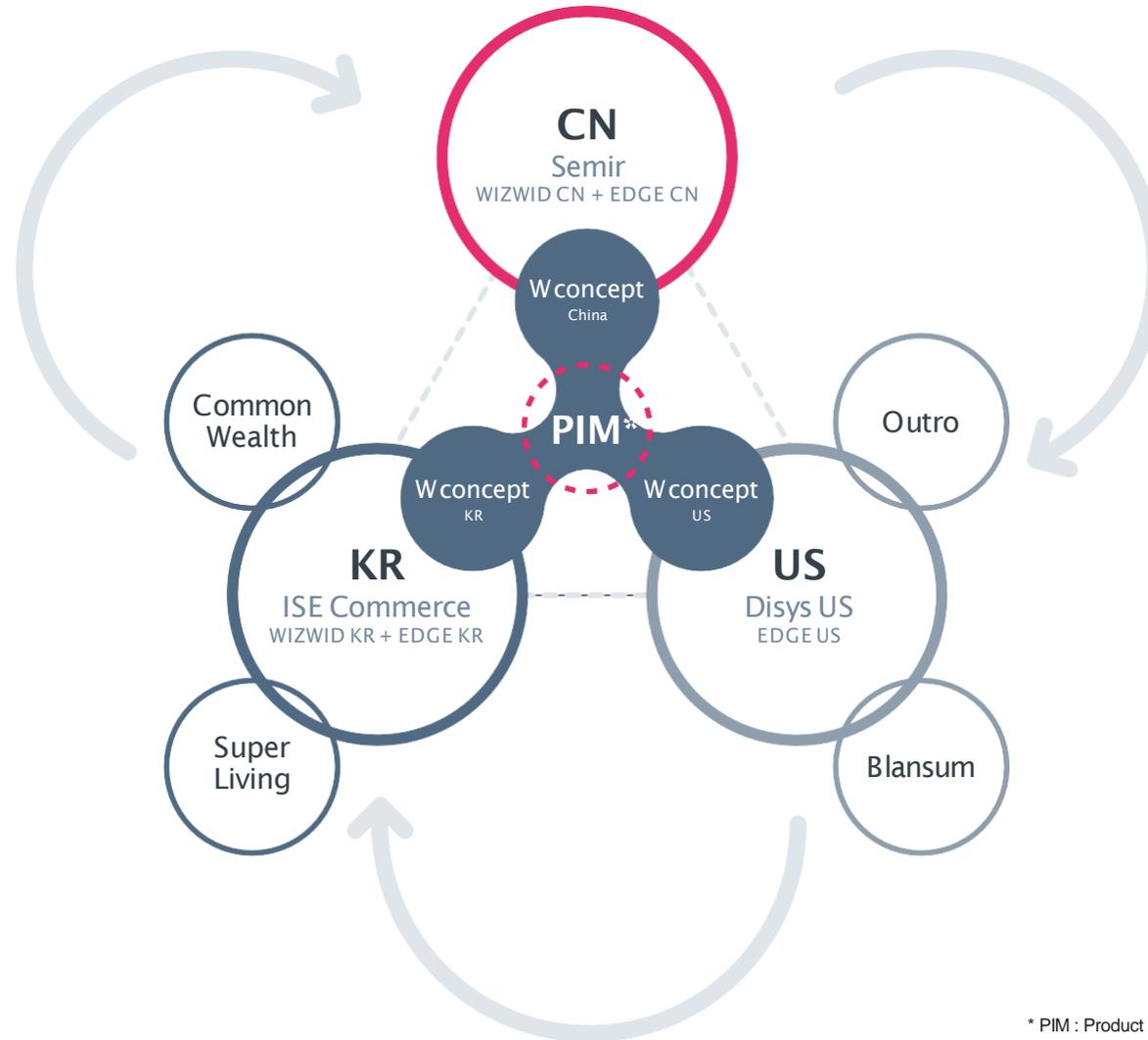
- Optimization of Cost Structure; Organized EDGE service & platform among each sectors.
- Secure the stable profit structure of EDGE providing services to various e-commerce companies as well as affiliate companies.

### Prominent future with Chinese #1 fashion retail company "Semir"

- Established Joint Venture with Semir Garment.
- Globalized Strategy considering the characteristic of Chinese consumer and market.

## 2. Platform & Global Expansion

ISEC makes an effort to expand its territory to worldwide such as China and U.S through glocalized entities (with oversea partnership company) and EDGE(Commerce Platform).



\* PIM : Product Information Management

### 3. Company Builder



Under the EDGE Platform, ISEC spins off grown-up stores & brands, And each independent company from ISEC is also developing private brand or entering global market. That leads to ISEC' s platform & global expansion.

## 4. CHINA – Expansion Steps

W Concept China will be launched as the first step, then EDGE CHINA will follow as planned. ISEC will secure the distribution rights or licenses of various brands based on the Performance of those two retail websites, and expand to brand business.

1ST STEP  
**FROM KOREA TO CHINA**



2ND STEP  
**EDGE CHINA**

EDGE PLATFORM  
IN CHINA



4TH STEP  
**MONO BRAND**

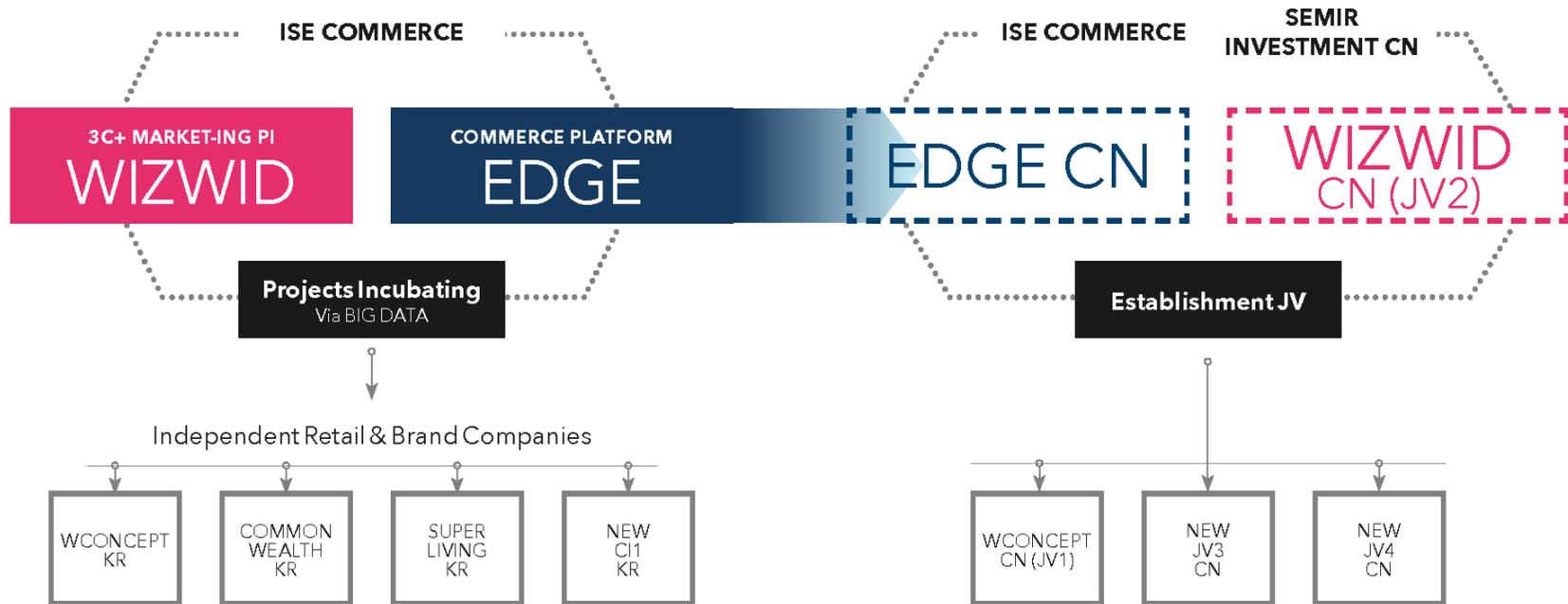
BRAND LAUNCHING  
IN CHINA



3RD STEP  
**FROM WORLD TO CHINA**

**WIZWID**

## 5. CHINA – Joint Venture with SEMIR

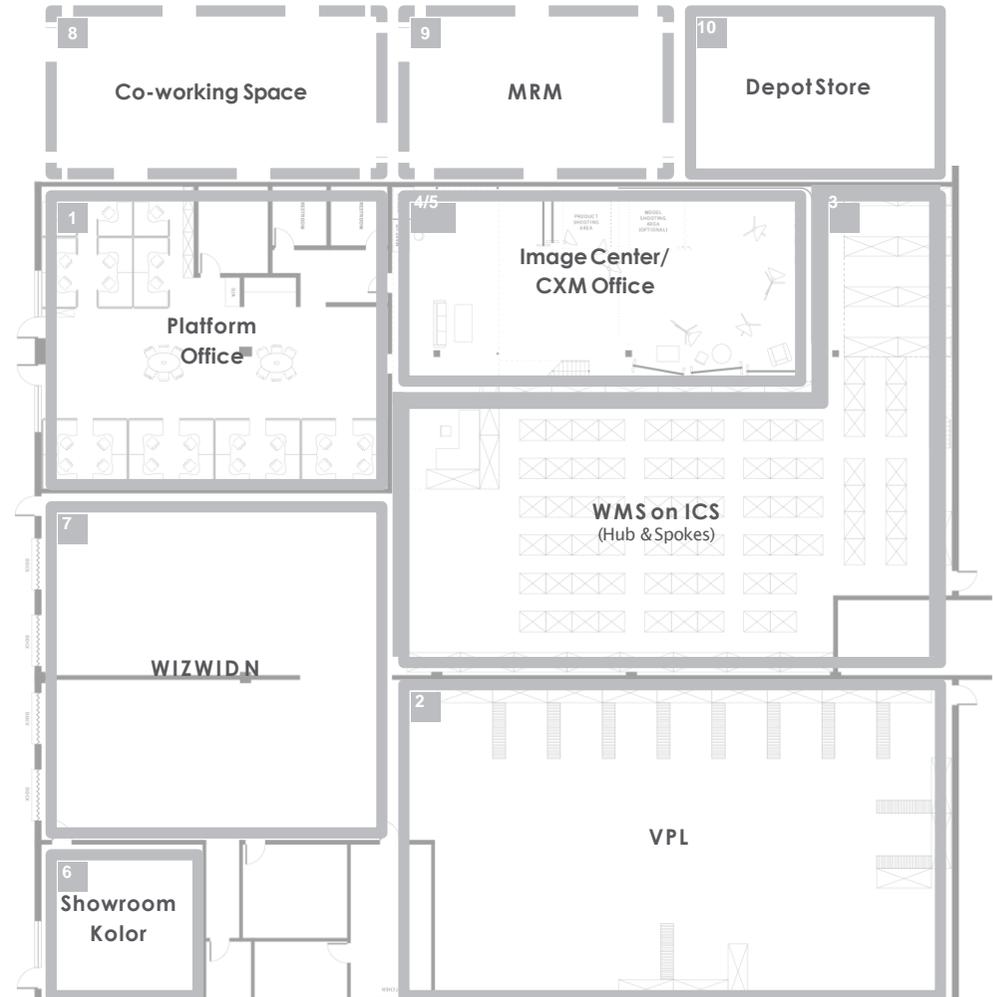


The first step will be WCONCEPT China with SEMIR Investment. WCONCEPT CN will target Chinese market based on its unique business model using K-products (K-fashion & K-beauty), and K-contents. Also, various brands from all over the world will be presented in Chinese market via WIZWID China which is going to be established in August 2016.

## 6. Everything Commerce HUB

The intelligent fulfillment centers provide distinguished HUB functions managing simple hub operations to intricate information control and even image center (Photo Shooting).

(7 Global Hub worldwide : NEW YORK, LA, LONDON, MILANO, SHANGHAI, TOKYO, SEOUL)



# Performance & Prospects

## 1. Sales & Profits – 2014 - 2015

### Performance in 2014(A)

Account <small>(UNIT = 1 Million KRW)</small>	Consolidated		WIZWID KR & EDGE KR			Companies on ISE Commerce Korea					
	Rate	Rate	ISE Commerce		W Concept KR	GSB	Superliving		Etc.	Rate	
			Rate	WIZWID			EDGE	Rate			Rate
GMV	102,461		58,219	52,236	5,983	17,932	16,706	5,964	3,639		
Sales	44,170	100.0%	18,652	13,214	5,439	8,331	15,187	5,422	3,592	100.0%	
Cost of Sales	15,386	34.8%	5,147	2,886	2,261	3,240	7,406	1,593	1,446	40.3%	
Gross Profit on Sales	28,784	65.2%	13,506	10,328	3,178	5,091	7,781	3,829	2,146	59.7%	
Distribution Cost & Others	28,785	65.2%	12,291	9,452	2,839	4,911	8,696	3,844	2,474	68.9%	
<b>Operating Profit</b>	<b>-1</b>	<b>0.0%</b>	<b>1,215</b>	<b>875</b>	<b>340</b>	<b>180</b>	<b>-915</b>	<b>-15</b>	<b>-328</b>	<b>-9.1%</b>	

### Performance in 2015(A)

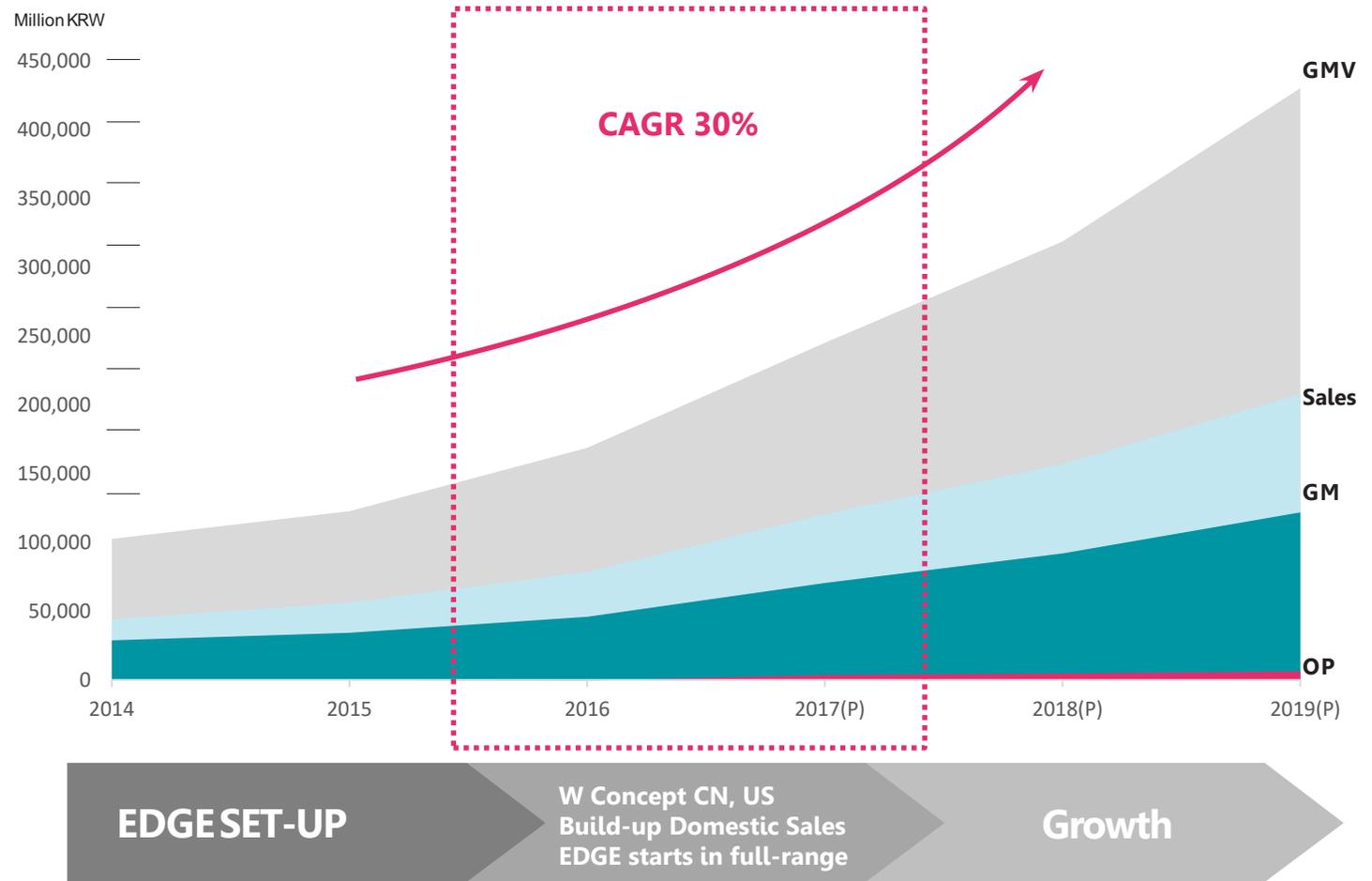
Account <small>(UNIT = 1 Million KRW)</small>	Consolidated		WIZWID KR & EDGE KR			Companies on ISE Commerce Korea					
	Rate	Rate	ISE Commerce		W Concept KR	Common Wealth + GSB	Superliving		Etc.	Rate	
			Rate	WIZWID			EDGE	Rate			Rate
GMV	122,531		58,751	50,565	8,186	28,217	29,269	5,423	871		
Sales	56,099	100.0%	18,077	10,635	7,442	11,490	26,608	4,930	792	100.0%	
Cost of Sales	21,862	39.0%	6,429	2,510	3,918	3,188	12,867	1,507	454	57.4%	
Gross Profit on Sales	34,237	61.0%	11,648	8,124	3,523	8,302	13,741	3,423	337	42.6%	
Distribution Cost & Others	37,221	66.4%	12,936	8,978	3,957	7,383	15,902	3,914	301	38.0%	
<b>Operating Profit</b>	<b>-2,985</b>	<b>-5.3%</b>	<b>-1,288</b>	<b>-854</b>	<b>-434</b>	<b>919</b>	<b>-2,161</b>	<b>-491</b>	<b>37</b>	<b>4.7%</b>	

## 2. Sales & Profits – 2016

### Performance in 2016(A)

Account <small>(UNIT = 1Million KRW)</small>	Consolidated		WIZWID KR & EDGE KR				Companies on ISE Commerce Korea						
	Rate	ISE Commerce		W Concept KR		Common Wealth + GSB		Foodline		Etc.			
		Rate	Rate	WIZWID	EDGE	Rate	Rate	Rate	Rate	Rate			
GMV	168,743		67,191	50,840	16,351	53,178		43,556		4,818		-	
Sales	78,626	100.0%	24,599	100.0%	9,734	14,864	20,384	100.0%	39,596	100.0%	4,380	100.0%	-
Cost of Sales	32,767	41.7%	11,575	47.1%	2,456	9,119	7,732	37.9%	18,090	45.7%	1,432	32.7%	-
<b>Gross Profit on Sales</b>	<b>45,859</b>	<b>58.3%</b>	<b>13,023</b>	<b>52.9%</b>	<b>7,278</b>	<b>5,745</b>	<b>12,652</b>	<b>62.1%</b>	<b>21,506</b>	<b>54.3%</b>	<b>2,948</b>	<b>67.3%</b>	-
Distribution Cost & Others	46,270	58.8%	12,685	51.6%	7,879	4,806	10,674	52.4%	23,466	59.3%	3,717	84.9%	-
<b>Operating Profit</b>	<b>-412</b>	<b>-0.5%</b>	<b>339</b>	<b>1.4%</b>	<b>-601</b>	<b>940</b>	<b>1,978</b>	<b>9.7%</b>	<b>-1,960</b>	<b>-4.9%</b>	<b>-769</b>	<b>-17.6%</b>	-

### 3. Performances & Expectations 2014 ~ 2019(Forecast)



# Appendix

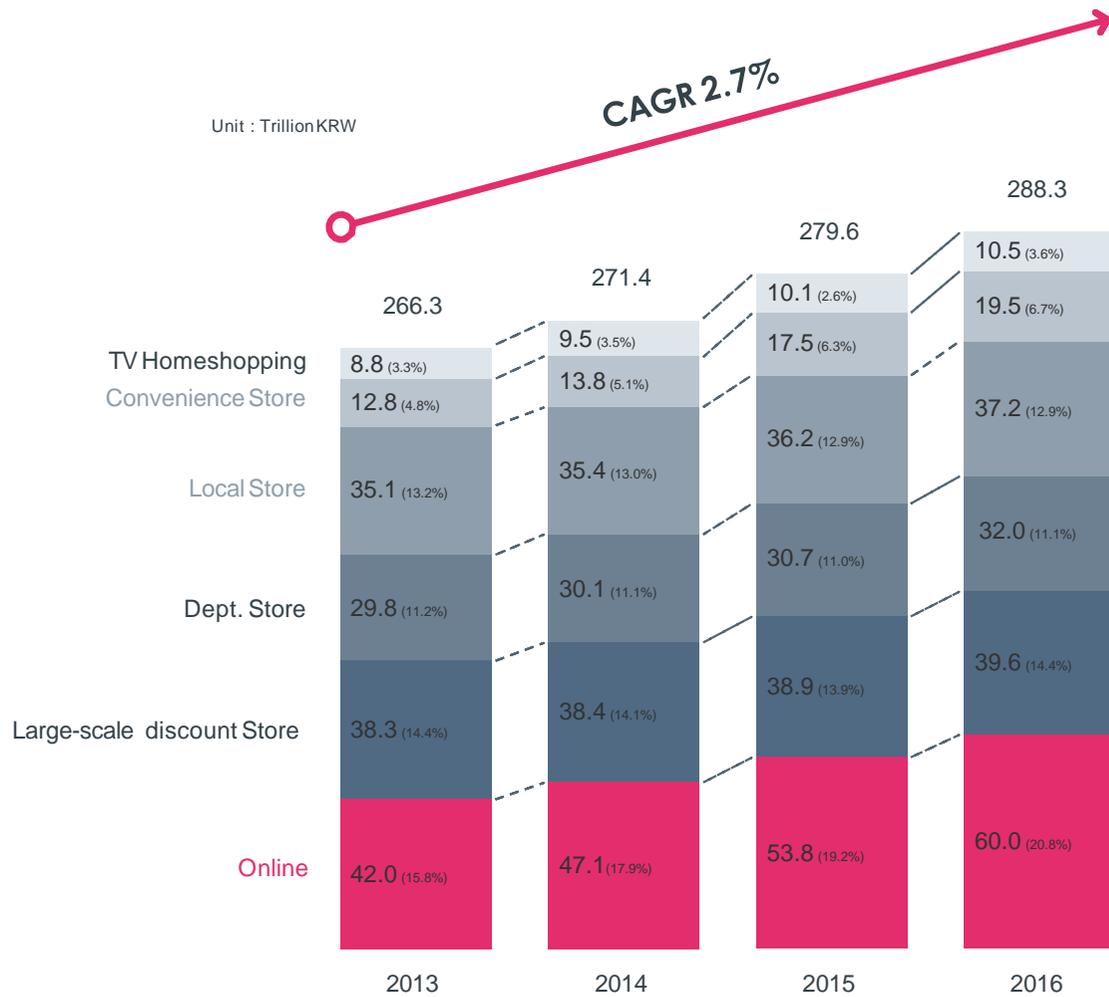
**1. Business Index**

**2. Market Analysis**

## 1. Condensed Financial Statements

<b>Account Name</b>	<b>2016 First Half</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Current Asset	53,835	48,591	28,497	22,915
Non-Current Asset	22,918	33,000	17,304	23,919
Total of Asset	76,753	81,591	45,802	46,835
Current Liabilities	29,382	31,499	29,371	23,069
Non-Current Liabilities	1,444	5,280	411	14,894
Total of Liabilities	30,826	36,779	29,782	37,964
Capital	12,757	12,757	7,112	6,264
Capital Surplus	38,438	38,438	20,402	18,722
Total of Capital	45,927	44,812	16,019	8,871
Sales	36,616	56,098	44,169	48,504
Operating Profit	Δ 1,128	Δ 2,984	Δ 1	Δ 3,853
Net Profit	895	Δ 895	Δ 2,183	Δ 5,697

# 1. Overview of commerce distribution market



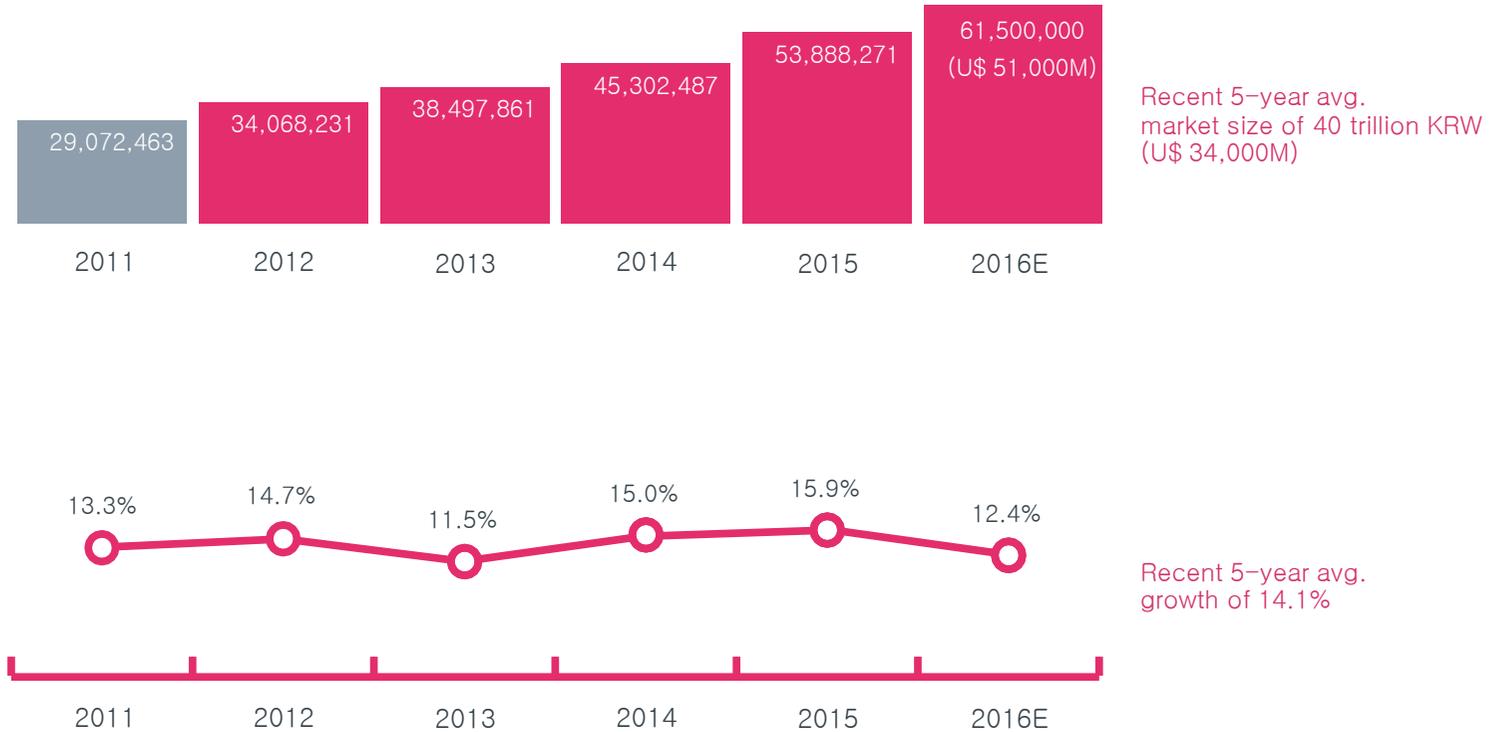
In progress of Eco-system change along with the radical growth of the online commerce; Especially, emerging players who have the fusion biz model of 'Open Market' and 'Social Commerce' are standing out.

The paradigm shift that from PC based shopping to mobile based shopping will be more prominent.

Tend to change from "Low-Price" competition to "Customer Value"

\* Gross Retail Market size including specialized retails  
 \*\* Online : Mobile Home Shopping, Social Commerce, Internet Stores  
 \*\*\* Source from National Statistical Office / CVS association / Retail magazine

## 2. Development & Future of Online Commerce



### The online market size of 2016 is expected to be 61.5 trillion KRW

In 2016, market size of mobile based shopping expects to grow up to 32.3 trillion KRW(US\$ 27,000M).

With the powerful weapon of “Simple” & “Convenient”, mobile based shopping will expand to offline market as well as PC based shopping.

\* NSO “Volume of Online Shopping Mall Business by device”

**Thank you**