

 生活市集

 好吃市集

 松果購物



**Kuobrothers Corp.
Corporate briefing and e-commerce
strategy trend presentation theme**

Corporate briefing and e-commerce strategy trend presentation theme

- Topic 1 : Taiwan's e-commerce industry annual feedback, outlook and opportunities in 2019.
- Topic 2 : KuoBrothers annual business performance and 2019 target strategy
- Topic 3 : Pcone annual new milestones and strategic direction in 2019 Pinecone milestone in 2018 – Store Deep Management
- Topic 4 : Progress report on Pcone towards the capital market

Topic 1

Taiwan's e-commerce industry
annual feedback, outlook and
opportunities in 2019.

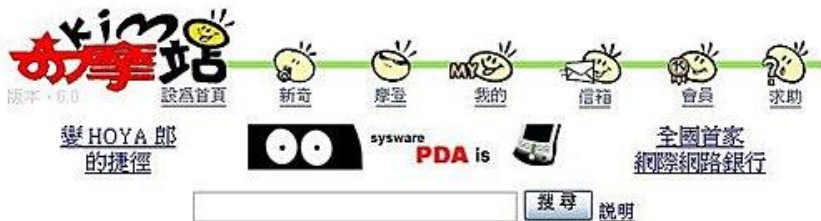
by

Kuobrothers co-founder / Chairman Jerry

Industry Development Review in 2018

- Shopee company's deficits amounted to 685 million US dollars at the first three quarters (about 22 billion Taiwan dollars), the financial pressure is exacerbating, the service fees was increased from 0.5% to 1.49% on December 3rd, the end of marker subsidy war, the industry competition will return to the commercial essence competition.
- Annuity reform and Sino-US Trade War let consumer confidence tend to conservative , the most important anniversary party of the department store has begun to encounter growth bottlenecks every year, e-commerce sales growth exceeds physical department stores in November.
- Taobao regained its license in June, but its business model has give rise to severe impact on Taiwan's local market, which has avoid Taiwan's tax requirements for domestic companies (including customs duties, business tax, income tax), Land-funded company has already been an unfair impact on the Taiwan market.

Observation indicator 1: The first generation of network native generation born in 1997 will have economic capabilities starting in 2019



美股那斯達克重跌道瓊上瀟 持續大雨特報 雨勢延至梅雨季 美白? 皮膚漂白傷害大!

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89年4月25日-星期二更新

中時奇摩報

- [星股開高\(10:00\)](#)
- [李總統指台灣經驗為全球人類共有寶貴資產\(10:00\)](#)
- [DRAM現貨價格持平\(10:00\)](#)

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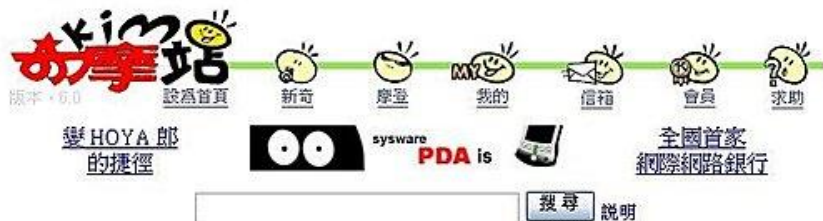
[商業金融](#)
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- 1997(0 year old) modem internet access, Chimo also established in this year
- 1998(1 year old) Taiwan's online population of 2 million
- 1999(2 years old) Cunchwa Telecom launches ADSL service
- 2000(3 years old) Yahoo and Chimo are allied
- 2002(5 years old) 3G licensed final decision
- 2003(6 years old) Taiwan's online population exceeds 10 million
- 2009(12 years old) Iphone officially entered the Taiwan market
- 2014(17 years old) Telecommunications company 4G services are being opened
- 2017(20 years old) Taiwan's online population exceeds 17 million

Observation indicator 1: The first generation of network native generation born in 1997 will have economic capabilities starting in 2019



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- 【指南】新奇 摩登 導覽
- 【頻道】健康 星座 笑壇
- 【服務】搜尋 下載 賀卡



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- 生活資訊
通訊 購物 活動報導
- 商業金融
投資 求職 各行各業
- 電腦通訊
服務 遊戲 系統安全

The network's native generation has entered the society since 2019, gradually possess economic ability, looking back for the next decade, Taiwan's population and retail structure will produce the following changes.

From 2009 to 2019, there will be 3 million Internet native generations to begin economically, and there will be another 3 million native generations with economic ability from 2019 to 2029, this part will account for more than 30% of the population over 22 years old in Taiwan.

If you think Taiwan's e-commerce market is already big, but imagine that 30% of the population in the future will make e-commerce account for 30% and 40% or more of the total retail sales is no longer impossible.

We believe that the golden age of e-commerce will be officially launched in 2019.

Observation indicator 2: Operational efficiency will become the key to the survival of the e-commerce company in 2019

2017年10月20日 04:10 工商誌 方明 / 台北報導

| 國內三大超商業者EC物流布局 | | | | |
|----------------|-------------------------------------|---------------|-------------|------------------------------------|
| | EC物流倉 | 去年EC店到店件數 | 今年預估EC店到店件數 | 未來EC物流布局 |
| 統一超 | 樹林(2條環狀理貨線，一天可處理40萬件)，觀音、中區及南區 | 7,000~8,000萬件 | 1.75億件 | 物流車隊將再多出60條線路，預計在中、南部新增EC物流倉 |
| 全家 | 大溪(新設1條環狀理貨線，一天最高可處理25萬件)，高雄物流倉明年稼動 | 6,000萬件 | 8,000萬件 | 投資6億元高雄岡山興建EC物流倉、預計再投入20億元在中部興建物流倉 |
| 萊爾富 | 樹林、台中、高雄(租用) | 0 | 上半年約250萬件 | 思考擴增物流倉 |

註：電商件數計算基礎為C2C店到店(寄+取)+B2C(取) 製表：方明

2019 is the crucial moment to test the efficiency of e-commerce operations

- Since 黑貓宅急便 entered the Taiwan market in 2000, after 18 years of development, there is no problem with the supply of goods in Taiwan.
- Taiwan market is the one of the few e-commerce markets in the world that combines super business systems and logistics operators. There is no exist for self-built logistics.
- From the experience of the double 11 and e-commerce subsidy war, it can be seen that when consumers make purchasing decisions, the price factor is much higher than the speed consideration.
- The cost of self-construction is to increase the cost of purchase, if you want to take into account the market price competitiveness at the same time, the price is a rapid decline in gross profit margin.

Observation indicator 2: Operational efficiency will become the key to the survival of the e-commerce company in 2019

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註：電商件數計算基礎為C2C店到店(寄+取)+B2C(取) 製表：方明

The operational efficiency of light asset e-commerce will be more explosive in 2019, the following items are indicators for observation:

- Average per capita contribution rate
- Gross profit margin

The excellent performance of light asset e-commerce in these projects will enable it to have higher survival rates and potential profitability in the fiercely competitive e-commerce market.

Topic2:

KuoBrothers annual business
performance and 2019 target
strategy

by

Kuobrothers co-founder / General manager Kelly

Revenue growth is higher than the average e-commerce industry



- The consolidated revenue for the first three quarters reached 3.633 billion
- The consolidated revenue from January to November totaled 4.548 billion, growing 35.34% over the same period last year.

KuoBrothers(8477)

The net profit after tax for the first three quarters totaled 45.24 million.

More than 106 years of full-year profitability

Write down the revenues of the first three quarters of the previous year and earn a new high



每股
盈餘

KuoBrothers(8477)

The first three quarters of EPS per share 2 dollars, annual increase of 198.51%, continuous three quarters growth compared to the same period last year.



KuoBrothers

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2018 Growth Kinetic Energy

AI+
Big Data



Limited Time Sale
"Selection" Business Model

KuoBrothers

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AI



Big Data

Collect product click data, collect user behavior data, Analyze every detail of the purchase process

Data Driven: Less SKU, Large Package, Fast Turnaround

Price depends on quantity: Online SKU deliberately maintain 7000 products

Create sales of more than 5 billion in the year with a very small number of items

The rating rate of the goods submitted by the manufacturer is only 50%.

66,000 samples were reported by the manufacturer to enter the company

39,831 goods were allowed to enter the internal report

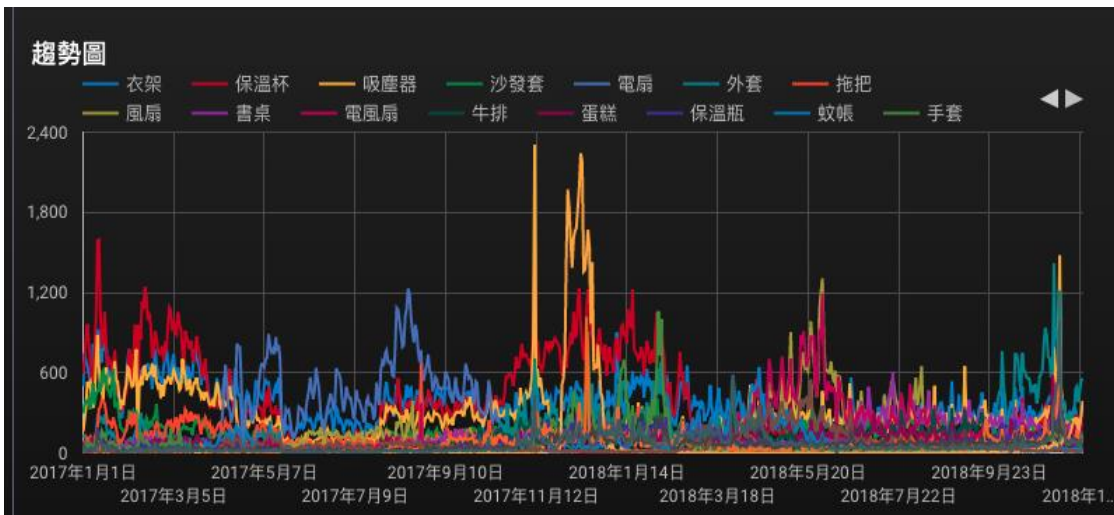
33,547 goods finally got shelves



百坪樣品中心為消費者把關品質、上架前須經過商品審核

Big Data: Limited Time Sale "Selection" Business Model

In terms of categories, the selection of 生活市集 and 好吃市集 is also biased towards non-standard products with relatively high gross profit, thus forming a differentiated advantage with other integrated e-commerce platforms.



Collect consumer feedback

Simulate the decision process of internal personnel selection

Collect the return rate of the goods and evaluation score of the product

Goal: Pick out cost-effective products

Growth kinetic energy in 2018

AI+Big Data



Limited Time Sale "Selection" Business Model

Point economy

Discount + point combination multiple push up repurchase increase profit

Strategic alliance

Gain new channels for customers, continue to drive revenue growth

Multi-Channel Layout Strategy Alliance

Bringing in 20% of new customers' consumption power

Cooperation with industry pioneers, for multi-point layout for the overall market, continue to expand the living e-commerce ecosystem.



KuoBrothers(8477)

2019 with the "三購" strategy

- Free brand merchandise purchase
- Point economy stimulus repurchase
- Deep management large group buy

1. Own brand merchandise purchase

Goal: Increase gross profit margin and establish differentiated management

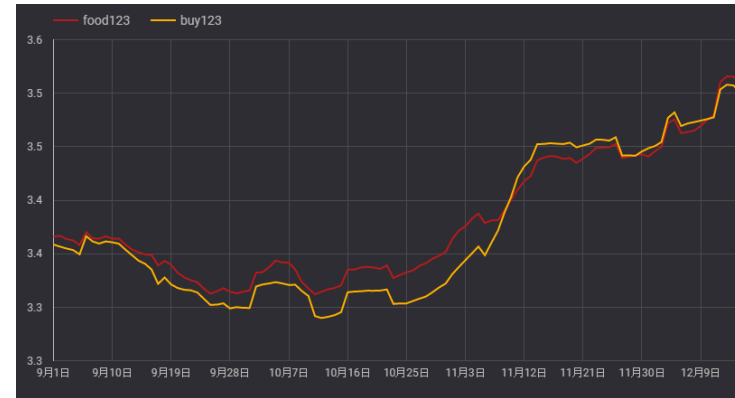
- ✓ End of 2018: Launched the exclusive mascot for the first time "夯吉", to enhance consumer brand awareness.
- ✓ 2019: It will combine the mascot image and officially launch its own branded products for the first time, while upholding the highest principle of providing consumers with high CP value products, expecting to inject momentum into performance and increase consumer trust and loyalty to the brand.



2. Point economy stimulus repurchase

- Trial from September 2018
- The more loyal member points, the higher the usage rate.
 - ✓ The average number of points in the double 11 period is over 22%.
 - ✓ Repurchase rate grew to 83% in three months

➤ The target will increase the use of membership to 40% in 2019.



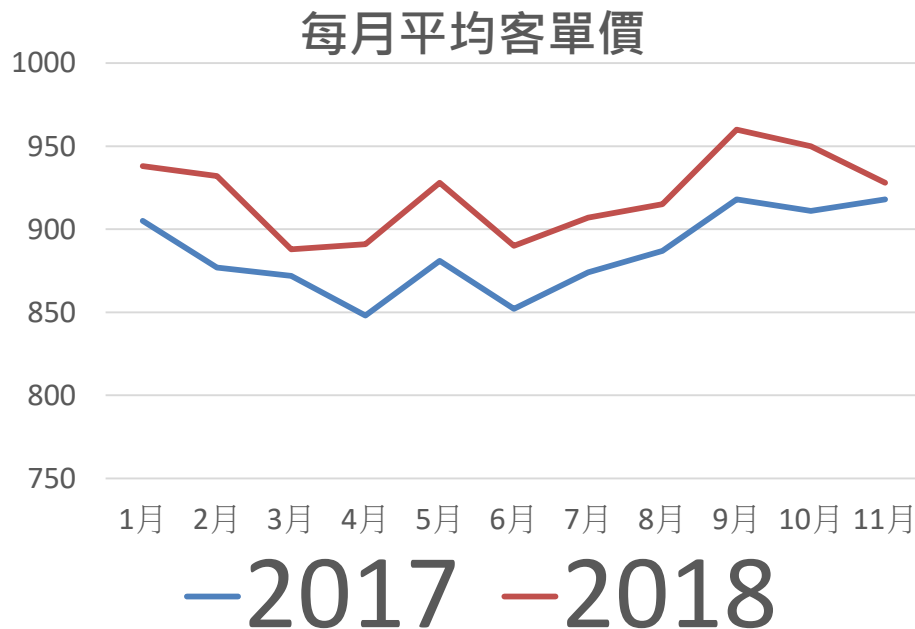
3. Deep management large group buy

- The multi-strategy alliance expands the three major axes of group buying ecosystem, mobile payment market diversion, and point economy to drive bright results.
- ✓ The average monthly passenger unit price in 2018 is 3.7% higher than that in 2017.



2019年度

- 企業大量採購用戶經營
- 深耕大組數方案



Topic3:

Pcone annual new milestones and
strategic direction in 2019 Pinecone
milestone in 2018 – Store Deep
Management

by

Pcone co-founder / Chairman Andy

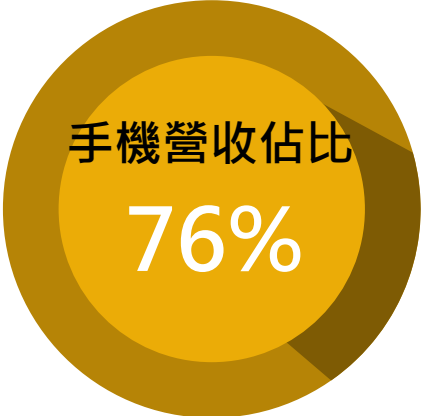
Pcone 2018 Milestone – Store Deep Management



In the seemingly saturated store platform market, sufficient supplier scale has been achieved through the positioning of the new effective B2B2C e-commerce. In the Pcone, manufacturers do not need to advertise, and competitive commodity systems will allocate high traffic. Therefore, many manufacturers who have already used other store platforms still choose to cooperate with Pcone to make Pcone a new sales channel.

The product review will be more automated through the background revision, and manufacturers can select different distribution and traffic plans according to the cost structure of the product to improve the controllability of the vendor.

Pcone 2018 Milestone – Mobile E-commerce



Through the optimization of the mobile e APP, 76% of the users are purchased by mobile phones, and the mobile phone users use the frequency and the consumer price are better than the PC users. Therefore, Pcone will continue to invest in the optimization of the main development resources in the mobile interface.

Pcone 2018 Milestone – Introducing Branded Home



PEACHY LIFE®

SIANG. APATO
翔仔居家

H&D | 東稻家居
home | deco



沙發 / 家具
YKS HOUSE®



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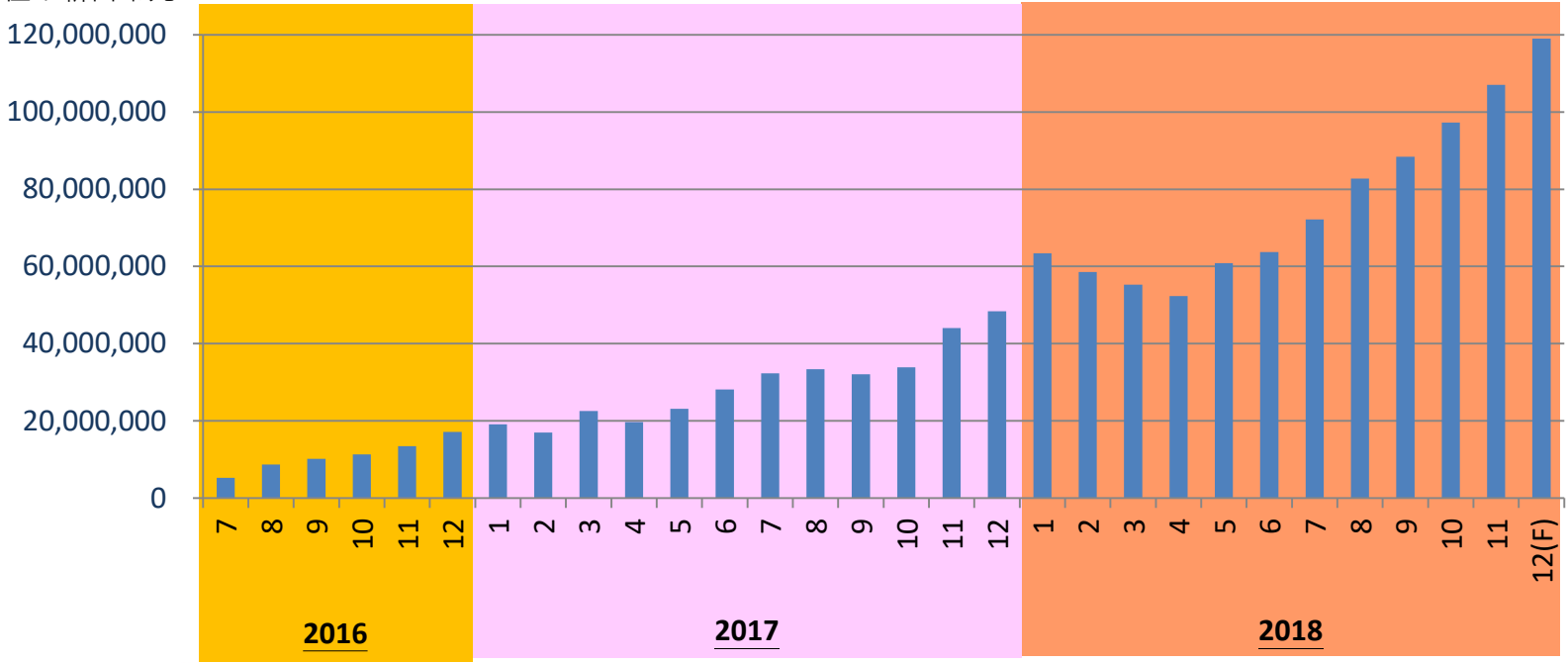
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Pcone 2018 Milestone – Monthly transaction volume exceeded 100 million

The monthly transaction amount exceeded 100 million dollars in November 2018, and the growth was very strong.

單位：新台幣元



Pcone 2019 Outlook – Deeply manage home-related products

Because of the "high repurchase rate" and "high gross profit" characteristics of home living products, pinecone shopping is the main product line.

商品分類 首頁 雙12加碼 **HOT** 領購物金 **HOT** 限量快搶 **HOT** 抽好禮 **HOT** 爆品89折 **HOT** 年末送禮 **HOT** 居家生活 寢具傢飾 服飾鞋:

雙12. 加碼

12.12 預備備, 全站折!

12.13-12.14 居家好物隨你挑

馬上搶購 >

\$100
單筆滿 \$800 可使用

\$200
單筆滿 \$1600 可使用

\$300
單筆滿 \$2400 可使用

首頁 > 居家生活 > 收納整理 > 收納架/收納櫃

[TIDY HOUSE] MIT 實木工業風三層收納推車
\$1225 \$2000 **0.1折**

工業風洞洞板置物收納架組 超級賣
破千搶購
\$59 \$349 **1.8折**

MIT 極簡工業風大容量五層收納架 (尊爵黑)
\$950 \$4388 **0.8折**

【韓國人氣暢銷】MIT 頂天立地收納多功能網架「贈掛鉤6個」M...
限時64折
韓國暢銷款 免鑽孔
\$1198 \$4860 **0.5折**

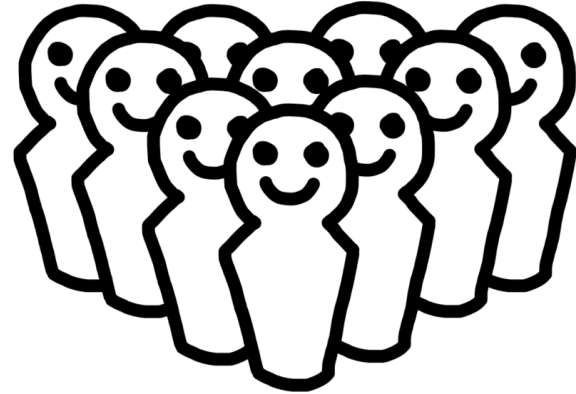
創意落地書架置物架 收納櫃 書櫃 多格書架 展示置物櫃 【YV974...
\$880 \$4090 **0.1折**

Pcone 2019 Outlook – Platform Community

Strengthen the speed of “community” of the platform and increase consumer adhesion.

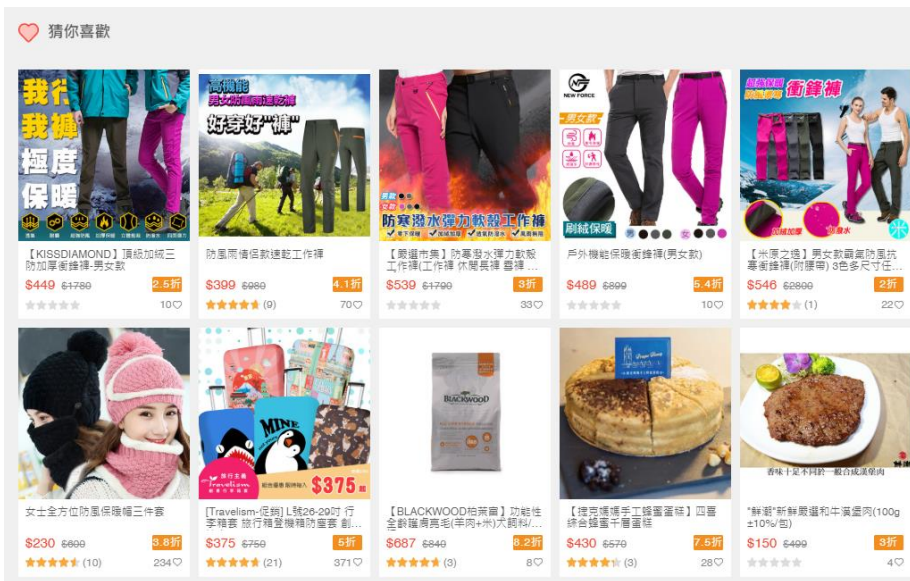


經驗值 1000+



Pcone 2019 Outlook – AI and in-depth exploration of the data field

In 2018, AI related functions (such as "Guess You Like It") have been launched, and cooperation with Taiwan University AI is continuing. In 2019, hope to develop more data/AI related applications and find out that AI is the most suitable for e-commerce.



Kuo Brothers

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Pcone in 2019

Focusing on the following three directions in 2019, Pcone expects to follow a different route from traditional B2B2C e-commerce.

科技運用
強化營運績效

社群互動
挹注流量忠誠

松果購物

品線擴充
增進回購

KuoBrothers

好吃市集

香市集

松果購物

Topic4:

Progress report on Pcone towards
the capital market

by

Pcone co-founder / General manager Cindy

Why promote Pcone IPO

- This is a pattern of retail wars for the whole world. In terms of group strategy layout, we need to occupy a relatively large number of seats in the capital market at the timing of the situation.
- We are convinced that the market value of online retail companies will gradually be valued by investors in the next few years. At that time, if Pcone can occupy a seat in the capital market, it will be considerable help to the overall market value of the corporation.
- Since Pcone uses net recognition, if it is only a subsidiary of KuoBrothers, its performance is easily overlooked by investors, and the market value of Pinecone shopping will not be effectively demonstrated. Therefore, by promoting IPO, the value of Pinecone shopping can be effectively valued by market investors.

The strategic significance of promoting the Pcone IPO for KuoBrothers

- After the market value of online retail and Pcone gradually pays attention to the capital market, the Kuobrothers, as the largest single shareholder of Pcone, will simultaneously increase the market value of the KuoBrothers' overall company.
- Pcone is preparing to add 7.5 million shares at a price of 20 dollars per share for a new round of cash increase of 150 million dollars. In addition to the 2.65 million shares subscribed by the KuoBrothers, the remaining 4.85 million shares will be allocated to employees in addition to the statutory offer. The remaining number of shares will be provided to the original shareholders of the KuoBrothers to subscribe according to the shareholding ratio, thereby increasing the opportunities for the original shareholders of the KuoBrothers to participate in more new e-commerce undertakings.

This Capital Increased by Cash can be a strategic significance for Pcone.

- Increase Company's development capital: After the capital reduction and the accumulated deficits, the company's current capital is 38.89 million. In the highly competitive e-commerce industry, it is expected that through the capital increase, the company will continue to develop capital to maintain the Pcone growth kinetic energy.
- KuoBrothers are optimistic Pcone to create a strong e-commerce corporation: this capital increase in addition to the gradual decentralization of shares in accordance with the law, KuoBrothers will still invest 53 million in funds, to obtain 2.65 million shares (35.3%), This means that KuoBrithers are extremely optimistic about the business model of Pcone, and look forward to working with Pcone to build a strong e-commerce corporation.

Pcone promotes IPO's general schedule planning

Step 01

現金增資

2018/12 –
2019/1

以NT\$20增資
750萬股，預計
募資1.5億元

Step 02

公開發行

2019/Q2

預計正式公開發
行

Step 03

興櫃掛牌

2019/Q3

預計登錄興櫃

KuoBrothers