

HYUNDAI EZWEL Investor Relations

2024.1Q



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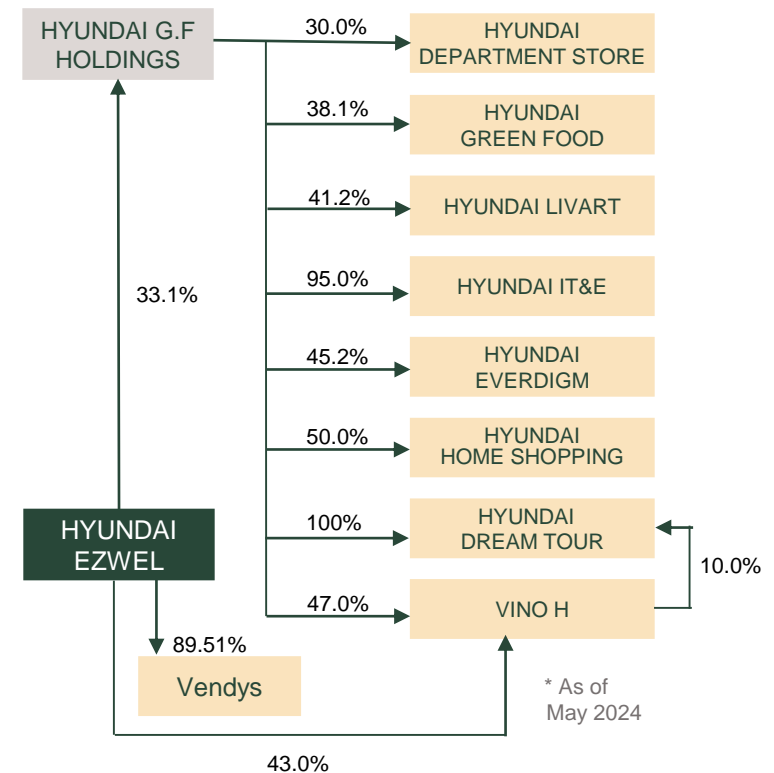
This presentation contains past, present and forward-looking statements of Hyundai Ezwel. Forward-looking statements can be changed according to business circumstances. Therefore, we advise caution when investing based on this material, as we can not take responsibility for your decision.

Company Overview

HYUNDAI EZWEL was incorporated in March 2021 as an affiliate of the HYUNDAI Department Store Group, ranked 24th in terms of assets (22.2 trillion KRW), 39th in net profit (415 billion KRW), and 19th in debt ratio (51.2%) in the Korea's ranking of business enterprises, and is Korea's No. 1 welfare platform company.

* As of the '23, Source: Fair Trade Commission

Founded Date	· January 14, 2003		
CEO	· Chang Young-soon		
Capital	· 11.9 billion KRW		
Workforce	· 374 (as of the Mar 2024)		
Address	· 23, Chungjeong-ro, Seodaemun-gu, Seoul		
Shareholder Composition	· Major Shareholder: HYUNDAI G.F. HOLDINGS (30.0%)		
	34.5%	17.0%	48.5%
* As of Jun 2024	[Largest Shareholders]	[Foreign Institutions]	[Others]



※ '23.2.21, Vendys conducted a rights offering of 3 billion, resulting in our company's ownership percentage increasing from 88.8% to 89.51%

By providing various services such as public welfare and food welfare programs along with corporate welfare programs,
establishing the company as a market leader with a dominant presence,
holding more than 50% of the domestic corporate welfare market.

▼ Key Business

01 / Corporate Welfare Program

Tailored welfare services are provided based on employees' lifestyles, including selective welfare options such as personalized welfare services, welfare for small and medium-sized enterprises (SMEs), commemorative events, special sales, partner welfare, etc.

02 / Public Welfare Program

A platform is provided for the convenient and efficient operation of various welfare programs supported by the government and public institutions, including employment support, childbirth support, vacation support, employment support, health support, etc.

03 / Corporate Welfare BPO Business

Outsourcing services are provided for the efficient operation of welfare programs, including healthcare, corporate accommodation, Employee Assistance Program(EAP), funeral service, flower delivery, office equipment rental, etc.

04 / Meal Welfare Program

A solution for managing and utilizing meal support provided by domestic companies and public institutions for employee welfare.

05 / Local Small Business Activation Program

Collaboration with the government, public institutions, and local governments to promote local economic activation through projects such as Onnuri Traditional Market Mall, Centennial Store Specialist Center, and Local Currency Mall.

▼ Key Metrics

* As of the end of 2023, Unit KRW

□ Welfare Points 1.5 trillion

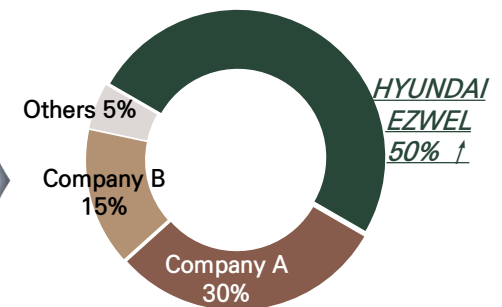
□ Trading volume 842.8 billion

□ 2,500 client companies

□ 3.0 million customers

□ 1.9 million products

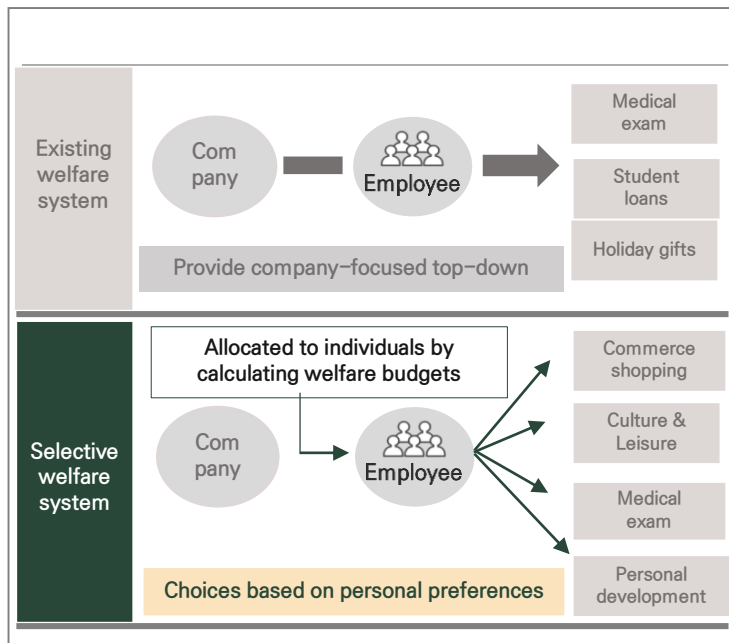
[Based on the Size of Operating Points]



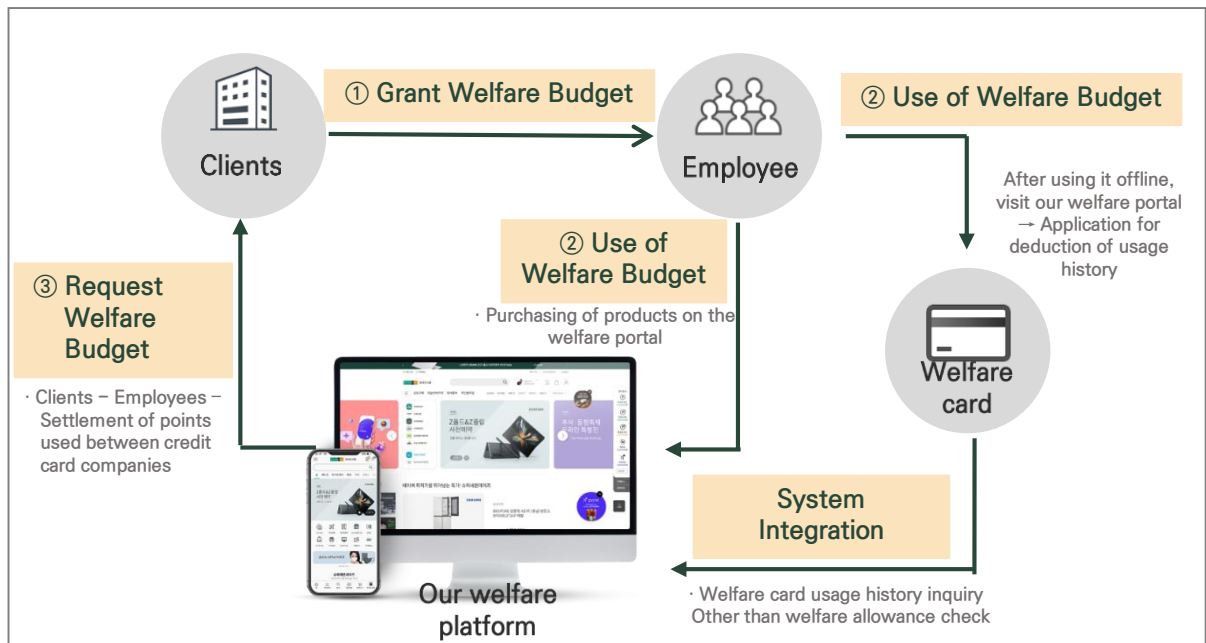
□ 1st place in M/S in corporate welfare market

Our business structure offers online welfare malls by targeting companies with employee welfare systems. We generate revenue primarily through the sales commission from goods and content traded on the platform.

▼ Introduction to Selective Welfare



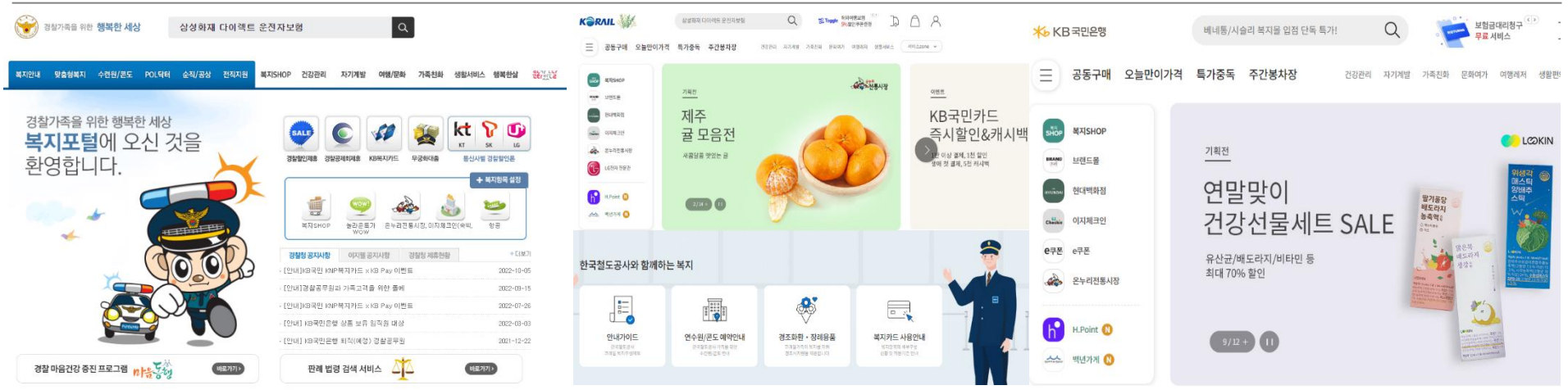
▼ How Selective Welfare Work



We offer tailored services, including UI/UX design, menu configuration, etc., based on the specific requirements of our clients' managers and employees. Additionally, we provide various systems, such as HR information management, welfare point management, health check operations, etc.



[Support Customization of Welfare Mall by Clients]



[National Police Agency]

[Korail]

[KB Kookmin Bank]

We are securing a competitive advantage in the domestic welfare market through differentiated contents and services with the largest welfare mall products compared to competitors.

Providing the Largest Product Pool in the Industry

7 "Rainbow Benefits" + Approx. 1.9 Million Products in Operation

- ① Lowest Price Policy on Naver ② Lowest Price Reward
- ③ Free Exchange ④ Free Return ⑤ Delivery Delay Reward
- ⑥ Out of Stock Reward ⑦ Genuine Product Guarantee

- Home Appliances (Samsung/LG)
- Luxury Specialty Store
- Admission to various products of HYUNDAI Department Store Group (Hmall, Livart Hall, etc.)

Lowest Price Policy on Naver / Lowest Price Reward

복지SHOP은 네이버최저가를 보장합니다.
최저가가 아닐 경우 가격조정 신청하고
상품을 구매하면 적립금을 드려요.

- 최저가로 가격 조정
- 보상 적립금 지급 - 상품 판매가의 10% (최대 1만원, 구매자에 한함)
- 네이버쇼핑 최저가 기준 (프로모션, 신상품도 추가 할인기 제외)

이용방법 >



Differentiated content

- Competitive variety of intangible content pool (health, personal development, travel, etc., total 6 categories, approx. 1000)
- Content alliance with trend-reading brands (Fashion: LF Mall, Sporting Goods: Ssaka Education: Siwon School, etc.)
- EZ Live, a live commerce service that communicates with customers in real time



Easy Payments & Membership Services

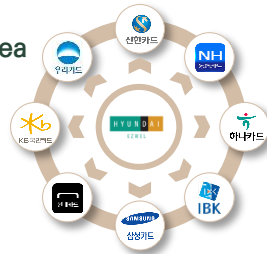
- Mobile Simple Payment System: EZWEL Pay (Even if you do not have a welfare card, you can use it directly with a barcode)
- * Available at approx. 100,000 stores
- Off-line billing discount service: EZ Members (Automatic charge discount when paying affiliate merchant with welfare card)



As the only KOSDAQ-listed company in the industry, we are building a transparent governance structure and ensuring industry-leading system stability, security, and customer service (CS) processes.

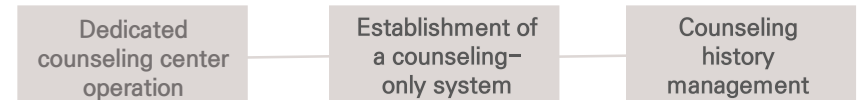
▼ Building transparent governance and service stability

- ESG Overall Rating A Rating(As of the closing of '23)
 - Environment A / Social A+ / Governance A
 - ※ '23, Received recognition as an excellent ESG company(Korea ESG Standards Institute)
- Corporate Credit Rating AA-
- Obtained ISMS security certification for the first time in the industry for the best security compliance
- Provide stable settlement system through interworking with all welfare card companies in Korea
 - All welfare card companies and card usage history can be linked immediately
 - Automatic settlement system and settlement official sending function, etc.



▼ Operation of a specialized direct consultation center

- Establishment of direct consultation center & consultation system (CTI)



- Placement of the industry's most well-being-specialized consulting staff
- Establishment of emergency VOC 3 hours, general VOC response completion process within 24 hours



Telephone counseling



On-line counseling



Product Q&A



Usage Q&A

⇒ Improve service satisfaction through operation of the largest direct consultation center in the industry

Over 2,500 clients, comprising major public institutions, large corporations, and central government entities, along with 3 million employees, are benefiting from the high-quality welfare services offered by HYUNDAI EZWEL.

▼ Major Public institutions

 경찰청	 대한민국 국회	 국세청	 소방청	 인천광역시교육청	 강원도교육청	 대구광역시교육청	 A'REX Airport Express	 강원도
 충청북도	 대전광역시	 세종특별자치시	 경상북도	 전라북도	 KORAIL	 서울교통공사 Seoul Metro	 h-well 국민건강보험	 근로복지공단
 한국수력원자력주	 서울대학교	 금융감독원	 서울시설공단	 한국농어촌공사	 부산교통공사	 KCF 신용보증기금	 한국관광공사	 국립중앙의료원

SAMSUNG Group (73 companies)

 삼성전자	 삼성생명	 삼성SDS	 삼성서울병원
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LG Group (53 companies)

 LG전자	 LG유플러스	 LG CNS	 LG Display
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HYUNDAI MOTOR Group (16 companies)

 HYUNDAI	 KIA	 HYUNDAI MOBIS	 HYUNDAI STEEL
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KT Group (45 companies)

 kt	 kt cs	 kt is	 kth
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HANHWA Group (47 companies)

 한화솔루션	 한화손해보험	 한화호텔&리조트	 한화시스템
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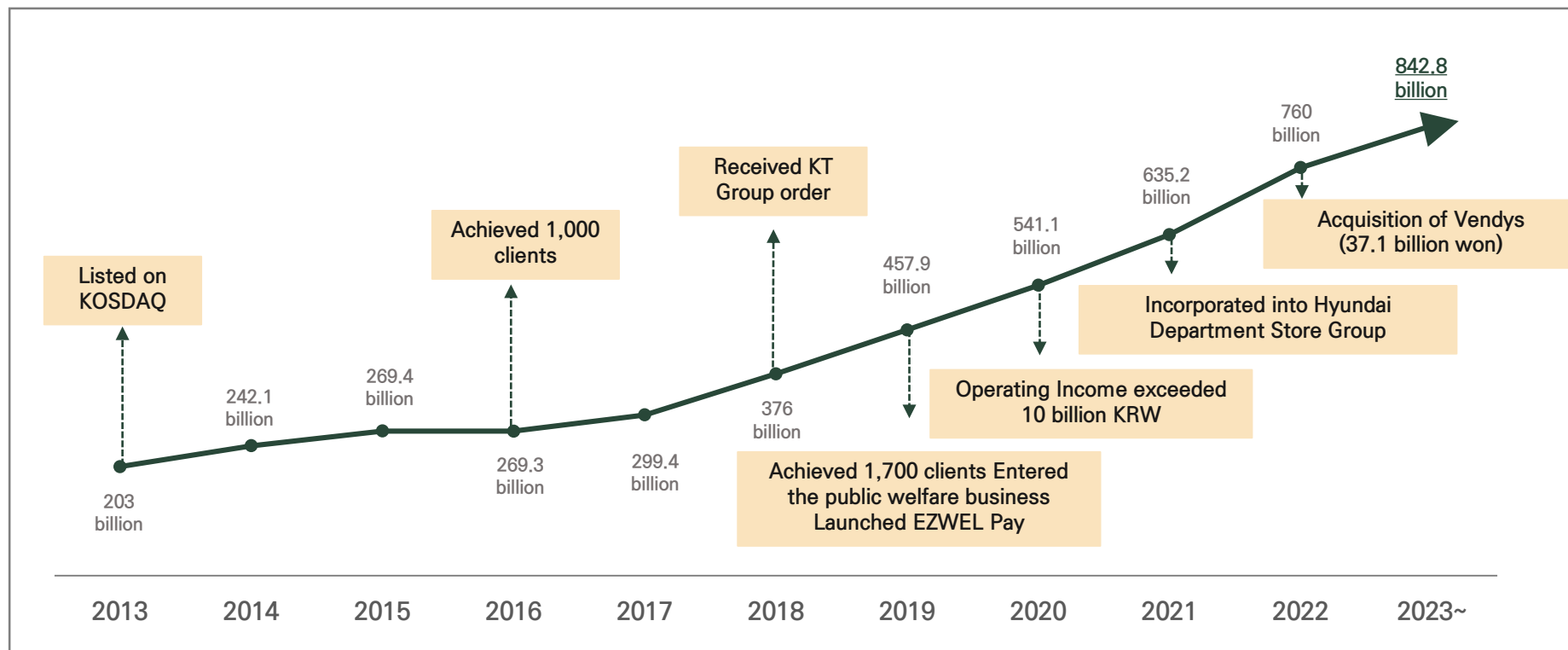
HD HYUNDAI Group (22 companies)

 현대중공업	 서울아산병원 Asan Medical Center	 Hyundai Oilbank	 현대건설기계
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Other major clients

 IDL	 KB국민은행	 COWAY
 AMOREPACIFIC	 LIG	 CELLTRION
 KOREAN AIR	 netmarble	 조선일보
 S-OIL	 우리은행	 BNK 금융그룹
 LINE	 3M 한국쓰리엠(주)	 MBC
 NICE	 SeAH	 KYO WON 교원
 CHANEL	 LOUIS VUITTON	 LOTTE ON

Based on its excellent competitiveness, it has experienced robust growth since its listing, and is actively expanding into new businesses exemplified by the acquisition of Vendys Co., Ltd. (Nov. 2022), the No. 1 meal welfare company, aiming to secure new avenues for growth.

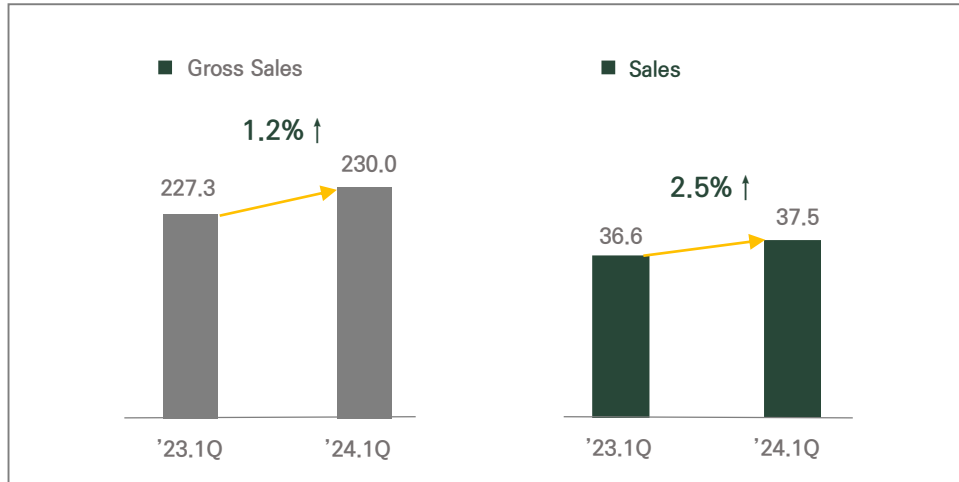


Business Update

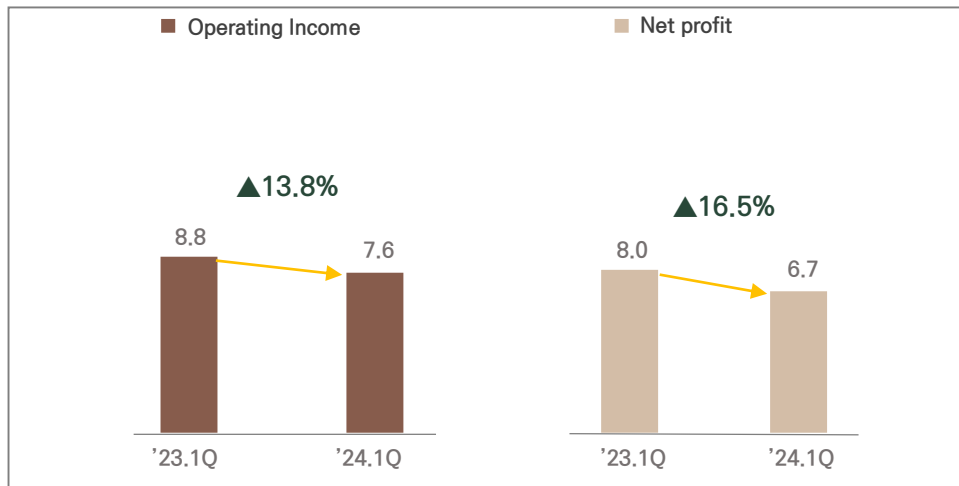


▼ 1Q FY 2024

(unit : KRW bn)



(unit : KRW bn)



'24.1Q Review

(1) Sales : 37.5 bn (YOY 2.5% ↑)

- Although the revenue growth slowed due to delays in point activation by major clients(Mar→Apr), the growth is currently recovering with point activations by major clients and large new clients in early April
 - ※ EZWEL 228.8 bn(1.1% ↑), Vendys for 1.2 bn(39.6% ↑).
 - *Vendys's Gross sales are commission revenue.
- Due to the impact of temporary point allocations by clients in the last year online usage rates slightly decreased. (33.6% → 33.2%, ▲0.4%p)

(2) Operating income : 7.6 bn (YOY ▲13.8%)

- Operating profit decreased compared to last year due to higher fixed cost and 0.09 bn in amortization cost of Vendys' Intangible Asset (Customer Relationship)
- Vendys achieved its first quarterly profit due to client expansion and improved profitability. (▲0.25bn → 0.093bn)
 - ※ The PPA evaluation result for Vendys indicates intangible assets (customer relationships) valued at 2.95 bn, with depreciation scheduled over 8 years ('23-'30). (Annual depreciation: 0.37 bn, quarterly depreciation: 0.092 bn)

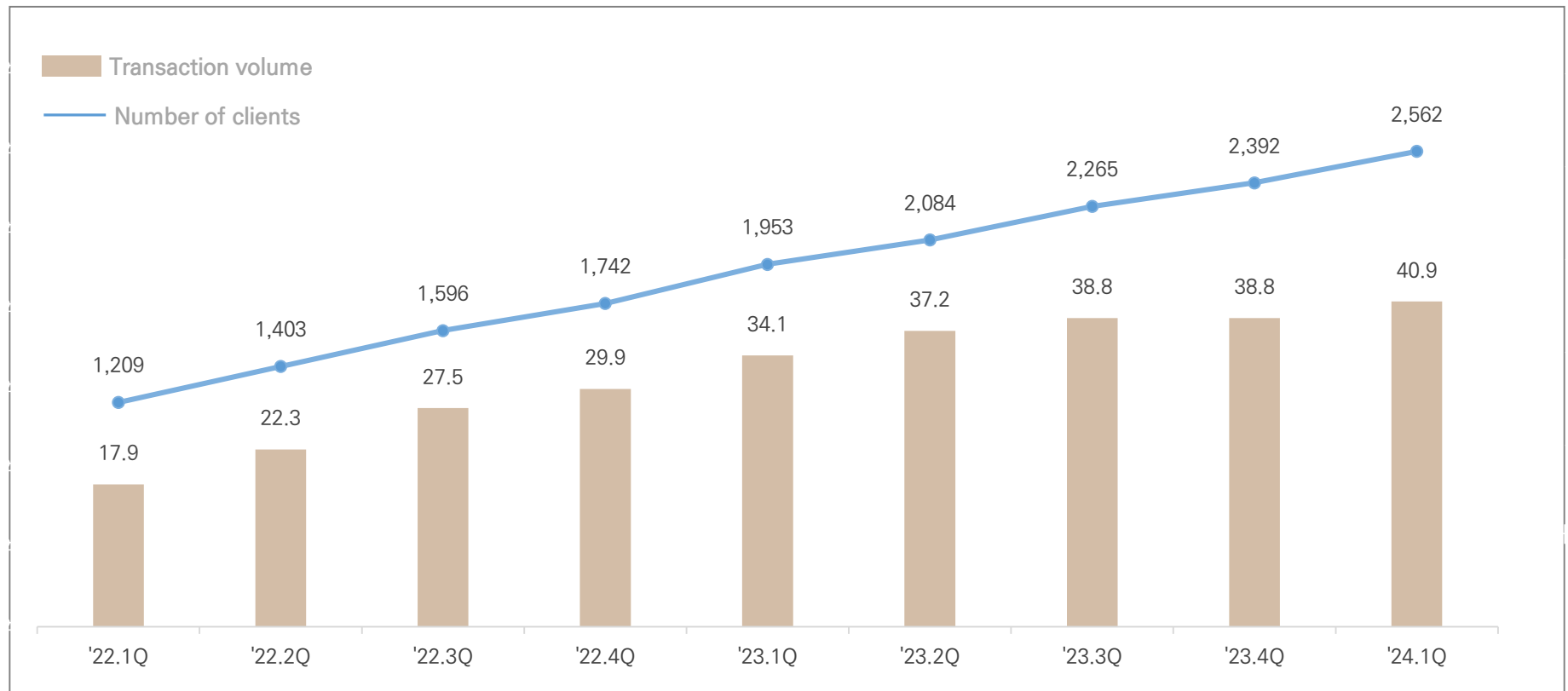
(3) Net profit : 6.7 bn (YOY ▲16.5%)

- The company turned its net profit into a deficit due to a decrease in operating profit and valuation of held financial products.

Since its acquisition in November '22, Vendys transitioning its customer paradigm from a focus on small and medium-sized enterprises to large enterprises. Through expanding our client base, the transaction volume continues to grow steadily.

▼ '22년 ~ '24.1Q Gross Sales

(unit : KRW bn)



Driven by new client acquisitions and cost efficiencies,
 we achieved record transaction volume and turned profitable in 1Q '24.

▼ '22 ~ '24.1Q Gross Sales

(unit : KRW mn)

Description	2022					2023					2024	NOTE
	1Q	2Q	3Q	4Q	Cumulative	1Q	2Q	3Q	4Q	Cumulative	1Q	
Gross Sales	17,902	22,304	27,539	29,892	97,637	34,140	37,153	38,836	38,768	148,897	40,921	▷ '24 1Q Profit turnaround
Sales	455	587	723	874	2,639	837	908	987	1,052	3,785	1,169	
Operating Profit (Excluding exceptional costs)	▲432	▲1,283	▲168	▲244	▲2,127	▲254	▲207	▲182	▲384	▲1,027	93	
Net Profit (Excluding exceptional costs)	▲436	▲1,279	▲170	▲288	▲2,173	▲264	▲193	▲165	▲351	▲972	115	

※ Vendys' profit and loss are linked to the performance of our company from the first quarter of '23.

※ Key points related to the impairment of Vendys' business rights are as follows

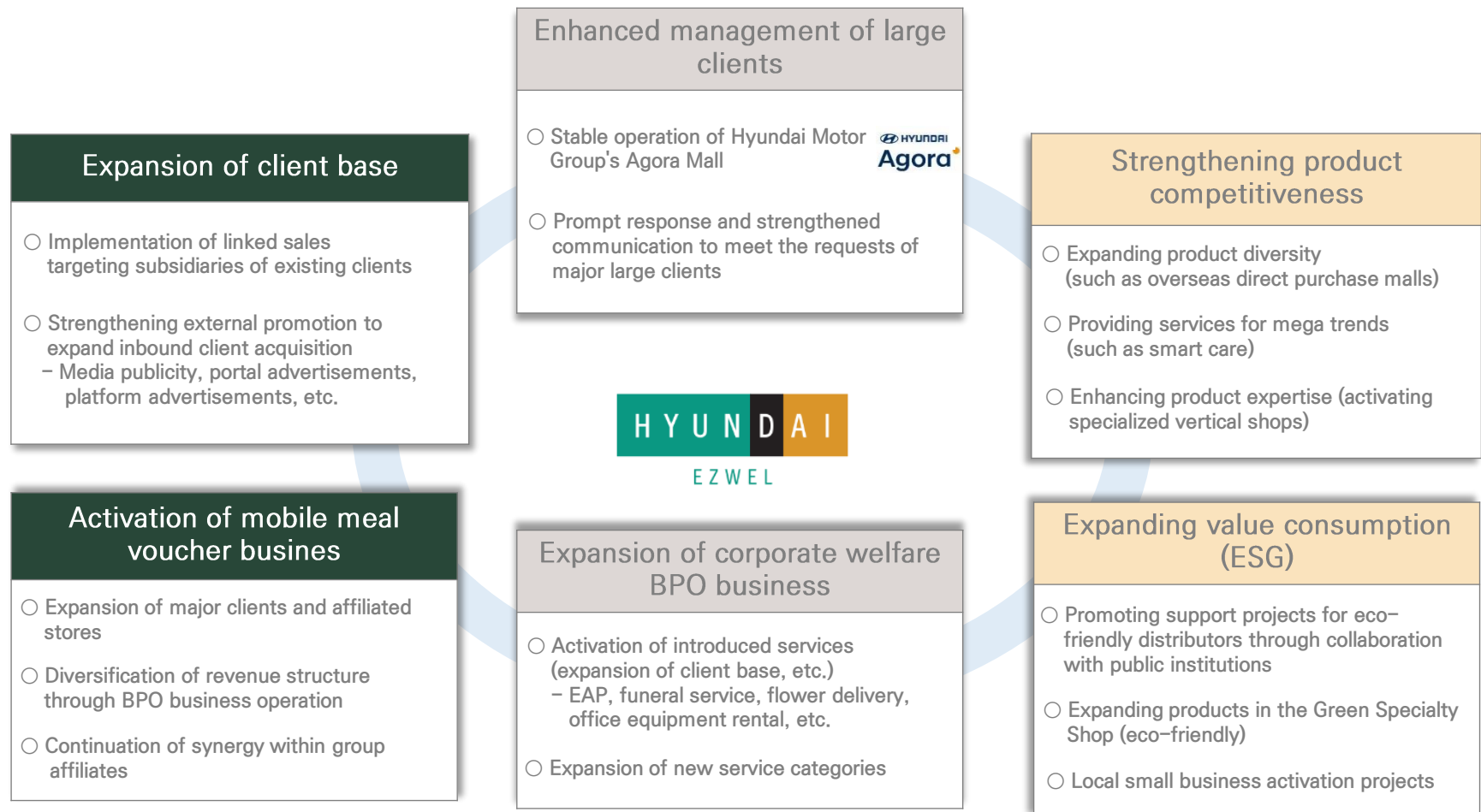
- The key points related to the damage to Vendys' business rights are as follows:

When our company acquired Vendys in November '22, we acquired it at the latest post-valuation level (41.7 billion) of Vendys' existing investors (shareholders) as of March '22 (with a stake of 88.8%, amounting to 37.1 billion). This acquisition was made at a reasonable level considering major startup M&A cases (GMV multiples) and the corporate valuation assessment by accounting firms.



- However, according to international accounting standards, a post-acquisition valuation, known as Purchase Price Allocation (PPA), is conducted within 1 year of acquisition.
The evaluation results showed that intangible assets such as 'customer relationships amounted to 2.95 billion, with depreciation scheduled over 8 years (annual depreciation: 0.37 billion), and the business rights (acquisition premium) amounted to 34.8 billion (subject to impairment review).
- The calculated business rights (34.8 billion) are subject to impairment testing at the end of each year according to international accounting standards. The evaluation result at the end of '23 showed a fair value of 18.8 billion for Vendys, resulting in the recognition of impairment of the difference, which is 16.0 billion, in the consolidated income statement.
- However, it's important to note that the impairment is a one-time event and does not necessarily reflect ongoing operational performance. Currently, Vendys is undergoing continuous improvement in revenue and profitability through expanding its customer base and enhancing the competitiveness of its franchisees. Therefore, it is anticipated that further impairment recognition in the future will be limited.

We aim to sustain growth through continuous expansion of new clients, stronger management of large enterprises, expansion of products and services that lead the trends in the corporate welfare market, and successful implementation of related new businesses.



**We aim to expand our presence by enlarging our portfolio of major clients and partners.
Additionally, sustained growth by leveraging synergies with group affiliates.**

➤ Expansion of large clients and partners

(1) Expansion of large corporate clients	<input type="checkbox"/> Pursuing large-scale contracts with large corporate groups(L group, S group) general large corporations, airport clients, etc.
(2) Expansion of franchise partnerships with competitive brands	<input type="checkbox"/> Expanding customer choice options through partnerships with popular brands, including large franchises. <input type="checkbox"/> Activating meal usage and enhancing customer satisfaction through partnerships with F&B/restaurants located in Hyundai Department Store – 3 locations → Expanded to 6 locations in Seoul in '24 1Q

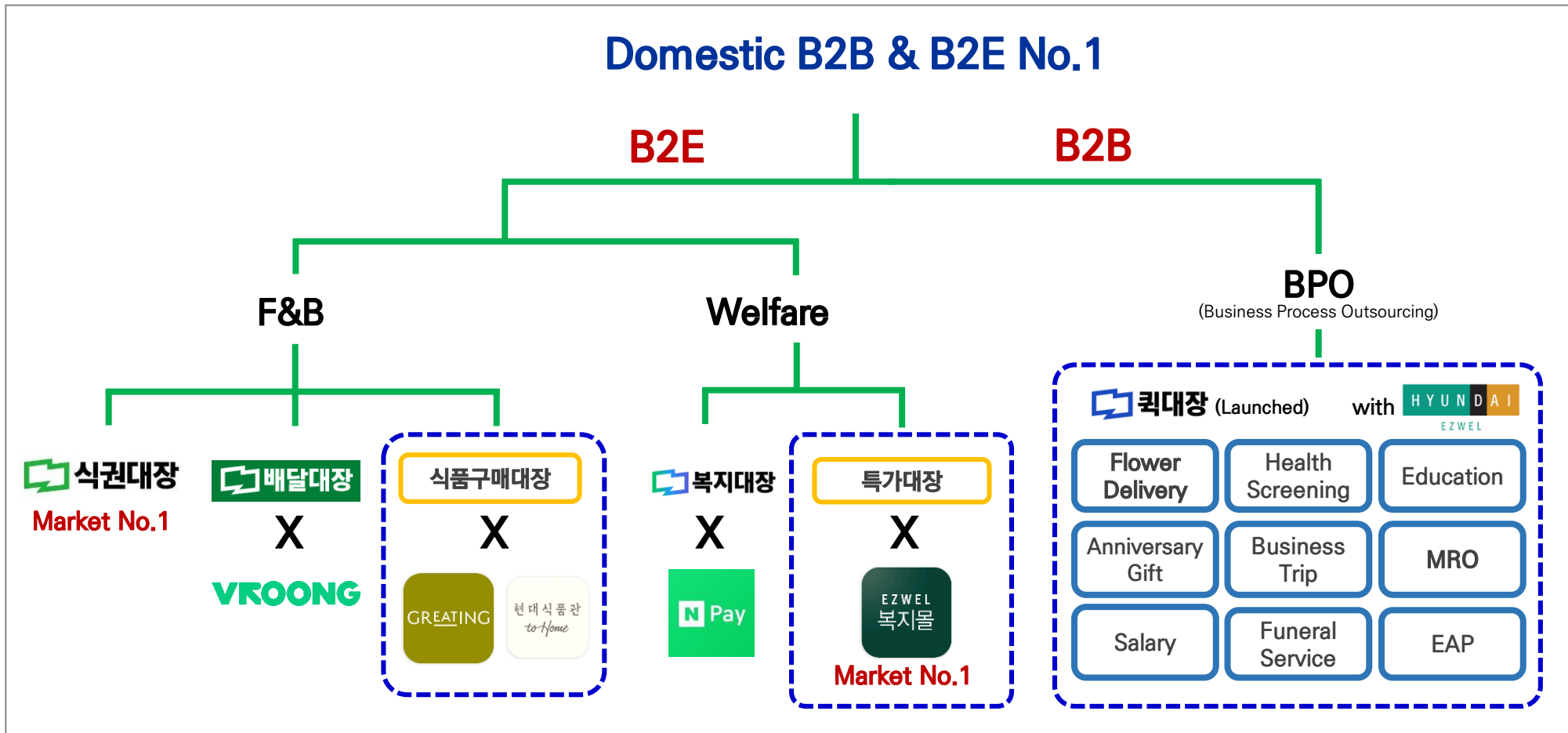
➤ Enhancing e-commerce

(1) Strengthening EZWEL Welfare Mall	<input type="checkbox"/> System integration to allow customers using Vendys's Points to EZWEL Welfare Mall
(2) B2B Special Sales Synergy	<input type="checkbox"/> Expanding B2B special sales revenue targeting Vendys clients
(3) Affiliate Commerce Synergy	<input type="checkbox"/> Hyundai Green Food 'Greeting', Hyundai Department Store 'To Home', 'Hyundai Food Market', Hyundai Home Shopping 'PB Products', and Hyundai Bioland 'Nestlé'
(4) Expanding advertising revenue	<input type="checkbox"/> Expanding advertising, promotional activities utilizing customer traffic from the meal voucher app.

➤ Promoting synergy in corporate welfare BPO business

(1) Joint promotion of EZWEL's BPO business	<input type="checkbox"/> Enhancing sales capabilities by incorporating Hyundai EZWEL's BPO services into Vendys – EAP, funeral service, coffee machine/coffee beans, flower delivery, office equipment rental
(2) Strengthening Quick Service (Quick Voucher)	<input type="checkbox"/> Enhancing service quality and satisfaction through the renewal of the Quick Service division (with Company K)

We aim to become the leading company in domestic B2B & B2E through proactive collaboration between the top Optional Welfare No.1 EZWEL and Meal Welfare No.1



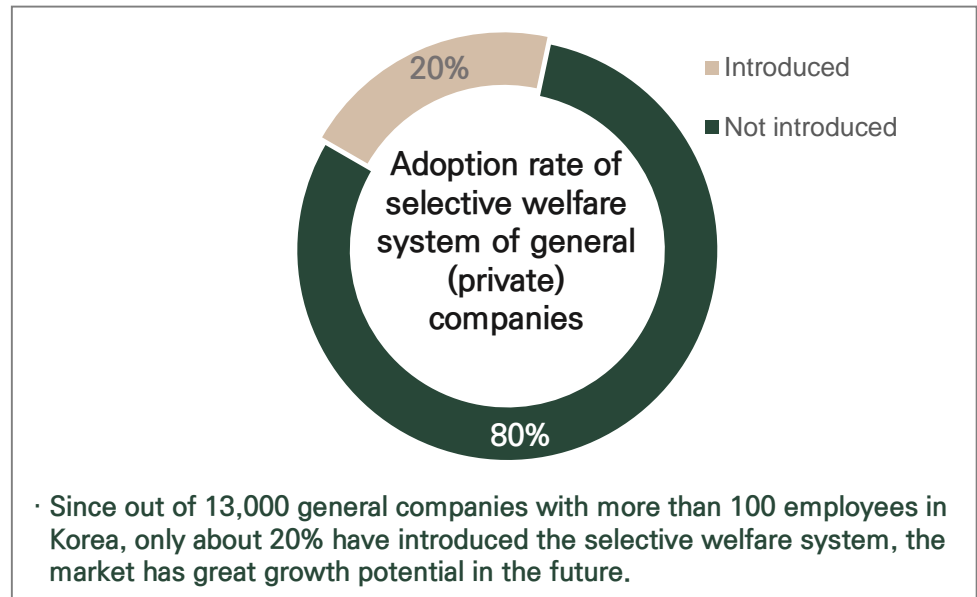
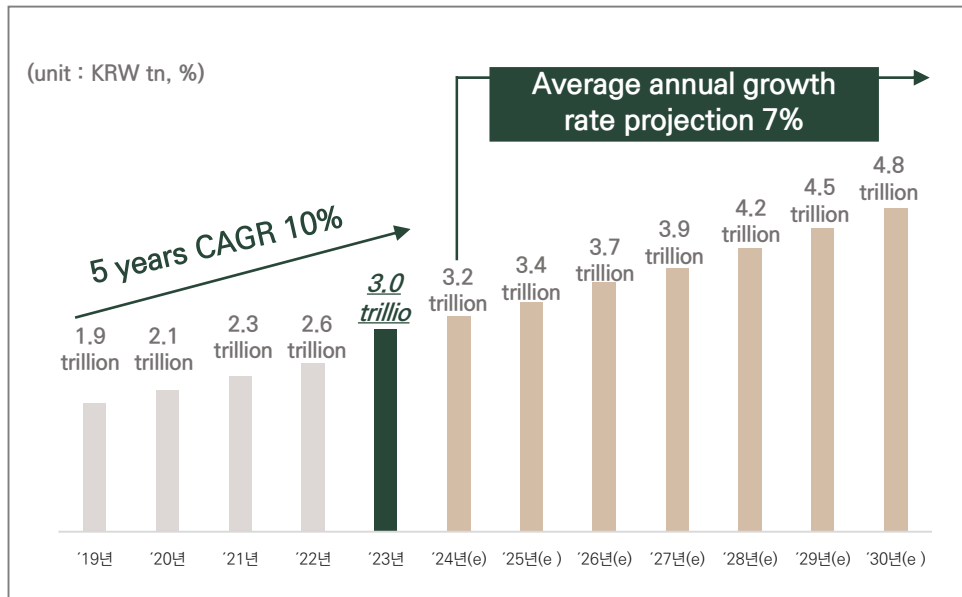
Growth & Strategy



In the domestic selective welfare market, there is a growing trend towards the adoption of a 'Selective Welfare System,' allowing individuals to choose welfare items based on their lifestyle preferences. The market size is anticipated to maintain a robust growth trajectory, averaging an annual rate of 10% over the past 5 years, surpassing the expected future economic growth rate of 7% to 8%

▼ The Size and Prospects of the Selective Welfare Market ▼ Adoption Rate of Welfare Point Adoption

(Source: HYUNDAI EZWEL estimates, Based on the top three companies)



In the current selective welfare market, the primary focus has been on operating price-oriented sales channels and securing orders from new clients. Looking ahead, key success factors will involve minimizing churn among contracted clients, increasing individual payment amounts, and diversifying content offerings.



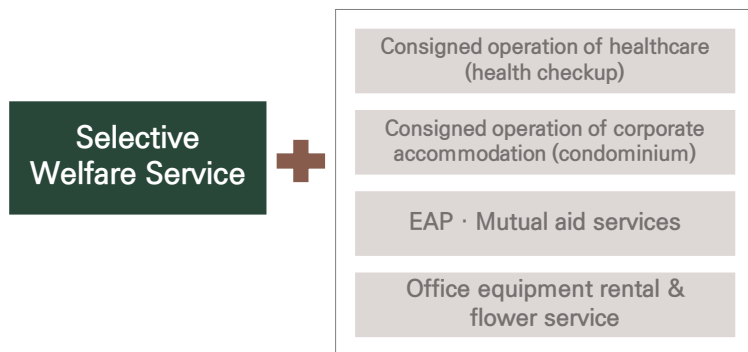
We will enhance EZWEL's specialized content and product capabilities while reinforcing existing business strengths through the promotion of synergy among group affiliates.

Enhancement of specialized content and product power	<ul style="list-style-type: none"> · Welfare Mall's first live commerce activation · Strengthening megatrends (single-person households, pats, etc.) and travel products · Enhancement of the luxury specialty center, establishment of total golf service, etc. 			
Next Generation System Promotion	<ul style="list-style-type: none"> · Establishment of next-generation welfare mall (target to launch in the second half of 2023 ~ August 2025) · UI/UX and System Integration 			
Promote Group Affiliates Synergy	<ul style="list-style-type: none"> · Promotion of synergy by utilizing the product power of HYUNDAI Department Store Group affiliates, including Department stores/Informercial/Green Food/Handsome/Zinus 			

To diversify our business portfolio and secure new growth engines, we are actively promoting the 'Corporate Welfare BPO' project and the 'Meal Welfare (mobile meal ticket)' project. These initiatives involve outsourcing various general affairs tasks to further enhance our service offerings.

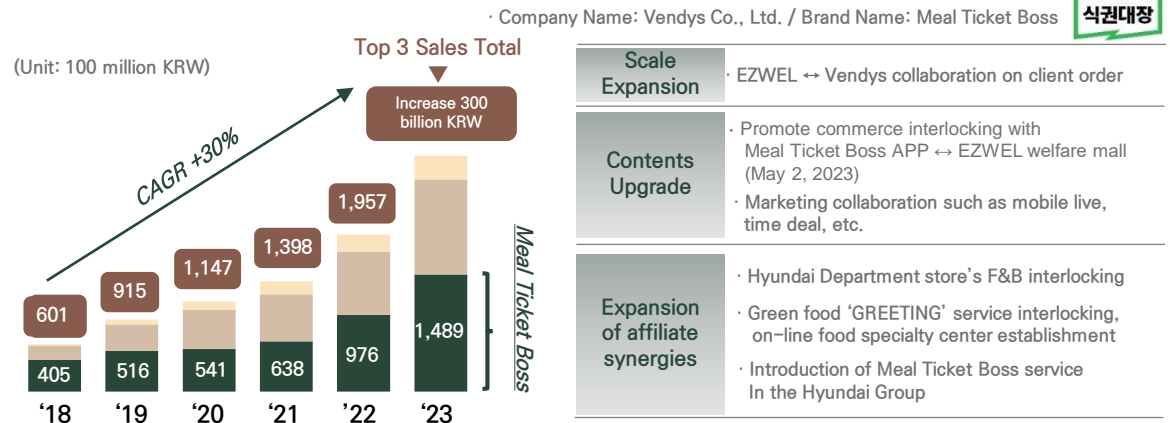
▼ Corporate Benefits BPO Business Expansion

- Promote total corporate welfare BPO business that outsources various general affairs as well as 'Welfare Mall' of the nature of e-commerce
- In the mid-to-long term, in addition to expanding the service category of the business, consider broadening the business scope to include 'In-house Welfare Groupware,' overseeing the operation of the company's in-house welfare system



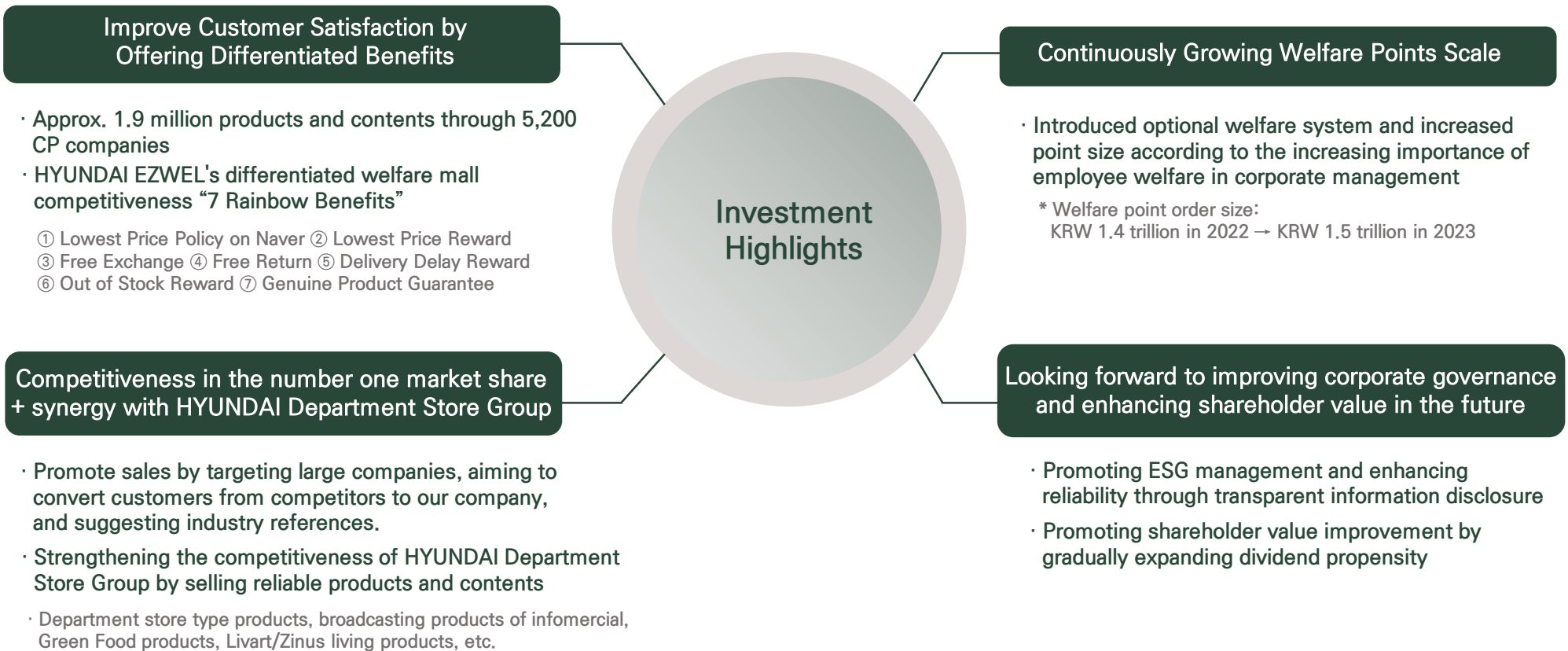
▼ Entered into the meal welfare (mobile meal ticket) business

- Mobile dining rights that emerged in 2014 continued to grow at a high rate of more than 20% even during the coronavirus situation
After taking over the management rights of 'Vendys', the leading and largest operator in the market, entered the meal service business
- Through this, we plan to create synergies between the two companies, such as scale expansion and content enhancement, and grow them into new growth engines for the future.





Expected to accelerate growth by strengthening product and content competitiveness based on the continuously growing welfare point scale, the competitiveness in receiving orders with the No. 1 market share, and the synergy with the HYUNDAI Department Store Group



▼ Trend in net cash

(unit : KRW mn)

Description	2021	2022	2023	Note
Net Cash Holdings	85,381	68,220	79,093	
EZWEL	85,070	66,776	74,234	
Vendys	312	1,444	4,859	

▼ Other Comprehensive Income – Fair Value Measurement of Financial Assets (Investments Accounted for by Equity Method) (unit : KRW mn)

Description	Type of Stock	Number of Shares	Ownership Percentage	Acquisition Cost	Book Value	Note
K bank	Common Stock	1,696,701	0.45%	9,379	12,598	▷ Unlisted (Scheduled for Listing)
STX Heavy Industries	Common Stock	946	–	107	11	▷ Listed
DOOSAN ENERBILITY	Common Stock	5,473	–	514	87	▷ Listed
Total				10,000	12,696	

▼ Investments in Associates (Equity Method)

(unit : KRW mn Consolidated Basis)

Description	Type of Stock	Number of Shares	Ownership Percentage	Acquisition Cost	Book Value	Note
VINO H	Common Stock	25,800	43.00%	1,290	1,290	▷ Unlisted

▼ Investments in Subsidiaries (Equity Method)

(unit : KRW mn Separate Basis)

Description	Type of Stock	Number of Shares	Ownership Percentage	Acquisition Cost	Book Value	Note
Vendys	Common Stock	538,465	89.51%	40,414	22,056	▷ Unlisted

▼ Income statement

(unit : KRW mn)

Description	2021	2022	2023
Gross Sales	96,522	112,460	117,952
Gross Profit	51,161	60,667	69,395
SG&A	35,226	42,152	51,054
Operating Profit	15,934	18,514	18,341
Recurring Profit	15,786	20,316	4,919
Net income	15,394	15,168	▲565

▼ Balance Sheet

(unit : KRW mn)

Description	2021	2022	2023
Current Assets	125,995	123,407	139,336
Non – Current Assets	26,660	79,354	57,524
Total Assets	152,655	202,761	197,185
Current Liabilities	71,483	96,760	96,124
Non - Current Liabilities	353	13,742	13,640
Total Liabilities	71,837	110,501	109,709
Capital Stock	11,873	11,873	11,873
Capital surplus	19,864	15,601	15,601
Retained Earnings	47,024	60,997	58,028
Total Equity	80,819	92,260	87,475

▼ Income statement(Q/Q)

(unit : KRW mn, %)

Description	2023					2024				
	1Q	2Q	3Q	4Q	cumulative	1Q	2Q	3Q	4Q	cumulative
Sales ※ Gross Sales	36,569 227,287	24,007 177,462	28,467 182,160	28,909 179,197	117,952 766,126	37,472 229,972				37,472 229,972
Gross Profit (%)	19,785 (54.1%)	16,628 (69.3%)	15,791 (55.5%)	17,213 (59.5%)	69,395 (58.8%)	19,923 (53.2%)				19,923 (53.2%)
SG&A (%)	11,009 (30.1%)	11,898 (49.6%)	12,894 (45.3%)	15,274 (52.8%)	51,054 (43.3%)	12,354 (33.0%)				12,354 (33.0%)
Operating Profit (%)	8,776 (24.0%)	4,729 (19.7%)	2,897 (10.2%)	1,938 (6.7%)	18,341 (15.5%)	7,569 (20.2%)				7,569 (20.2%)
Recurring Profit (%)	10,262 (28.1%)	4,929 (20.5%)	3,400 (11.9%)	▲13,673 (turned to a deficit)	4,919 (4.2%)	8,488 (22.7%)				8,488 (22.7%)
Net income (%)	8,002 (21.9%)	3,359 (14.0%)	2,556 (9.0%)	▲14,481 (turned to a deficit)	▲523 (turned to a deficit)	6,678 (17.8%)				6,678 (17.8%)

▼ Income statement

(unit : KRW mn)

Description	2021	2022	2023
Gross Sales	96,522	112,460	114,437
Gross Profit	51,161	60,667	65,880
SG&A	35,226	41,510	46,132
Operating Profit	15,934	18,763	19,747
Recurring Profit	16,867	20,562	2,080
Net income	11,327	15,413	▲3,371

▼ Balance Sheet

(unit : KRW mn)

Description	2021	2022	2023
Current Assets	125,995	112,707	123,222
Non – Current Assets	26,660	78,083	58,086
Total Assets	152,655	190,791	181,308
Current Liabilities	71,483	85,695	81,782
Non – Current Liabilities	353	8,327	10,309
Total Liabilities	71,837	94,021	92,041
Capital Stock	11,873	11,873	11,873
Capital surplus	19,864	19,864	19,864
Retained Earnings	47,024	61,242	55,457
Total Equity	80,819	96,769	89,267

▼ Income statement(Q/Q)

(unit : KRW mn, %)

Description	2023					2024				
	1Q	2Q	3Q	4Q	cumulative	1Q	2Q	3Q	4Q	cumulative
Sales ※ Gross Sales	35,795 226,450	23,164 176,560	27,549 181,252	27,928 178,179	114,437 762,411	36,352 228,803				36,352 228,803
Gross Profit (%)	19,012 (50.9%)	15,785 (68.1%)	14,852 (53.9%)	16,232 (58.1%)	65,880 (57.6%)	18,804 (51.7%)				18,804 (51.7%)
SG&A (%)	9,980 (27.9%)	10,849 (46.8%)	11,487 (41.7%)	13,817 (49.5%)	46,132 (40.3%)	11,235 (30.9%)				11,235 (30.9%)
Operating Profit (%)	9,031 (25.2%)	4,936 (21.3%)	3,365 (12.2%)	2,415 (8.6%)	19,747 (17.3%)	7,569 (20.8%)				7,569 (20.8%)
Recurring Profit (%)	10,567 (29.5%)	5,244 (22.6%)	3,930 (14.3%)	▲17,661 (turned to a deficit)	2,080 (1.8%)	8,578 (23.6%)				8,578 (23.6%)
Net income (%)	8,306 (23.2%)	3,674 (15.9%)	3,086 (11.2%)	▲18,470 (turned to a deficit)	▲3,371 (turned to a deficit)	6,661 (18.3%)				6,661 (18.3%)