

JAYJUN.

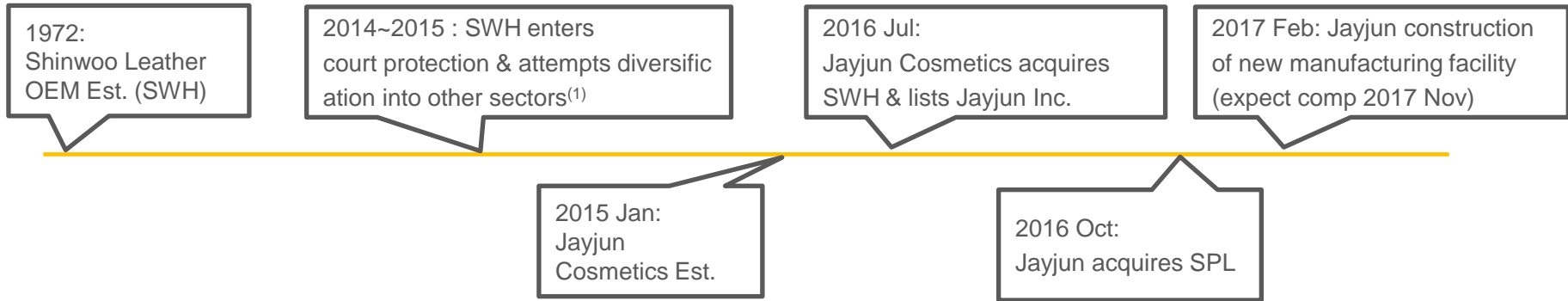
Responsible for beauty

Investor Relations Presentation

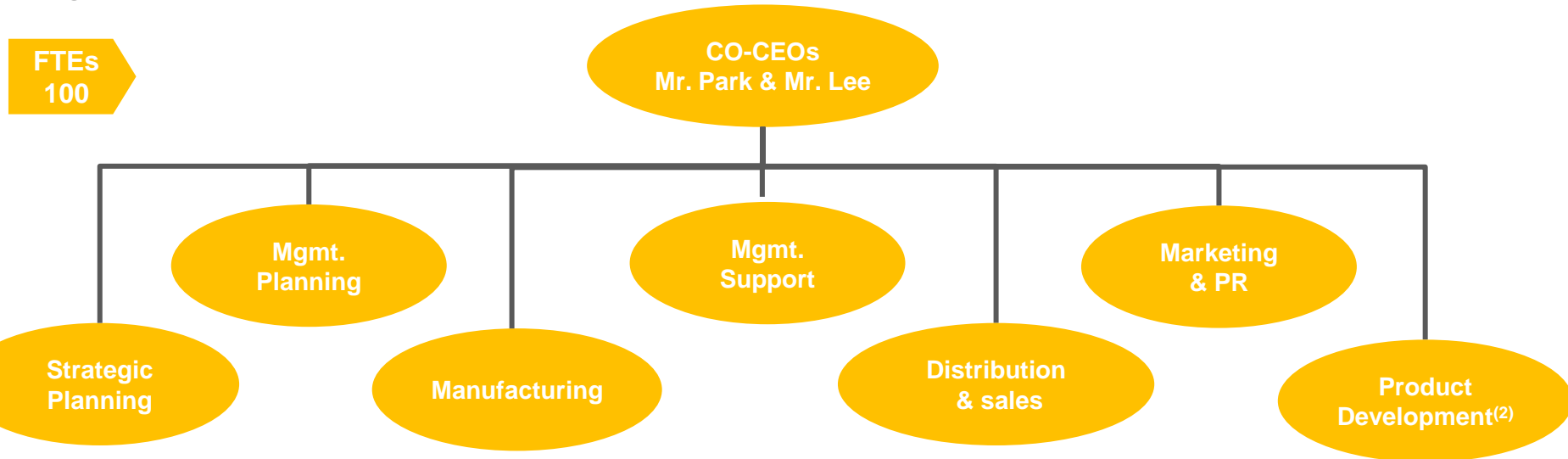
February 2017

Key Events & Overview

Key Chronological Events



Organisational Structure



⁽¹⁾ Shinwoo's legacy companies such as Elpis (electronics manufacturing), Einsis (Network, IT components) are currently classified as assets to be divested (expected completion by FY 2017)

⁽²⁾ R&D remains with Jayjun Cosmetics during Q1 of 2017

Ownership Structure

Closely held ownership structure in place to ensure stability in management composition

Name of Stockholders	Relationship with the Company	Number of Stocks	%
Jayjuncosmetic CO., LTD	Largest Stockholder	12,320,000	22.88%
Park, Bum Kyu	CEO	1,014,825	1.88%
Lee, Jin Hyung	CEO	795,836	1.48%
Park, Hyung Jun	Jayjuncosmetic stockholder	705,000	1.31%
Others	-	367,497	0.68%
sub total (A)		15,203,158	28.23%
Treasury stock	-	4,461	0.01%
Related Parties	Beneficiary	1,187,500	2.21%
#3 Future Growth Investment Association	Beneficiary	6,374,995	11.84%
sub total (B)		7,566,956	14.05%
#2 Oyang Investment Association	Former largest stockholder	2,649,710	4.92%
Other minority stockholders	Individuals	28,432,901	52.80%
TOTAL		53,852,725	100.00%

As of December 31, 2016

Controlling Stake
A+B = 42.28%

Name of Stockholders	Relationship with the Company	Number of Stocks	%
Jayjuncosmetic CO., LTD	Largest Stockholder	13,079,789	21.12%
Park, Bum Kyu	CEO	1,014,825	1.64%
Lee, Jin Hyung	CEO	795,836	1.29%
Park, Hyung Jun	Jayjuncosmetic stockholder	705,000	1.14%
Others	-	367,497	0.59%
sub total(A)		15,962,947	25.78%
Treasury stock	-	4,461	0.01%
Related Parties	Beneficiary	1,187,500	1.92%
#3 Future Growth Investment Association	Beneficiary	6,374,995	10.30%
sub total(B)		7,566,956	12.22%
#2 Oyang Investment Association	Former largest stockholder	2,649,710	4.28%
Other minority stockholders	Individuals	35,739,937	57.72%
TOTAL		61,919,550	100.00%

Simulated results of Feb 26, 2017

Controlling Stake
A+B = 38.00%

Note: Scenario incorporates pre-purchase agreement with 25th & 26th C.B holders (759,789)

Core Products

Mask Pack: Total 8

1	2	3	4	5	6	7	8
REAL WATER BRIGHTENING BLACK MASK	BIOCELLULOSE MASK	SKIN FIT MASK	BABY PURE SHINING MASK	ROSE BLOSSOM MASK	MULTI-VITA TONE UP MASK	GOLD SNOW BLACK MASK	PURPLE FRAGRANCE MASK

Other Products: Skincare(13) + Makeup (5)

		●			●			
FULL OF WATER CREAM	De Jour Croc AQUA BRIGHTENING CREAM		INFINITY21 WRINKLE ERASER	SHEA BUTTER20% HAND MOISTURE CREAM		VITA SNOW	SHINE DUO UV SUN	CLEANSING FORM

- Most core Mask Pack products have embedded cross-sell opportunities: 3 step products
- Robust new product lines in place to launch in 2017 and beyond

- Received or finalised CFDA approvals
- Plans in place

Investment Highlights

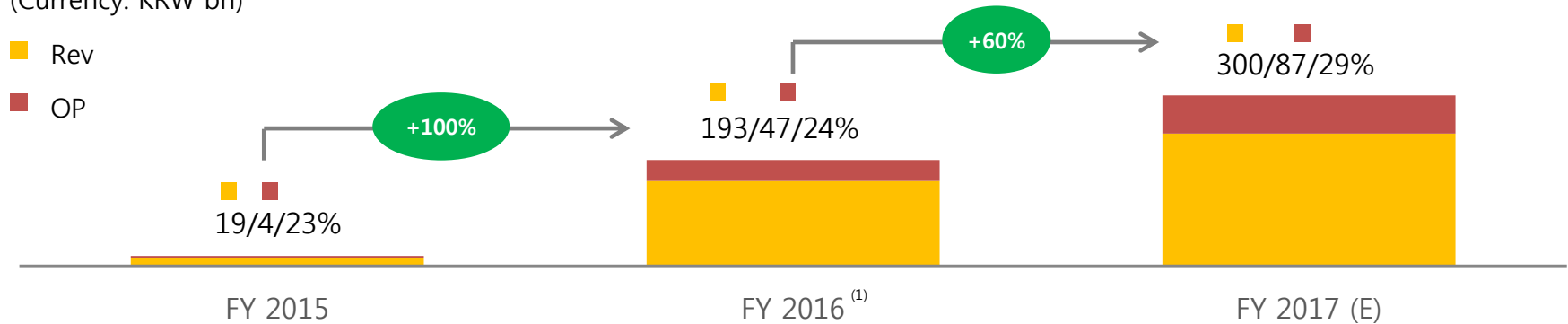
- 1 Strong financial performance
- 2 Deep understanding and proven success in China
- 3 Robust product and regional diversification strategy in place
- 4 Continued investment in sustainable growth

Investment Highlights

1 Strong financial performance

Sustainable revenue growth with robust operating profit margin

(Currency: KRW bn)



Growth Drivers

FY 2015~2016

- Signed USD 200mn exclusive supplying contract with Shengtenghui Int'l trade co. (China distributor)
- Ranked No.1 mask pack seller among Korean brands in Taobao for 8 consecutive months since May 2016
- Ranked No.1 mask pack seller among all brands in Taobao for 3 months in 2016
- Awarded 2016 Cosmo Beauty Award by Cosmopolitan China (Top 3 Beauty Magazine)
- Awarded 2016 Best Cosmetic Award in Mask Pack Category by Ruili Magazine (Top 3 Beauty Magazine)
- Operating profit improved after the acquisition of SPL (manufacturing plant)

FY 2017

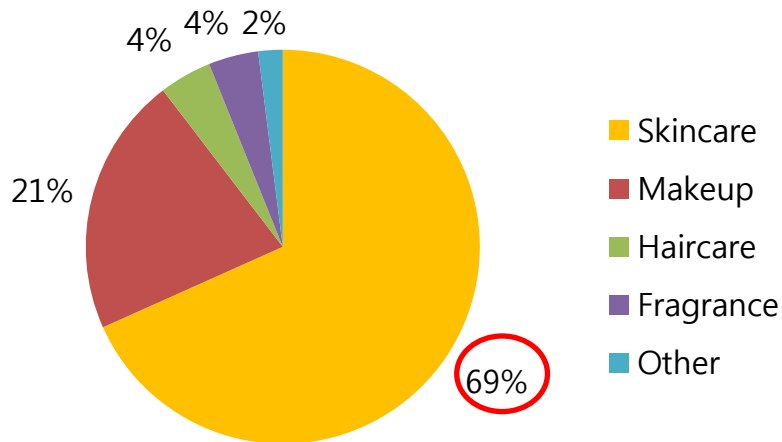
- Ranked No.1 mask pack seller among Korean brands in Taobao for 9 consecutive months since May 2016 (including Jan 2017)
- Enter Tmall domestic in Feb 2017
- Finalise CFDA approval on 6 additional products: Q1 2017
- Launch offline retail sales channel in China: Watsons (1,000) and cosmetics multi stores (10,000): H1 2017
- Increase the supply volume to Shengtenghui Int'l trade co. and renew the contract in July 2017
- Middle East, Russia and North America
- Expected Operating Profit Margin: 29%
- Revenue Range: KRW 300 bn

Investment Highlights

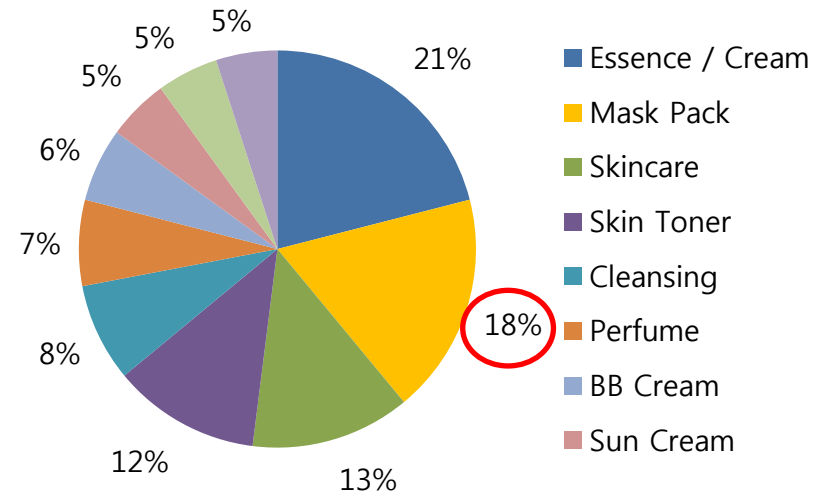
2 Deep understanding and proven success in China

- China is one of the most attractive global markets for Mask Pack segment
 - 26% annual growth rate with 45 of 100 Chinese using Mask Pack ⁽¹⁾
 - Equivalent to 2.8 billion sheets used p.a. ⁽¹⁾
 - Chinese consumers demonstrate high repurchase rates of Mask Packs: Almost 10% of consumers purchase over x6 times p.a. ⁽²⁾

SKINCARE VS MAKEUP⁽³⁾



TOP 10 CATEGORIES⁽⁴⁾



⁽¹⁾ Source: Tencent Magazine / Nielsen Retail Database

⁽²⁾ Kantarworld Research: CTR Market Research

⁽³⁾ Figures represent proportion of total value / Source: iResearch

⁽⁴⁾ Figures represent proportion of total volume / Source: iResearch

Investment Highlights

2 Deep understanding and proven success in China

FY 2016 was a record breaking year for Jayjun in China

- Maintained #1 ranking among Korean brands for eights consecutive months in 2016 on Taobao (by volume)
 - Of which, ranked #1 for three months among all global brands: May, July, August 2016

Rayli Award

Awarded the **Best Mask Pack of 2016** by Rayli Magazine in China

Cosmo Award

Awarded the **Mask Pack Beauty Award** by Cosmo China in 2016

TAOBAO '17 Jan No.1

Ranked **No.1** among **Korean mask pack** brands for **9 consecutive months** since May 2016

CFDA Approval

CFDA approval on **5 products**, 6 pending for approval in 1Q 17

Trademark Registration

2017 promises to be a year of further growth to cement leading position in Mask Pack sales in China

- In addition to the five hygiene certificates received in 2016, additional 6 expected in Q1 2017:
 - Qualifies Jayjun products to be sold on Tmall domestic platform (Estimate Tmall Global vs Tmall sales ratio = 10 : 90)
- Also, received Jayjun trademark in April 2016 (10 years) allowing Jayjun products to be sold offline in 2017

Investment Highlights

2 Deep understanding and proven success in China



- Entered the market with differentiated product design which helped our product to stand out among various brands
- Benefitted from the black mask sheet which triggered viral marketing phenomenon on SNS

Investment Highlights

2 Deep understanding and proven success in China

- Continued exposure to Chinese public via PPL in top TV shows and SNS uploads by top tier Chinese celebrities
- Expecting combined marketing budget for China and Korea to increase significantly in 2017



- A: New Jayjun mask pack introduced on Hunan TV OMG Channel (2017)
- B: PPL on Chinese version of "Where are we going dad" broadcast on Hunan TV (2016)
- C: Jayjun launches charter flight to invite 220 Wanghong at Lotte hotel in Jeju Island for 4 day Jayjun event (Oct 2017)
- D: Chinese celebrity / MC from OMG Li Wei Jia
- E: Jayjun advertisements on luggage carts to Hainan Island airport
- F: PPL on Chinese version of "Hurry Up Brother (aka Running Man)" ZHEJIANG TV (2016)

Investment Highlights

3 Robust product and regional diversification strategy in place

Jayjun will continue to drive sales in China by **entering offline sales channels** (Watsons & multi-cosmetics select shops in **Tier 2 & Tier 3 cities**) while revamping Korea domestic and ex-China distribution channels in 2017

KOREA



Manage flag shops



Opened in airport duty free shops
(Lotte, Shilla, Walker Hill,
Dongwha, Hanwha, Shinsegae)



Opened in top domestic
drug stores



Opened in tax free shops



Manage online shopping mall

GLOBAL



Signed sole agency
agreement with China



Signed sole agency
agreement with Hong Kong



Signed sole agency
agreement with Thailand



Indonesia, Malaysia,
Vietnam
(Sole agency negotiations in progress)



Regions in America,
the Middle East, and Europe
(work in progress)

- Increased China sales strategy: Aim to acquire 10,000 offline sellers ('17/H1), launch Jayjun brand store in Tmall domestic platform ('17/Q1), signed agreement with Watsons China to enter 1,000 ('17/H1)
- SE Asia: Plans to access 500+ drugstores in Watsons and Sasa ('17/Q1)

Investment Highlights

3 Robust product and regional diversification strategy in place



The New York Times



Fashion & Style

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Drew Barrymore Gets Dark Onscreen but Keeps Her Makeup Light



Then I definitely moisturize. The biggest game changer is, no question, Korean beauty. You get all this amazing moisturizing without the oil. I've used really expensive products and really inexpensive products, and most moisturizers break me out. The Korean masks have changed my life. The one I love the most is [JayJun Baby Pure Shining Mask](#). When I take it off, I look like I got out of a facialist appointment.



Investment Highlights

3 Robust product and regional diversification strategy in place

Jayjun Global Footprint



- Conservative approach to entering markets with new market entry based on careful research and strategic partnerships in place with top tier distribution channels only
- Over 20 new products currently under development and ready to launch in 2017: All new products developed based on monthly feedback on consumer preferences and launched in selective markets where products will gain leadership position

Investment Highlights

4 Continued investment in sustainable growth

- New production facility commencing construction in Incheon in February 2017: Largest manufacturing facility in Korea dedicated to mask pack production
- Expected increased production to 40 million sheets per month on BAU production basis: Temporary maximum output operations can increase output by 50%
- Manufacturing process modelled after pharmaceutical industry in order to minimise error rates and increase hygienic environment: especially shipping to China
- Smart Factory System allows full manufacturing process to be monitored via mobile phone or single control centre: also allows sharing and visibility of manufacturing steps for live tracking of order tracking by senior management and buyers
- Full factory process experience tour in place in order to increase access and transparency of vendors and buyers

	Plant A (current)	Plant B (planned)
Location	Incheon Namdong	
Prod Capacity	17 million per month	40 million per month
Production Area	2,705m ²	17,356m ²
Operation Commencement	February 2016	November 2017 (expected)
Main Product	Mask Pack	Mask Pack
Cost	Part of SPL acquisition	Land: USD 10mn Factory: USD 15mn



Market Concern

- 1 China concentration risk + THAAD issue
- 2 Lack of product diversification
- 3 Legacy financial commitments

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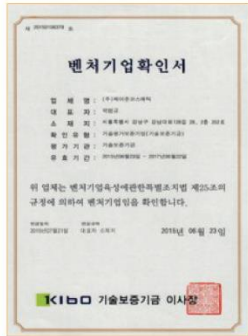
APPENDIX

Tmall Global Mask Pack Ranking

Mask Pack Category Ranking for Tmall Global (as of 5th Feb, 2017)

Rank	Brand	Product	Sales
1	JAYJUN	BABY PURE SHINING	12,000
2	JAYJUN	REFINE TO SHINE	7,240
3	JAYJUN	BABY PURE + REFINE TO SHINE	6,886
4	SNP	AQUA AMPLE	6,436
5	MEDIHEAL	NMF AQUARING AMPLE	6,113
6	LEADERS	AMINO MOISTURE	5,392
7	LEADERS	FIRST AMPLE	5,221
8	MEDIHEAL	NMF AQUARING AMPLE	4,474
9	MEDIHEAL	COLAGEN IMPACT + AQUARING AMPLE	4,166
10	HANAJIRUSHI	MOISTURE MASK PACK	4,136
AVERAGE PRICE			

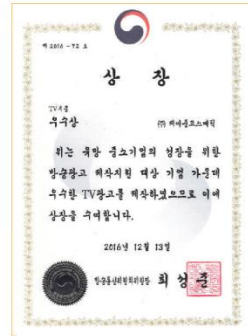
Certificates



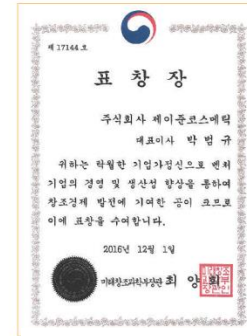
Venture Certificate



R&D Office Certificate



Advertising Award



Government Award



CFDA Registration



ISO9001



ISO14001



Patent



Patent



Trade Mark Registration

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