

## ABOUT ARETE CAPITAL ASIA

Arete Capital Asia is a boutique financial advisory firm based in Hong Kong. Our Directors & Senior Team each have over 25+ years experience in international financial markets.

We are truly independent advisers - we offer advice based on the best solutions available. We are able to source niche opportunities that represent outstanding risk reward dynamics. The Arete Team digs deep and push boundaries to uncover and offer compelling risk/ reward opportunities for our clients.

## ABOUT MARKET KURLY

Founded in 2015, Market Kurly is the leading online premium grocery service company based in South Korea, also one of the fastest growing companies in the Korean e-commerce.

Kurly's end to end food delivery and logistics platform that enables users to order food online before 11 pm and receive it the following morning. The company delivers fresh high-end desserts, bread, milk, bottled water, condiments such as flour & salt, processed foods, and more.

**Our base case is for a 12 to 18-month hold, with a potential exit gross return of 3.5x to 4x invested capital.**

## COMPANY HIGHLIGHTS

- South Korea is one of the fastest-growing E-Commerce markets, predicted \$325bn in 2025 at CAGR of 19.9%.
- Revenue grew at 3-year CAGR of 137%, with 2019 + 180% & 2020 + 138%. Est. 2021 revenue + 160% to \$1.4B.
- End 2019 Kurly members + 179% y-o-y to 3.9 million at the from 1.4 million in 2018.
- Kurly has a sticky customer base repurchase rate of 65.2%, more than double the South Korean average of 28.8%.
- Our targeted entry valuation implies Price-to-Sales ("P/S") of **1.1x estimated 2021 revenue** and **0.7x estimated 2022 revenue** - at the low end of the range versus comparable listed companies.
- Kurly is said to be pursuing an IPO within the next 6 to 12 month very possibly in the US market, following the successful IPO of Coupang in April 2021.

## KURLY BUSINESS STRENGTHS

- Dawn Delivery** Products are distributed to Greater Seoul regions - all orders placed by 11pm arrived 7am next morning
- Logistics costs are saved given dawn deliveries require less refrigerated delivery trucks
- Curated Themes** include low carb high fat diets, breakfast, seasonal food. Satisfied customers with the curation service are likely to return and make repurchases.

## FINANCIALS

Market Kurly Summary Income Statement							
(USD Millions)	2019A	2020A	2021E	2022E	2023E	2024E	2025E
Revenue	367.90	875.97	1,751.93	2,803.09	4,204.64	5,886.49	7,652.44
(Cost of Sales)	(307.56)	(720.35)	(1,423.19)	(2,249.07)	(3,342.07)	(4,634.75)	(5,986.92)
Gross Profit	60.34	155.61	328.74	554.02	862.56	1,251.74	1,665.52
(Operating Expenses)	(147.80)	(262.47)	(393.55)	(524.57)	(708.01)	(936.03)	(1,180.97)
Operating Income	(87.46)	(106.86)	(64.81)	29.45	154.55	315.70	484.55
							648.90

Market Kurly Food Delivery Comparables Valuation Metrics Summary				
Listed Comparable Companies	Market Cap (US \$B)	P/S PY ('20)	P/S CY ('21)	'21 Revenue Growth
DoorDash	\$44.4B	15.4x	10.6x	45.53%
GoodFood Market	\$451M	1.9x	1.4x	33.52%
Delivery Hero	\$33.38B	11.0x	4.3x	155.87%
High		15.4x	10.6x	155.87%
Median		11.0x	4.3x	45.53%
Mean		9.4x	5.4x	78.31%
Low		1.9x	1.4x	33.52%

Market Kurly Projected Returns Summary				
Returns Scenario	Entry Valuation	Exit Valuation	Multiple Over Invested Capital	IRR
Ecomm High P/S	\$1,950.67MM	\$31,227MM	14.41x	2,387%
Ecomm Median P/S	\$1,950.67MM	\$10,061MM	4.64x	535%
Ecomm Low P/S	\$1,950.67MM	\$2,161MM	1.00x	0%
Food Delivery High P/S	\$1,950.67MM	\$29,634MM	13.67x	2,235%
Food Delivery Median P/S	\$1,950.67MM	\$12,090MM	5.58x	693%
Food Delivery Low P/S	\$1,950.67MM	\$4,000MM	1.85x	109%
Combined High P/S	\$1,950.67MM	\$31,227MM	14.41x	2,387%
Combined Median P/S	\$1,950.67MM	\$10,425MM	4.81x	563%
Combined Low P/S	\$1,950.67MM	\$2,161.14MM	1.00x	0%
M&A High P/S	\$1,950.67MM	\$41,681.64MM	21.37x	3,898%
M&A Median P/S	\$1,950.67MM	\$34,856.27MM	17.87x	3,123%
M&A Low P/S	\$1,950.67MM	\$28,030.90MM	14.37x	2,379%

Market Kurly E-Commerce Comparables Valuation Metrics Summary				
Listed Comparable Companies	Market Cap (US \$B)	P/S PY ('20)	P/S CY ('21)	'21 Revenue Growth
Coupang	\$69.55B	5.8x	3.7x	56.26%
Amazon	\$1,647B	4.3x	3.4x	26.74%
eBay	\$41.86B	4.1x	3.5x	17.81%
Rakuten	\$17.41B	1.3x	1.2x	12.48%
Etsy	\$21.38B	12.4x	9.3x	33.28%
Alibaba	\$577.5B	4.9x	3.9x	25.06%
Mercado Libre	\$69.07B	17.4x	11.1x	56.05%
JD.com	\$115.06B	1.0x	0.8x	27.93%
High		17.4x	11.1x	56.26%
Median		4.6x	3.6x	27.34%
Mean		6.4x	4.6x	31.95%
Low		1.0x	0.8x	12.48%

## INVESTMENT PARTICULARS

Issuer	Kurly Co. Ltd.
Type of Purchase	Secondary of Preferred Shares
Entry Valuation	2021 Price to Sales c. 1.1x, 2022 Price to Sales c. 0.7x
Purchase Valuation	c. USD 2bn post May 2021 Financing Round
Last Funding Round	c. USD 780m in May 2020
Expected Holding Period	6 to 12 months to IPO, + 6 month lock up
Expense Structure:	Upfront 2%, Mgmt Fee pa 1.75%, Performance fee 17.5%
Deal Timing	Closing Mid to Late June or as allocated. Best efforts.

## FOUNDER & CEO

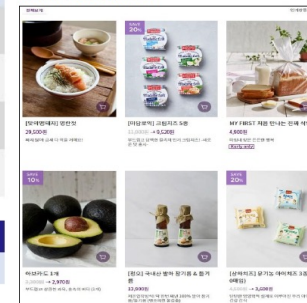


Seul-A Sophie KIM left a career as a management consultant to tap South Korea's growing e-commerce market. Kim earned a bachelor's degree in political science from Wellesley College in Massachusetts before stints at Goldman Sachs, McKinsey, Temasek and Bain.

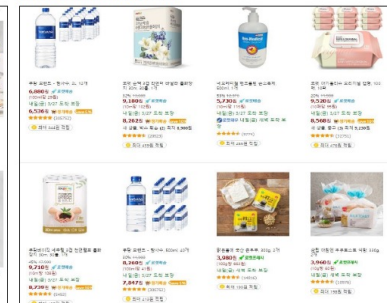
## MARKET KURLY'S BEST SELLERS

Kurly focuses on offering premium quality fresh food as opposed to rival Coupang. Kurly's products are picked entirely based on quality + in demand "half cooked" items that are price competitive vs. traditional retailers. Barriers to entry will be greater in fresh foods due to potential spoilage. This requires a finely tuned logistics system, and over time will allow for greater business profitability and customer stickiness.

### KURLY'S Best Sellers



### COUPANG'S Best Sellers



## TOTAL FUNDED CAPITAL \$523m

## KEY INVESTORS

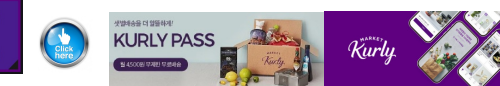
- Dec 2016: Series B: USD 15.1m
- Sep 2018: Series C: USD 59.6m
- Apr 2019: Series D: USD 120.1m
- May 2020: Series E: USD 178m
- May 2021: PRE-IPO c. USD 150m at USD 1.8bn+



## HELPFUL LINKS



Korean Start-up CEO Interview with Sophie Kim  
<https://www.youtube.com/watch?v=6aEfu-GOWvs>



Sophie Kim Amazon Web Services event  
<https://www.youtube.com/watch?v=yppGLGbnYf0>



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