

September 10, 2021

Genie Music acquires No.1 e-book company, 'BOOK CLUB MILLIE'

The board of directors of Genie Music, KT's media subsidiary, decided on Sep. 10th to invest 46.4 billion won in an e-book company, 'BOOK CLUB MILLIE'. Genie Music acquires a 38.6% stake in BOOK CLUB MILLIE (hereafter 'Millie') securing its position as the largest shareholder. Through this acquisition, Genie Music aims to expand its business scope from music to other type of audio to become the nation's top AI audio platform company.

AI audio platform refers to the new audio contents service (music streaming service, audiobook, audio entertainment, etc.) integrated with AI technology. According to Goldman Sachs, the market size of audio contents business (excluding the sound source) will grow from 25.5 trillion won in 2019 to 87.5 trillion won in 2030. A market research firm 'Grand View Research' states that the size of the global audiobook market, 3.1 trillion won in 2019, will grow 24.4% CAGR until the year 2027.

Millie started its e-book subscription business since Oct. 2017, and is the No.1 e-book company in Korea with more than 100,000 e-books in its inventory. With a surge in e-book and audiobook users, its sales increased 75% recording 19.2 billion won in 2020. Based on the growth of e-book/audiobook market and the additional synergy with KT group, Millie is planning an IPO in 2022.

First of all, Genie Music is planning to launch Millie's audiobook service on AI music platform, 'Genie,' within this year. Currently the music streaming environment has expanded from the mobile to the wearable devices and connected cars, etc. Since Genie Music already provides the connected service via GiGA Genie platform, Galaxy watch, Apple watch, GV80, the subscribers of either Genie Music or Millie's will be able to experience audiobook service on these various environments. In the future, Genie Music aims to produce and add multiple audio contents such as audiobook, audio entertainment, audio drama, etc. and develop into domestic no. 1 AI audio platform.

Besides, the bundling plan to be launched that combines Genie Music's music streaming service and Millie's will enable both subscribers to use both services with the reasonable price. Providing Millie's service to KT's fixed-line/mobile subscribers will also help expand subscriber base for both companies, and offer synergy such as subscriber lock-in.

KT's other subsidiaries and Millie are also looking forward to various synergies. Currently, KT has continued restructuring and investment in the Media/Content business considering growth potential and group synergy. KT is maximizing synergy with Media/Content subsidiaries, led by Studio Genie, established in January, and expects to diversify IP base for content production through this acquisition. Leveraging Millie's subscription data, Studio Genie is expected to further refine its selection of content and strengthen its ability to secure IP by signing contracts with publishers' original authors through Millie.

Within KT group's contents ecosystem, the books listed in the Millie's will benefit from bigger

opportunities to expand into the secondary literary work such as audiobook, audio drama, video contents, etc. Moreover, the virtuous cycle that the user of the secondary literary work searching to read the book can be expected.

Besides KT group, diverse business cooperation with LGU+, Genie Music's shareholder, and CJ ENM is also planned.

Millie is planning to aggressively enter the audiobook field. Millie currently has around 3,000 audiobooks and intends to produce more than 1,000 audiobooks every month using its e-books. Millie expects to further develop the production of audiobooks by utilizing KT's AI technology, ¹P-TTS (Personalized-Text to Speech), in addition to Millie's current original content such as 'Audiobook can see Books' with celebrities and 'Complete Audiobook' with sound effects. By combining the AI technology, audiobooks will be enriched with diverse voices by family, famous singers and characters as well as voice actors, resulting in a dramatic reduction in time and cost.

We ask for your continuous interest to the acquisition of Millie, which will play a great role in Media/Content business for KT's transition to DIGICO. We will keep sharing the growth story with you.

¹ P-TTS : Technology that synthesized collected voice data into a voice of a person through AI deep learning

■ BOOK CLUB Millie Overview

Foundation	Founded in July 2016
CEO	Young-Taek Seo
Capital	3 billion won
Total Assets	12.3 billion won (as of Dec. 31, 2020)
Equity Stake	[Before Acquisition] Young-Taek Seo(CEO) 13.8%, VC(7 companies) 60.4%, etc. [After Acquisition] Genie Music 38.5%, Young-Taek Seo 11.5%, VC(7 companies) 39.5%, etc.
Financial Performance	Revenue 19.2 billion won, OP Δ 4.9 billion won (FY2020)
Business Field	Subscription service for e-books and paper books

■ Genie Music Overview

Foundation	Founded in Feb. 1991 / Affiliate transfer in Feb. 2008
CEO	Hoon Cho
Capital	29.1 billion won (as of Dec. 31, 2020)
Total Assets	250.5 billion won (as of Dec. 31, 2020)
Equity Stake	kt seezn 36.0%, CJ ENM 15.5%, LGU+ 12.8%, etc. (as of Aug. 31, 2021)
Financial Performance	Revenue 247.0 billion won, OP 11.5 billion won (FY2020)
Business Field	Online music service and music distribution service

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