

2021 2Q Financial Results

EARNINGS RELEASE

2021/ 2Q

2021 Aug 3rd

Pls download our IR materials from the below page.

- 1) IR Book : (<http://www.seoulviosys.com/kr/ir/data/>)
- 2) Financial Statement : (<http://dart.fss.or.kr>) search code (092190)

Disclaimer

This presentation material may contain forward-looking statements, as defined in the safe harbor provisions of KOSDAQ Disclosure Regulation. These forward-looking statements reflect Seoul Semiconductor's current views with respect to future events and financial performance, and are subject to certain risks and uncertainties, which could cause actual results to differ materially from those anticipated. Although Seoul Semiconductor believes the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that its expectations will be attained. Seoul Semiconductor undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. All financial numbers are consolidated basis unless stated otherwise.

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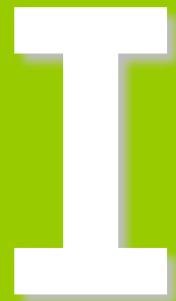
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1) WICOP related patent Injunction against 13 brands

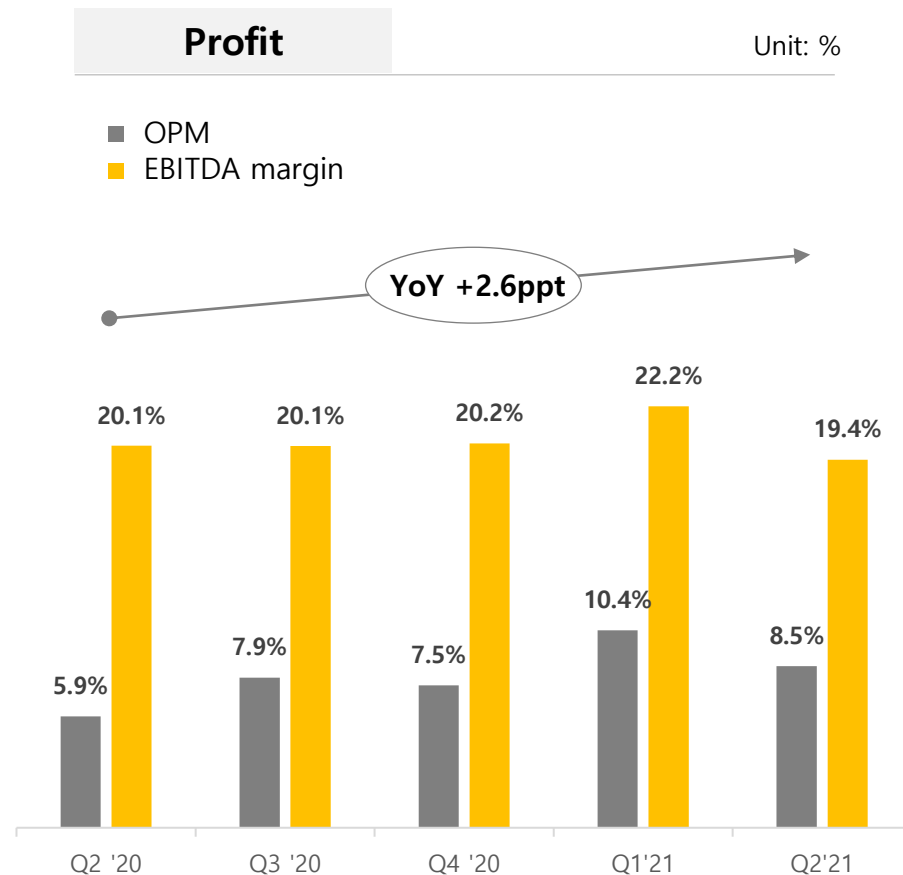
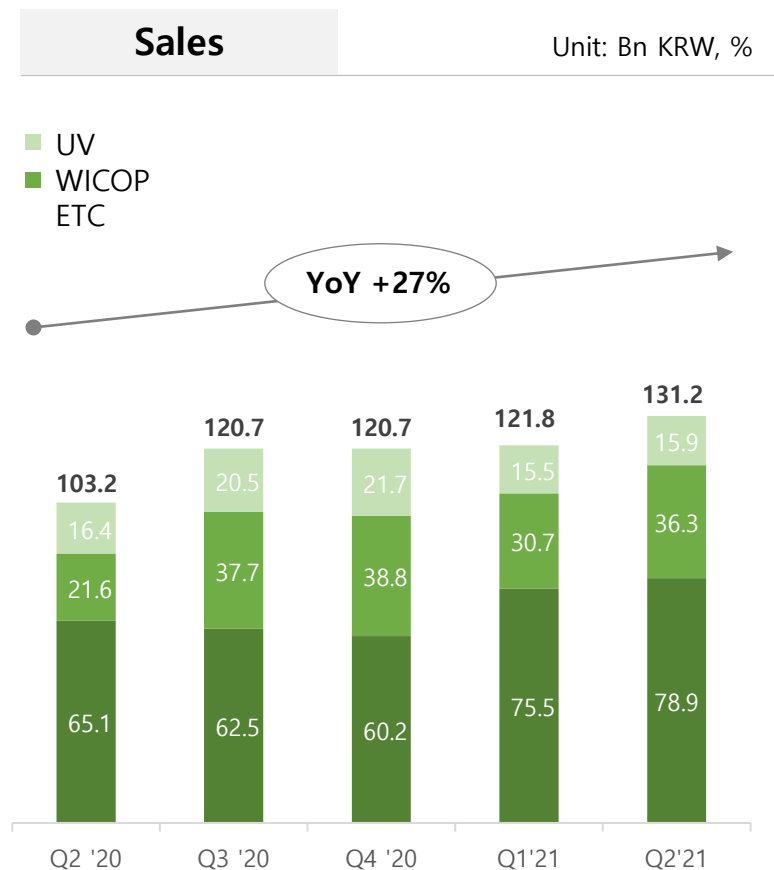
2) Condensed Financial Statement



2021 2Q Financial Results

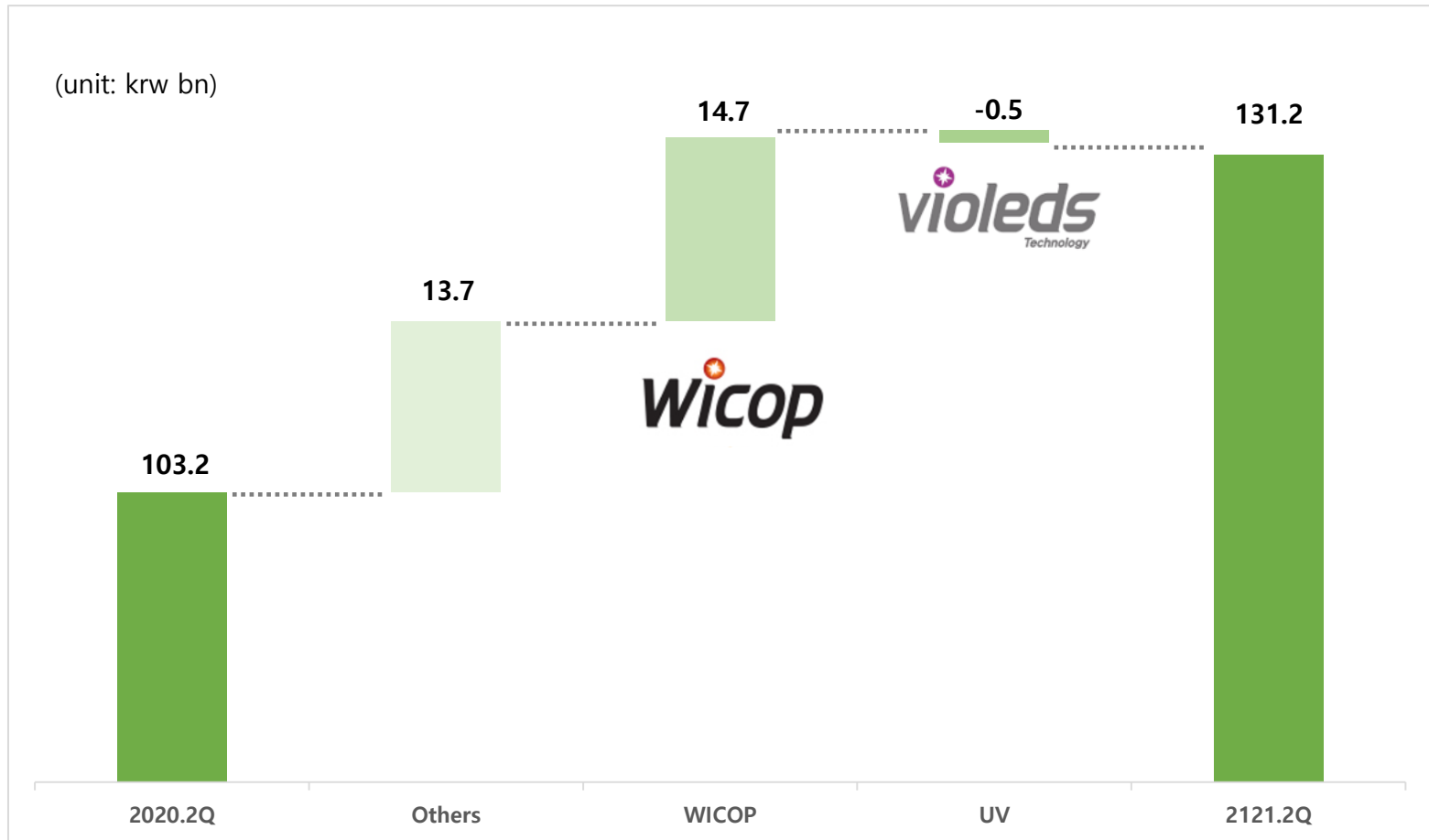
I. 2021 1Q Earnings _ 1) Sales and OPM

**Sound yearly growth trend continued:
Sales + 27% YoY / Operating Profit + 84% YoY**



I. 2021 1Q Earnings _ 2) Product Mix improves

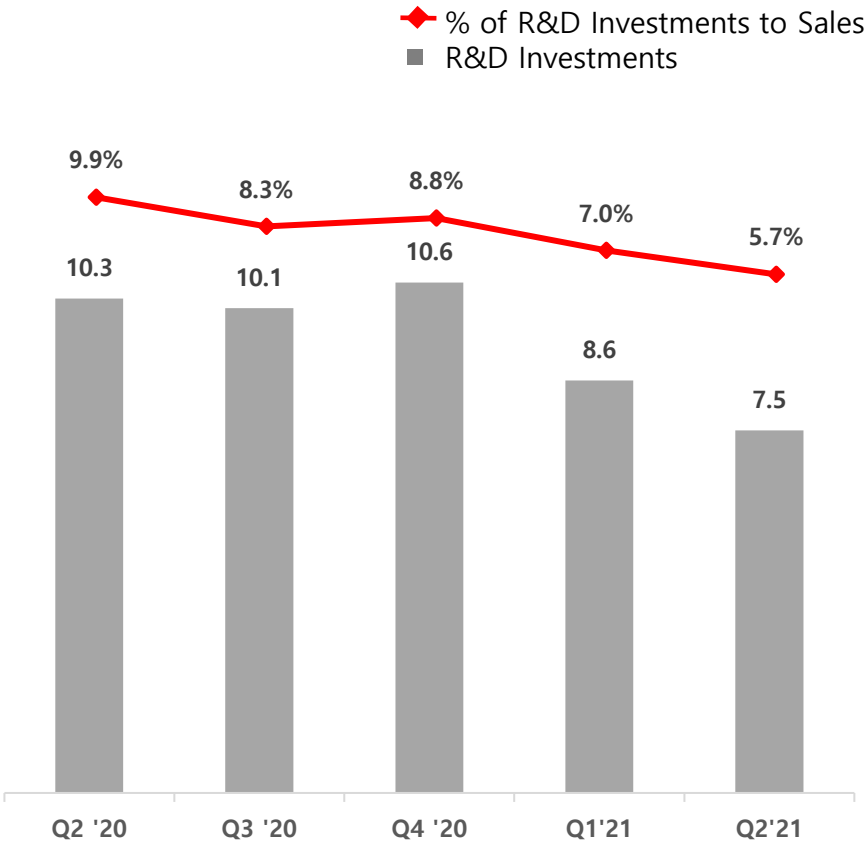
Product Mix improves thanks to increase of WICOP sales



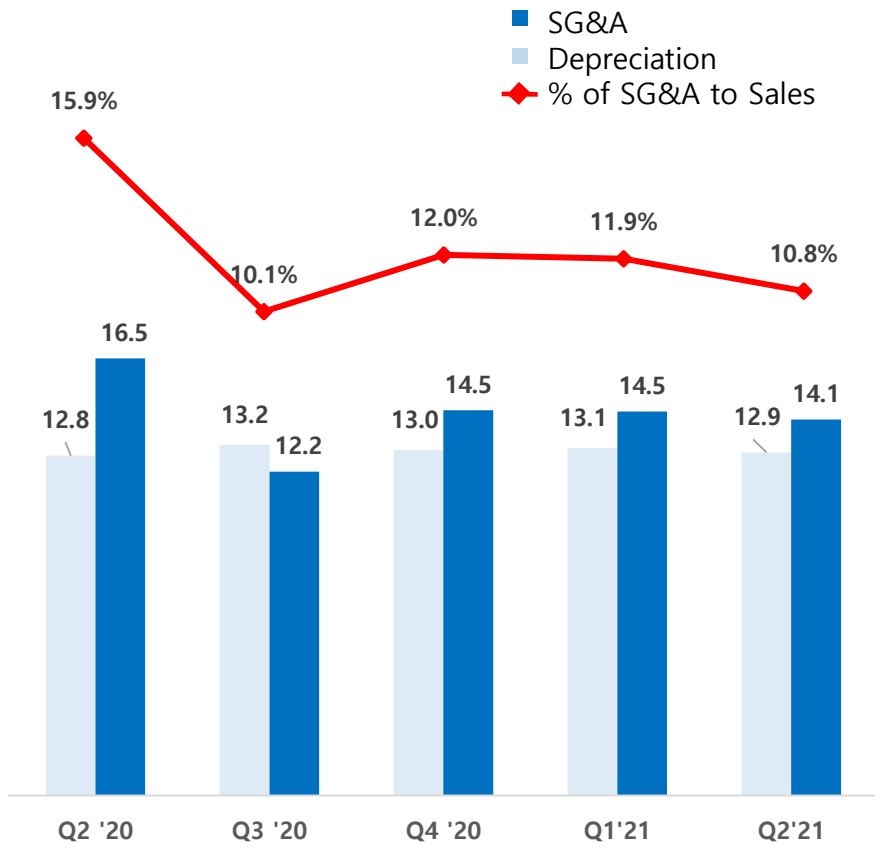
I. 2021 1Q Earnings _ 3) R&D investment & Expense

Controlled R&D investment and expense contributes to profit

R&D investments unit: krw bn, %



Expense unit: krw bn, %



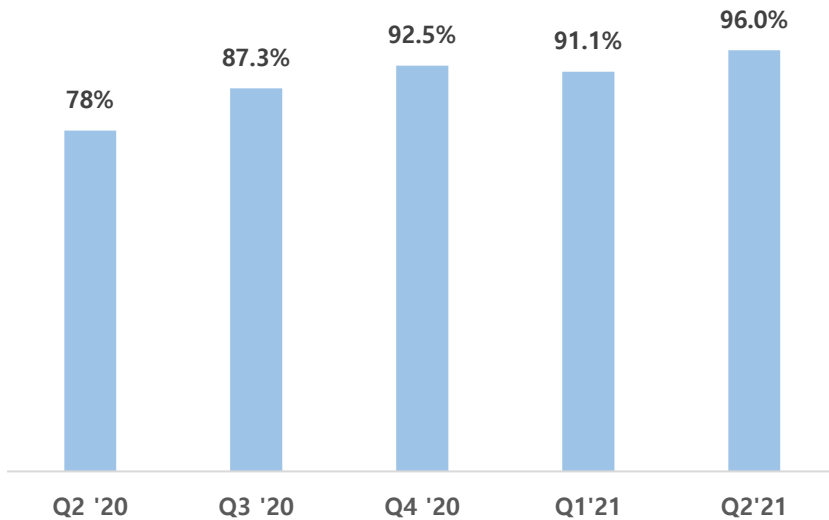
I. 2021 1Q Earnings _ 4) Utilization and CAPEX

Utilization rate rose while CAPEX increased to meet strong demand

Utilization Rate

unit: %

■ utilization rate

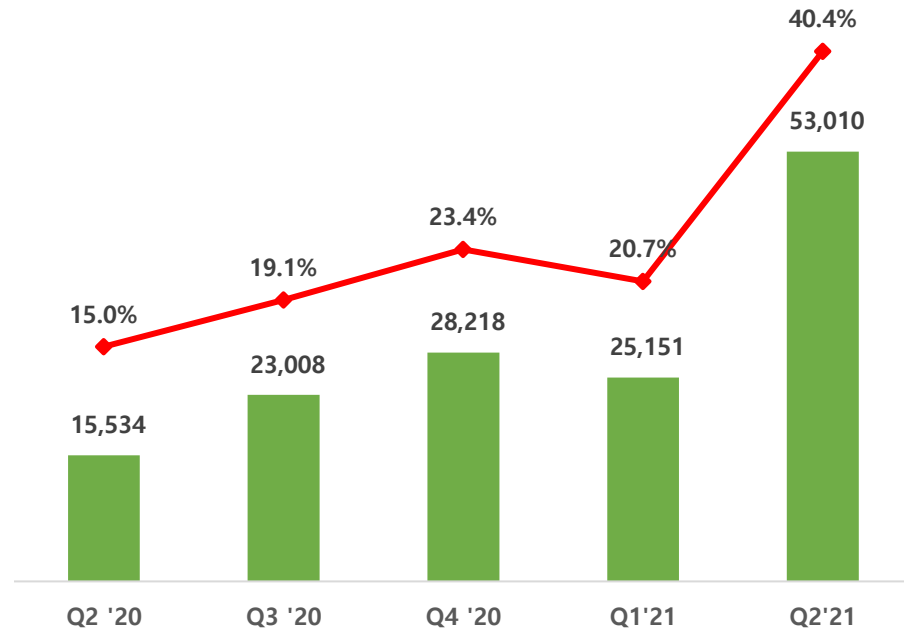


Note) The above production performance index is the average value for the quarter, which is somewhat different from the end of the quarter.

CAPEX

unit: million KRW, %

◆ % CapEx to CAPEX
■ CAPEX

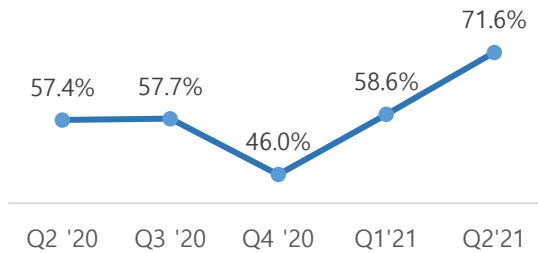


Note) The information contained in this IR report is the result of internal settlement and is subject to change according to outside auditor's review.

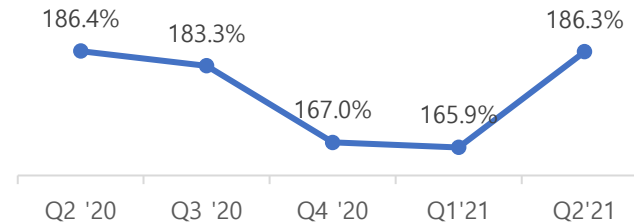
I. 2021 2Q Earnings _ 5) Financial Ratios

**Debt Ratio increased due to added CAPEX investment
Still maintaining lower Inventory Level vs. Industry Average**

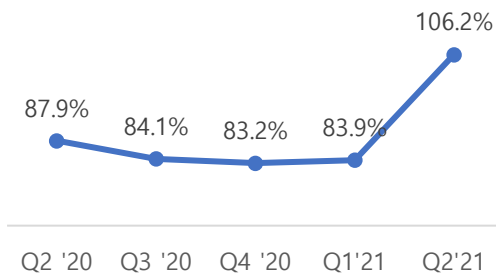
Current Ratio (%)



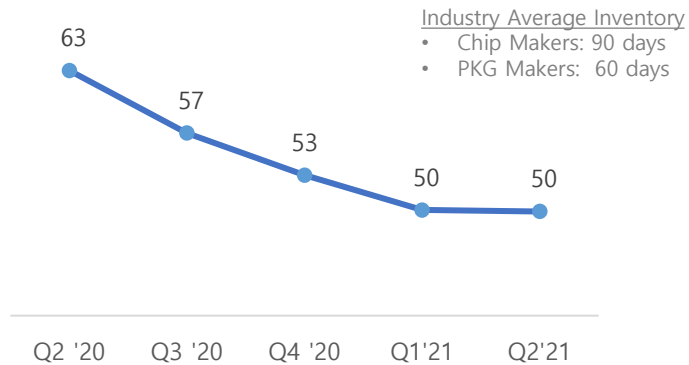
Debt to Equity (%)



Net Debt Ratio (%)



Inventory T/O (days)



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2021 3Q Guidance

Will continue to overcome risks with focused growth from new technology

Business Environment

Opportunities

- ✓ **UV LED demand hike after Covid-19**
- ✓ **\$ 3bn Signage bound Micro Pixel production increase**
- ✓ **Strong patent base technology foundation to secure the next 10 years**
 - **WICOP expansion to 2 gen products**
 - **Stronger pressure from US on IP**

Risks

- ✓ **IT Shortage issue sparked by semiconductor supply shortage**
- ✓ **Slower than expected economy recovery as global pandemic prolongs**

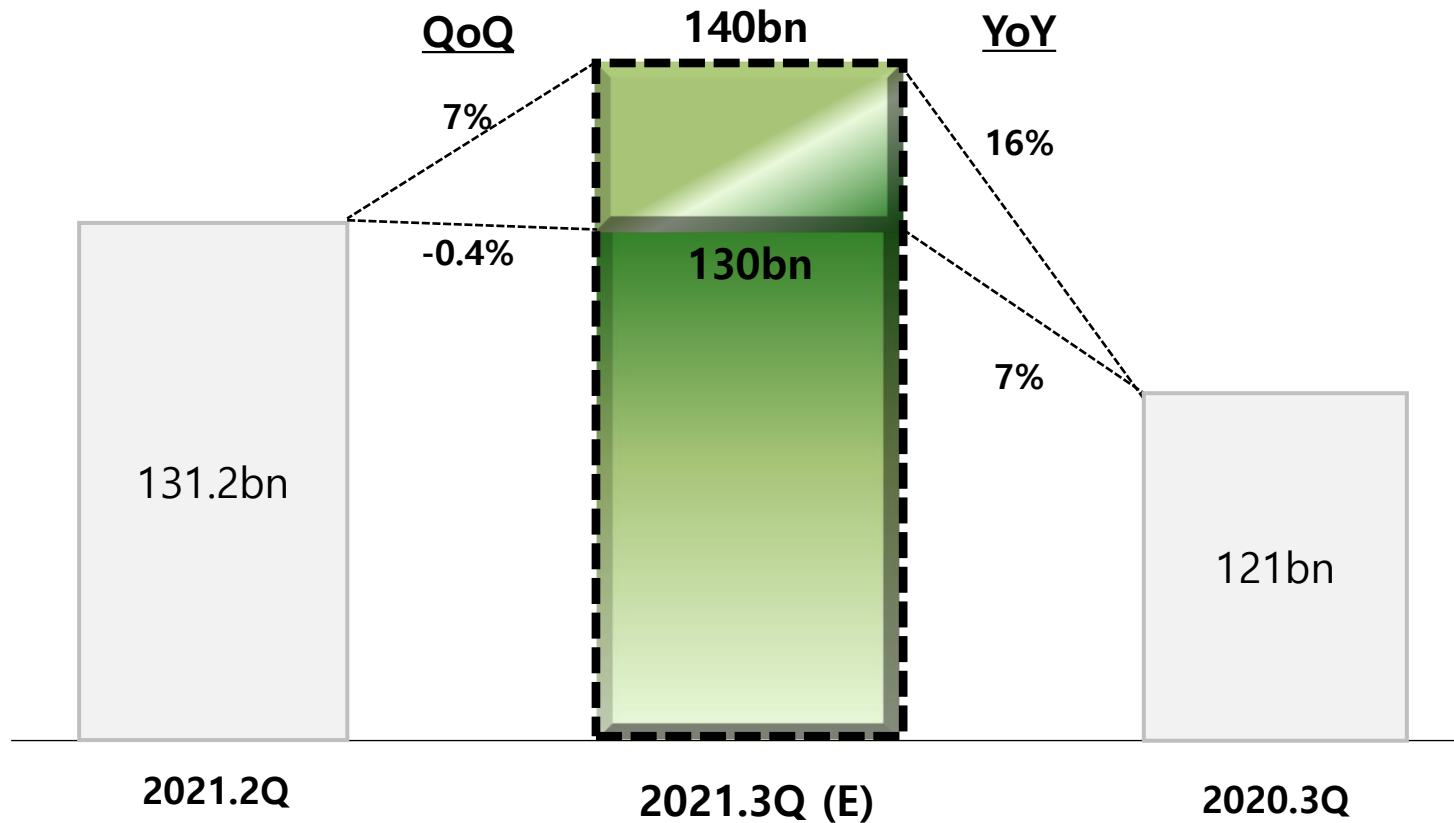
Execution Plan

- ✓ **To Expand M/S with World First 2nd Generation Technology**
- ✓ **Focus on New Drivers to lead market**
 - **Micro Clean Display** : Ready for the potential \$100Bn market
 - **UV original and application patents** to expand new market growth
 - **VCSEL LD** : To penetrate Sensor/Telco market
- ✓ **VIOLEDS popularization to increase demand**
 - **Focus on key demand for Clean Technology**
 - **Global Strategic Partnership**
 - **Further expansion towards Solution Business**

II. 2021 3Q Guidance _ 2) 3Q Guidance

Expect +7%~+16% YoY sales

Guidance (unit KRW)



III. 2021 3Q Guidance _ 3) Key Future Growth Momentum

Combination of 2nd Generation Leading LED and Clean Technology

Application	Key Theme	Technology
<ul style="list-style-type: none">Virus /Air and Surface Disinfection3D printing curing	<ul style="list-style-type: none">Environment Friendly Disinfection Technology	Violeds
<ul style="list-style-type: none">Base Station CommunicationAR/VR	<ul style="list-style-type: none">High Level Laser Technology for 5G tele-communication	VCSEL
<ul style="list-style-type: none">Mini LEDLow power high illumination lightingAR/VR, Smart Watch	<ul style="list-style-type: none">Next Key Patented Technology to replace LCD & OLED	WICOP MINI Micro Pixel



APPENDIX

- 1) WICOP related patent Injunction against 13 brands
- 2) Condensed Financial Statement

III. Appendix_ 1) WICOP related patent Injunction against 13 brands

Global 102 Car Models Use WICOP “Permanent Injunction against 13 Brands”

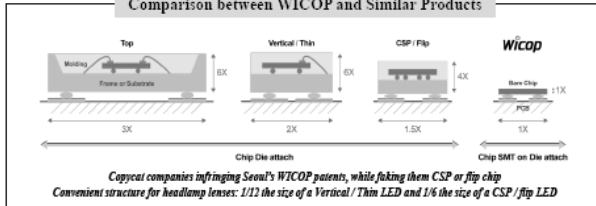
15 enjoined components that are used in 100 models and 7 million sales of global automobile products
Second permanent injunction issued for infringement of WICOP patents: prior injunction was against a Philips brand TV product

ANSAN, South Korea – Seoul Semiconductor Co., Ltd. (“Seoul”), a leading global innovator of LED products and technology, announced that the New Jersey District Court issued a consent judgment and permanent injunction for infringement of twelve Seoul patents against 13 automotive lighting brand LED products being sold through automotive parts’ distribution channels. WICOP is a revolutionary technology that enables a package-less semiconductor. In 2015, WICOP was launched to the world when Seoul’s CEO, Chang Hoon Lee, invited global reporters to Shanghai to launch the new WICOP products.

Seoul Semiconductor’s WICOP Technology Projects

On-going Project	Confirmed Project	Customers	Car Models
182	63	32	102

Comparison between WICOP and Similar Products



WICOP technology has been used in 102 car models and approximately 10% of global automotive lighting products, such as headlamps and running lights. Seoul is leading the development of various 2nd LED technology. As the right-table shows, this injunction judgment follows Seoul’s victories in all 32 patent lawsuits filed in 7 countries or the past 3 years – including permanent injunctions and a recall order of infringing products.

“Intellectual property provides hope for young entrepreneurs and small businesses. But, it is very disappointing that even global, established companies knowingly uses products that infringe others’ patents,” says Seoul’s founder, Chang Hoon Lee. “Intellectual property is an incredible tool that allows people to break through class barriers, enabling small businesses and young entrepreneurs to compete with anyone.”

Since our industrial revolution, the infant mortality rate has declined from 43% to 3%, while access to electricity has increased to reach 83% of total world population and the illiteracy rate has also reduced significantly. So Intellectual property enable to make life more transparent and safer,” added Lee.

The World’s 1st and 2nd Generation LED Technologies of Seoul Semiconductor	Judgment
Violeeds Disinfect virus and bacteria	Permanent Injunction
SunLike Light source for healthy circadian rhythm to match 24-hour body cycles	—
Wicop Light, thin, short and small / Core technology of Mini and Micro LED	Permanent Injunction
Filament Filament LED with similar design to conventional incandescent bulbs	Permanent Injunction / Recall / Destruction
AcricHMUT Easily connectable to 220V for home use with less number of LED	Permanent Injunction / Recall / Destruction
Acrich Driver Connectable to 220V for home use and 20% cost reduction	Permanent Injunction
UCD Phosphor White LED light source with color rendering close to sunlight	Permanent Injunction
Over 10K hour Use 5 years available for 5 hours a day (Up to 10 times longer lifespan than incandescent bulbs)	Permanent Injunction
Over 150 lm/W Electricity cost less than one-tenth compared to conventional incandescent bulbs and one-third of fluorescent lamps	Permanent Injunction / Recall / Destruction

Financial Times

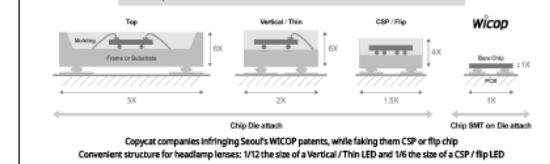
20% of Global TV Display Uses WICOP “Permanent Injunction against 13 Brands”

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Seoul Semiconductor’s WICOP Technology Shipment

Products	Shipment (M unit)	Application (%)
TV	220	20
Tablet	150	27

Comparison between WICOP and Similar Products



bal annual production of 80 million automobiles. It also widely used in display products such as smartphones and tablets, and approximately 20% of 220 million units of global display products based on TV in 2020. WICOP is recognized as a revolutionary semiconductor technology and is essential for production of mini and micro LEDs for an advanced display, and the global mini LED market expects to grow at CAGR of 52% and market revenue of \$1.2 billion in 2022 according to Strategies Unlimited, a global market research leader. Seoul is leading the LED industry with its differentiated 2nd generation technologies based on more than 10,000 patented technology.

As the above table shows, this injunction judgement follows Seoul’s victories in all 32 patent lawsuits filed in 7 countries from 2018 – including permanent injunctions and a recall order of infringing products. “Intellectual property provides hope for young entrepreneurs and small businesses. But, it is very disappointing that even global, established companies knowingly uses products that infringe others’ patents,” says Seoul’s founder, Chung Hoon Lee. “Intellectual property is an incredible tool that allows people to break through class barriers, enabling small businesses and young entrepreneurs to compete with anyone. Since our industrial revolution, the infant mortality rate has declined from 43% to 3%, while access to electricity has increased to reach 85% of total world population and the illiteracy rate has also reduced significantly. So Intellectual property enable to make life more transparent and safer,” added Lee.

The World’s 1st and 2nd Generation LED Technologies of Seoul Semiconductor	Judgment
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Wall Street Journal

III. Appendix_ 2) Condensed Financial Statement

	2021.Q2	2021.Q1	2020	2020.Q4	2020.Q3	2020.Q2	2020.Q1	2019.Q4	2019.Q3	2019.Q2
(unit: million KRW)										

[Income Statement]

Sales	131,161	121,769	431,282	120,485	120,661	103,235	86,901	91,548	90,668	89,618
COGS	105,861	94,669	346,704	95,962	98,953	80,728	71,061	70,255	72,949	67,080
COGS (%)	80.7%	77.7%	80.4%	79.6%	82.0%	78.2%	81.8%	76.7%	80.5%	74.9%
Gross Profit	25,300	27,100	84,578	24,523	21,708	22,507	15,840	21,294	17,719	22,538
Gross Profit (%)	19.3%	22.3%	19.6%	20.4%	18.0%	21.8%	18.2%	23.3%	19.5%	25.1%
SG&A	14,145	14,451	57,193	15,407	12,180	16,451	13,155	14,254	15,041	14,832
Operating Profit	11,155	12,649	27,385	9,116	9,528	6,056	2,685	7,040	2,677	7,707
Operating Profit (%)	8.5%	10.4%	6.3%	7.6%	7.9%	5.9%	3.1%	7.7%	3.0%	8.6%
Pre-Tax Profit	9,446	13,719	16,906	3,611	6,297	6,064	935	894	4,197	5,891
Net Profit	9,095	13,678	19,648	6,621	6,423	6,451	152	1,080	3,140	5,992

[Balance Sheet]

Total Assets	725,153	660,388	582,883	582,883	608,306	602,296	602,907	579,081	555,433	558,368
Current Assets	221,965	195,876	137,938	137,938	159,526	156,271	156,670	137,985	109,376	117,087
Cash & Equivalents	10,216	11,763	6,947	6,947	7,522	3,082	5,298	6,272	9,348	4,378
Inventory	78,999	70,603	64,094	64,094	74,737	74,495	67,714	54,943	55,620	47,991
Non-Current Assets	503,188	464,512	444,944	444,944	448,780	446,025	446,237	441,096	446,057	441,281
Total Liabilities	471,872	412,070	363,545	363,545	393,602	392,026	399,443	391,587	393,176	400,590
Current Liabilities	310,072	334,295	297,549	297,549	276,521	272,065	287,654	274,105	258,287	291,551
Non-Current Liabilities	161,801	77,776	65,997	65,997	117,082	119,961	111,789	117,481	134,889	109,039
Total Equity	253,281	248,318	219,337	219,337	214,703	210,270	203,464	187,494	162,257	157,778

Thank You

www.seoulviosys.com