

2022 3Q Financial Results

EARNINGS RELEASE

2022.3Q

2022 Nov. 9th

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)

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Table of Contents

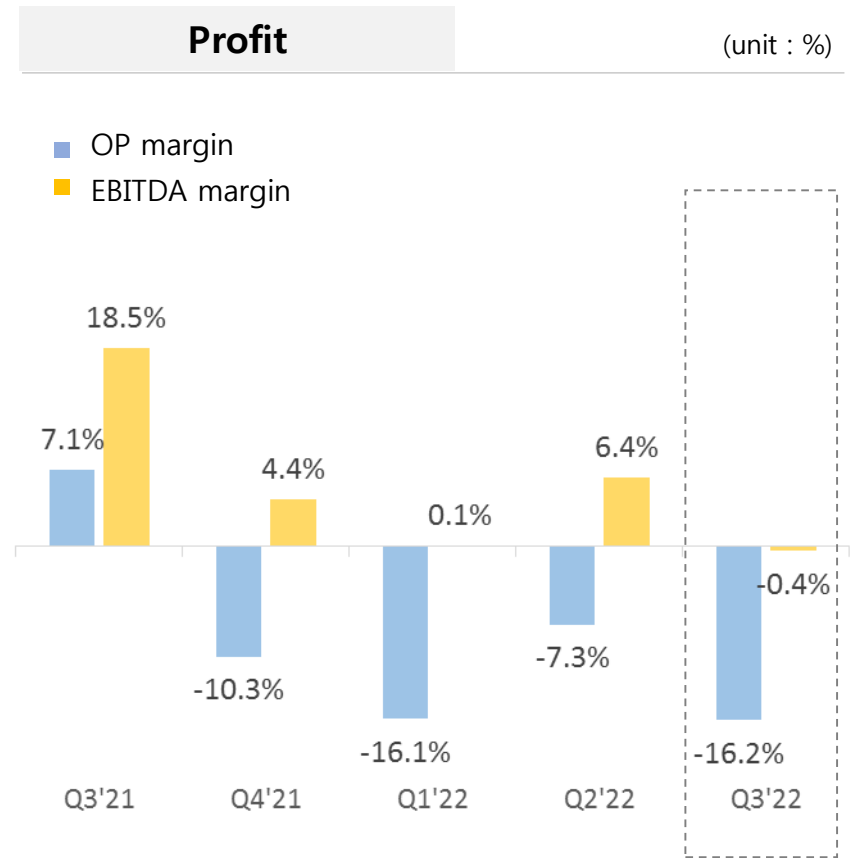
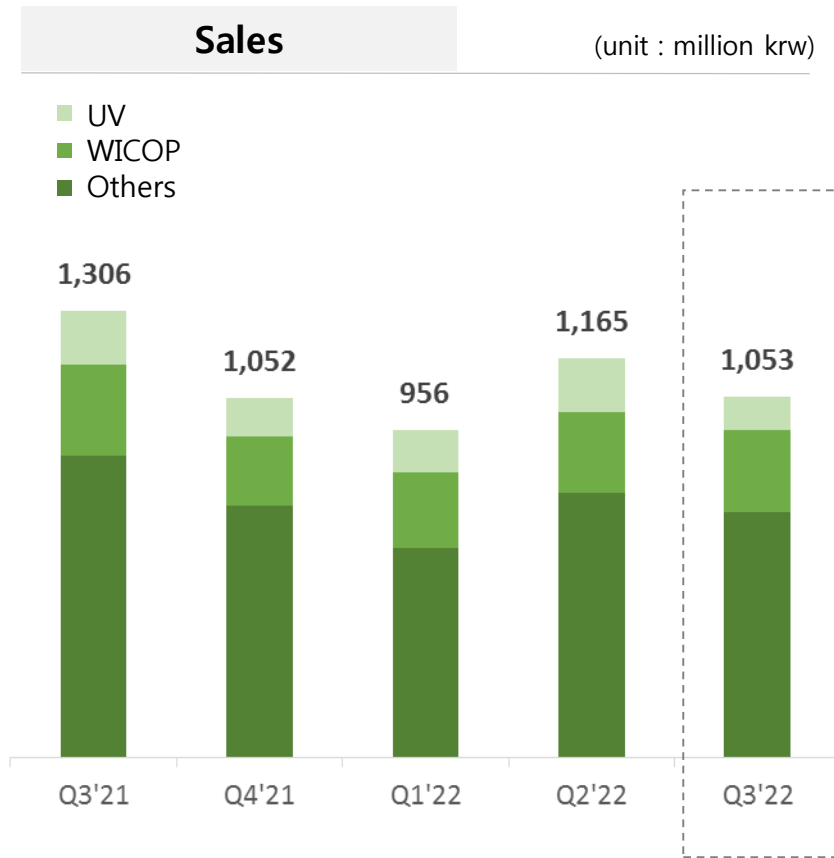
- I. 2022 3Q Financial Results
- II. 2022 4Q Guidance
- III. Appendix

I

2022 3Q Financial Results

I. 2022 3Q Earnings _ 1) Quarterly Sales and Profits

Sales of IT and UV products have slowed down, resulting in decreased sales and increased operating losses, in the effect of inventory adjustment and demand reduction in front industry



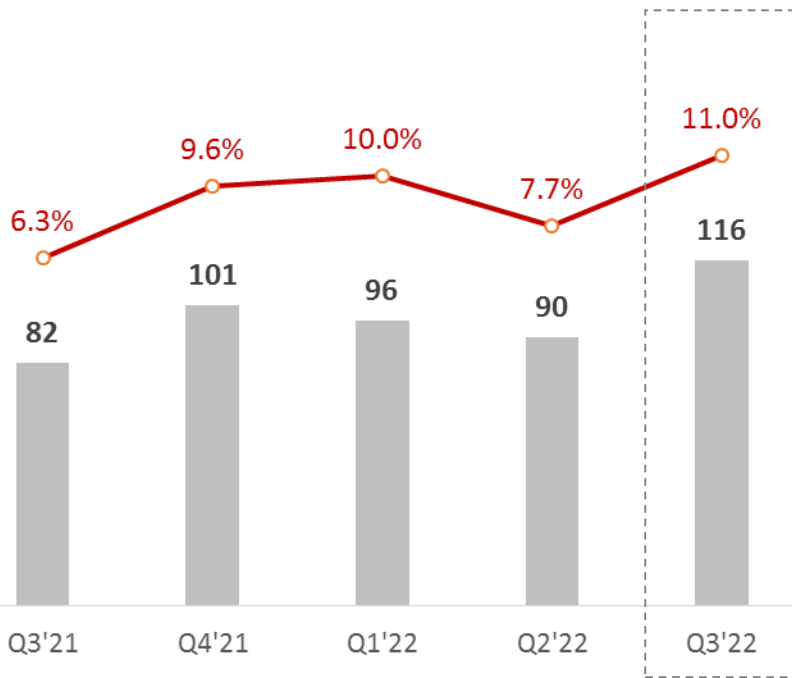
I. 2022 3Q Earnings _ 2) R&D investment & Expense

After Pandemic, as inquiries from new product customers such as exhibition resumption increase, R&D investment such as samples is expanded, and preparations for future reversal are prepared

R&D investments

(unit : million krw)

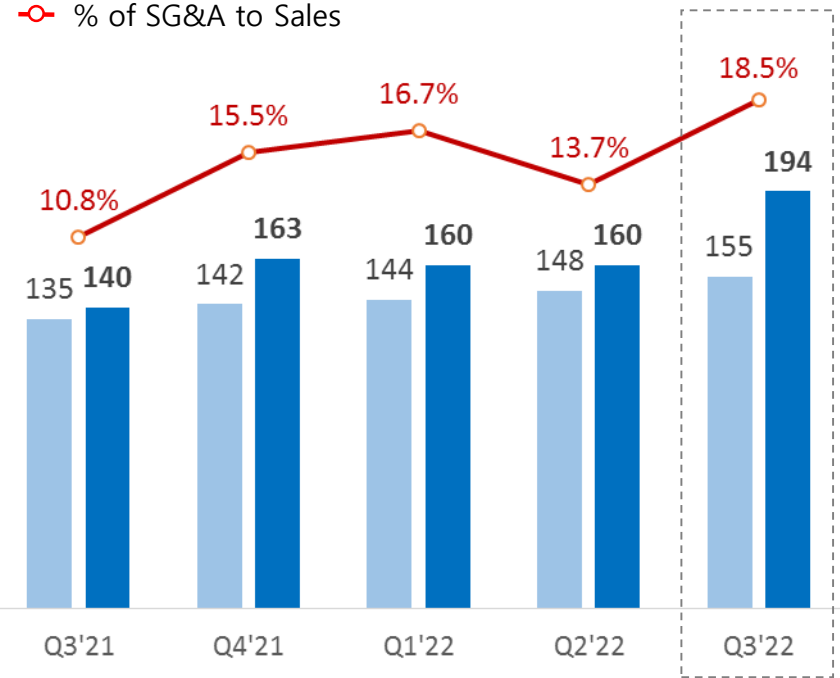
- % of R&D Investments to Sales
- R&D Investments



Expense

(unit : million krw)

- SG&A
- Depreciation
- % of SG&A to Sales



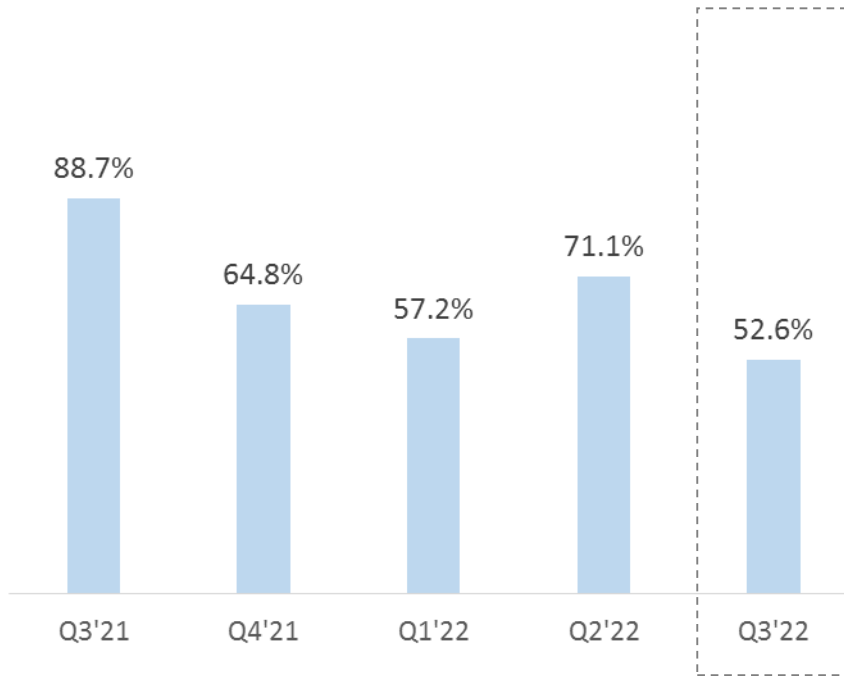
I. 2022 3Q Earnings _ 3) Utilization and CAPEX

Long-term weak demand reduces the utilization rate due to production and inventory adjustment, and CAPEX maintains a conservative stance

Utilization Rate

(unit : %)

■ utilization rate

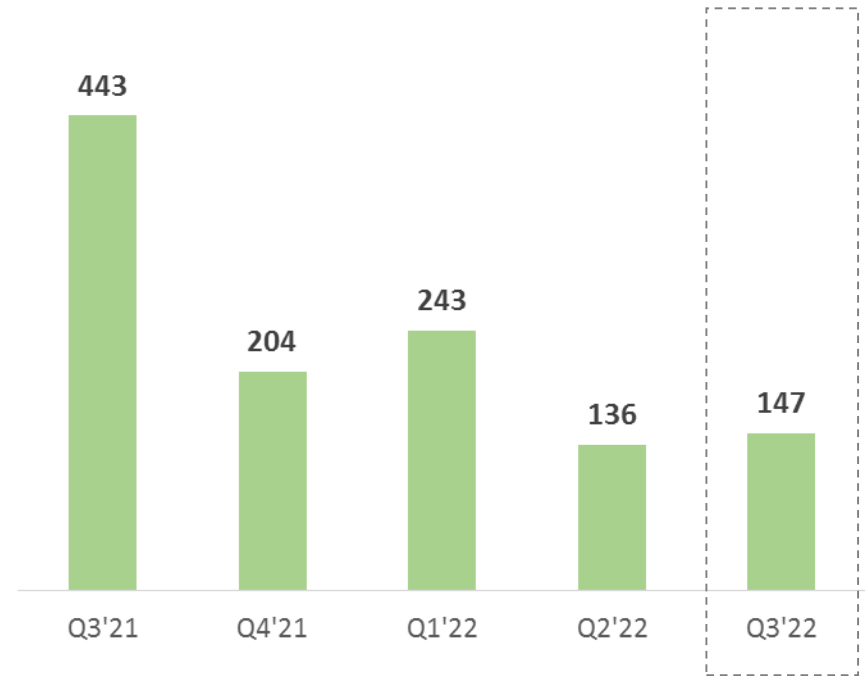


Note) The above production performance index is the average value for the quarter, which is somewhat different from the end of the quarter.

CAPEX

(unit : million krw)

■ CAPEX



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.

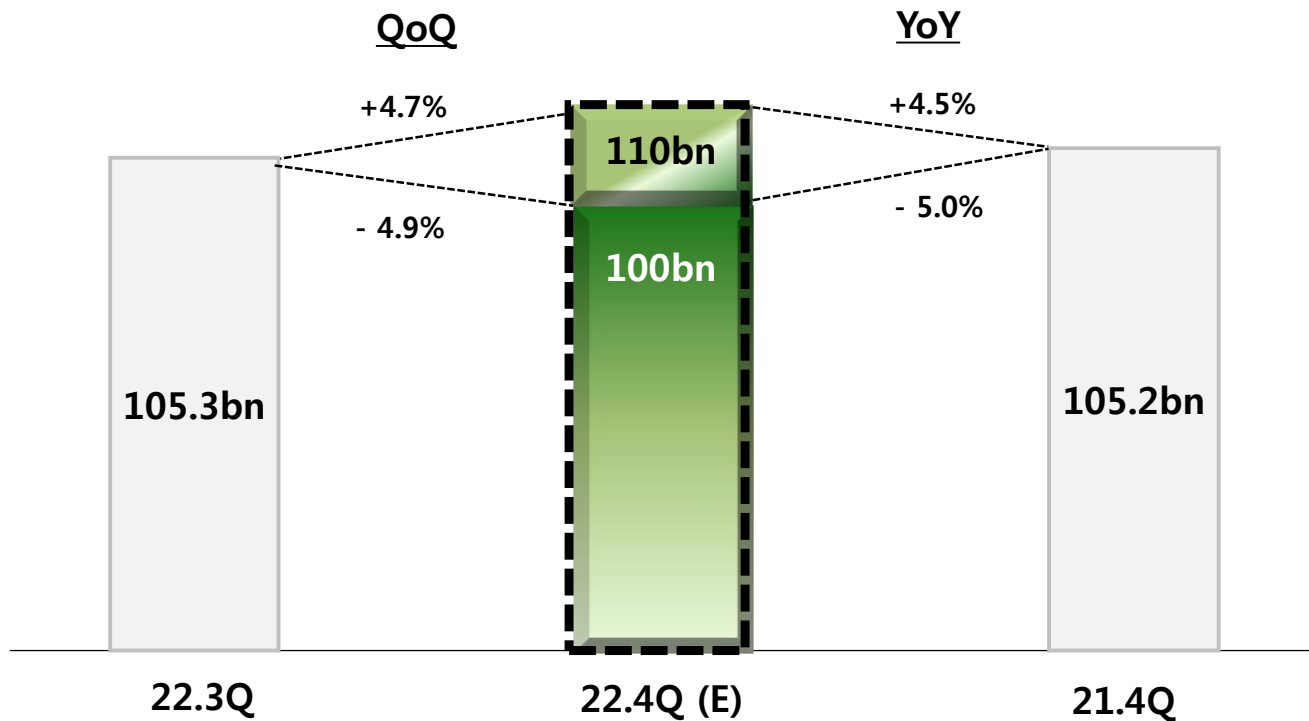
II

2022 4Q Guidance

II. 2022 3Q Guidance _ 1) Guidance

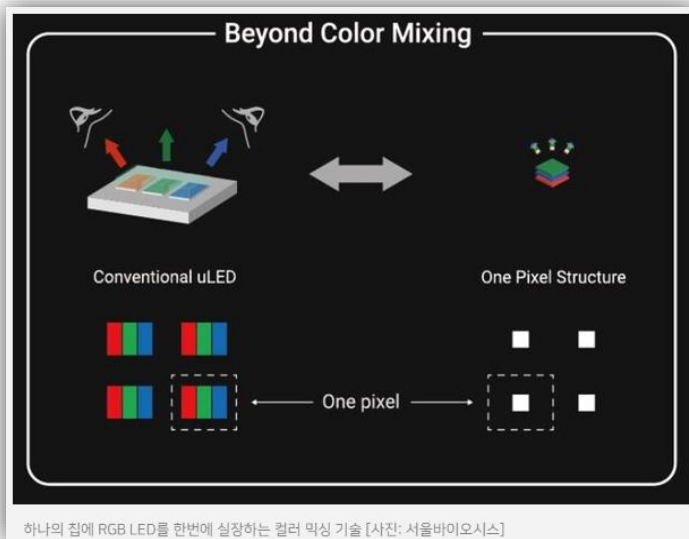
3Q sales estimate 100bn to 110bn (KRW) considering on going IT demand concerns

3Q Guidance (KRW)



Technological advances and increasing cases of application in daily life

✓ Real One pixel Micro LED



- One Chip, One Pixel Structure
- Perfect Viewing Angle (All Around Same Color)
- Excellent Color Mixing
- All Around Same Color
- Extreme Black Area

✓ Violeds applications



- KT's "AI quarantine robot"
- Hyundai Motor's Genesis G90 storage box
- Application of Water Purification Plant

II. 2022 3Q Guidance _ 3) Key Future Growth Momentum

2nd Generation LED products to spark triggering point of LED industry

Application	Key Theme	Technology
<ul style="list-style-type: none">UV	<ul style="list-style-type: none">Maintain global MS #1 in UV-CAuto bound Violeds sales startsSales expansion towards global household electronic companies continues this yearEntered public water treatment system market to replace hazardous mercury	Violeds
<ul style="list-style-type: none">Micro LED	<ul style="list-style-type: none">Next Key Patented Technology to replace LCD & OLEDSmartwatch display development completeDeveloped 1μm diameter blue & green micro light emitting diode (LED) for AR / VR applicationsStrong solution for Auto headlamps and ADB RCL thanks to high luminance	Micro Clean Pixel
<ul style="list-style-type: none">Chip	<ul style="list-style-type: none">Package-less LED chip revolutionOnly company that covers 200nm ~ 1400nm spectrum of lights (UV to LD)	WICOP

III

APPENDIX

Article from 'Semiconductor Today' on WICOP patent lawsuit

29 April 2022

Patent Lawsuits over Phillips' TV and Filament LED bulbs



Seoul Semiconductor files patent lawsuits over Philips' TV and filament LED bulbs

South Korean LED maker Seoul Semiconductor Co Ltd says that it has launched patent infringement lawsuits in the USA against global retail company Ace Hardware and in Europe against a distributor of Conrad Electronic's sales platform.

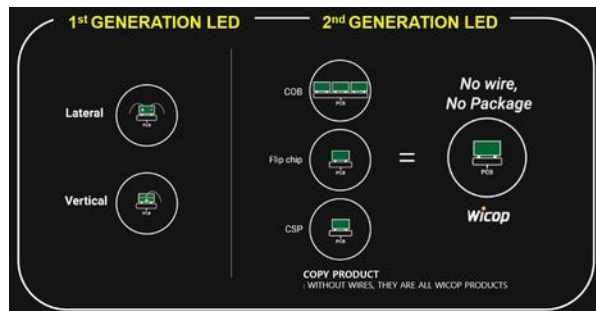
In the two cases, which are pending in the US District Court for the Eastern District of Virginia and the German District Court of Düsseldorf, Seoul asserted infringement of its patents by Philips brand TVs, filament LED bulbs, and premium lighting products. Seoul also sought a recall of infringing products as well as the destruction of those products in the German case.

In these lawsuits, Seoul's patents cover phosphor technology for high-quality color gamut and WICOP (Wafer-level Integrated Chip on PCB) technology.

Seoul says that it has developed its phosphor technology together with a Japanese company (M) over the last 15 years and has succeeded in producing LED lights that are the closest spectrum to natural light. Based on the quality of these lights, Seoul's phosphor technology can be found in premium lighting products requiring a color rendering index (CRI) of more than 90, as well as display products.

WICOP is a patented technology that is compactly designed without wire bonding or packaging, enabling LEDs to be mounted directly in a PCB assembly. The technology has been adopted in over models of 100 car (comprising about 10% of the global automobile market). The firm adds that it is also used in about 20% of the global TV market, as of 2020.

Seoul has already obtained permanent injunctions against various infringing products several times in Europe and the USA. In September 2020, the German District Court of Düsseldorf issued permanent injunctions, an order of recall and destruction against filament LED bulbs manufactured by a Phillips brand affiliate. In 2019 and 2021, the US District Court for the Central District of California and the New Jersey District Court issued permanent injunctions against the sales of a Philips TV product and 13 automotive lighting brand LED products, respectively.



Article from 'Bloomberg' on UV patent lawsuit

19 April 2022

Seoul Viosys obtains permanent injunction in US against Namsung Elec

Seoul Viosys Obtains Permanent Injunction Against UV LED Products That Infringe Violeds Patented Technology

April 19, 2022 08:00 PM Eastern Daylight Time

ANSAN, South Korea--(BUSINESS WIRE)--Seoul Viosys ("SVC") (KOSDAQ: 092190), a subsidiary of Seoul Semiconductor Co., Ltd., announced that the United States District Court for the Middle District of Florida issued a permanent injunction against Namsung America, Inc. ("Namsung"). Namsung sold home electronics incorporating UV LEDs manufactured and supplied by SL Vionics Co., Ltd. (previously known as Semicon Light).

"There are companies that seek to increase their profits by using other companies' patented technology. This is not only immoral, but it seeks to cheat inventors everywhere who have invested and believed in their ideas."

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Prior to the lawsuit, Namsung ignored repeated notices of patent infringement from SVC. Since 2020, SVC has been requesting that companies stop selling SL Vionics' LED products. SVC believes that SL Vionics' LED products infringe SVC's proprietary Violeds technology, which SVC invented and has been utilizing to produce its UV LED products. When Namsung continued selling products after notice from SVC, SVC filed this lawsuit, which asserted infringement of eleven (11) patents.

The Court's permanent injunction order applies to any colorable variations of the infringing products, as well as any parties who are in active concert or participation with making or selling such products.

SVC's CEO, Young-joon Lee, said, "There are companies that seek to increase their profits by using other companies' patented technology. This is not only immoral, but it seeks to cheat inventors everywhere who have invested and believed in their ideas."

In order to protect its hard-earned technology and promote a fair marketplace, SVC actively pursues enforcement against suspected infringing UV LED products all over the world. As an example, SVC recently brought a search and seizure of suspected infringing products against FNAC Darty Group, a large European retailer, and subsequently filed a patent infringement lawsuit in France. SVC also filed a patent infringement lawsuit against a European distribution company in the Netherlands, seeking a preliminary injunction against its UV LED products.



III. Appendix_ 3) Financial Ratios

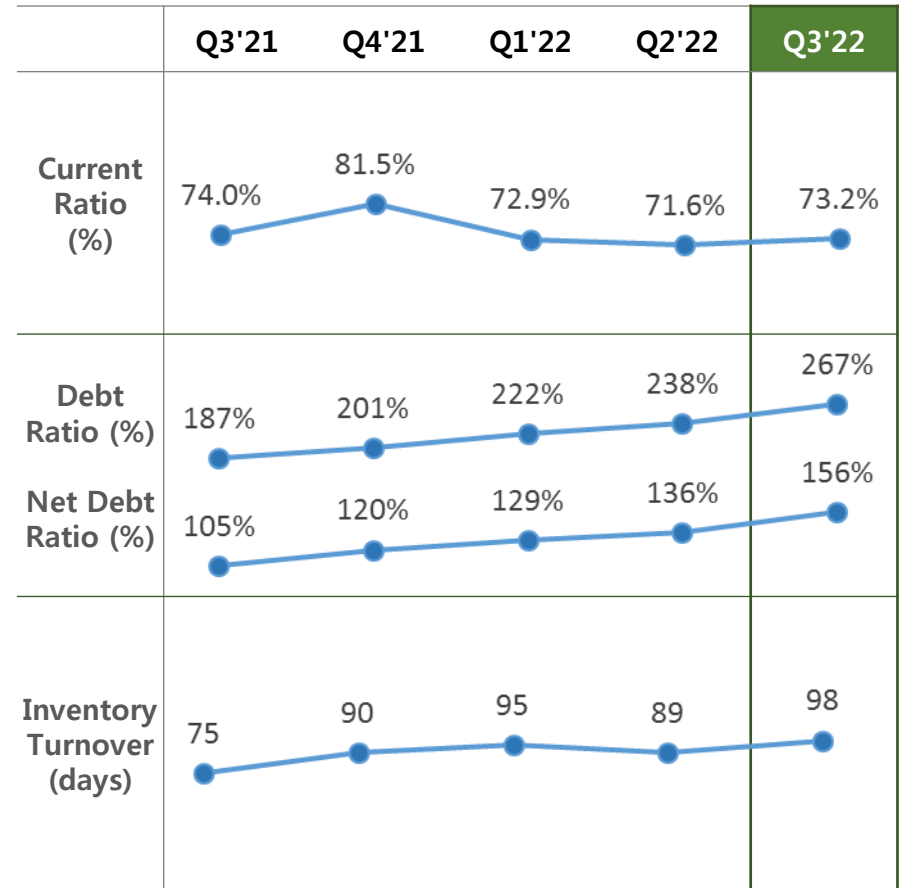
Financial Statement

(unit : million KRW)

	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22
Total Assets	7,831	7,756	7,875	8,162	8,359
Current Assets	2,298	2,192	2,133	2,234	2,204
Cash & Equivalents	100	98	54	162	49
Inventory	965	1,002	1,009	1,133	1,068
Non-Current Assets	5,534	5,564	5,742	5,928	6,156
Total Liabilities	5,103	5,183	5,432	5,748	6,081
Current Liabilities	3,106	2,690	2,924	3,121	3,012
Non-Current Liabilities	1,997	2,493	2,508	2,628	3,069
Total Equity	2,729	2,574	2,442	2,413	2,279
Debt	2,976	3,199	3,210	3,454	3,596
Net Debt	2,876	3,101	3,156	3,292	3,547

Financial Ratio

(unit : %, days)



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.

III. Appendix_ 4) Condensed Financial Statement

Financial (unit: million KRW)	2022			2021				2020				2019		Year;				
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	2021	2020	2019	2018	2017
[Income Statement]																		
Sales	1,053	1,165	956	1,052	1,306	1,312	1,218	1,205	1,207	1,032	869	915	907	4,887	4,313	3,506	3,864	3,867
COGS	1,029	1,090	950	998	1,072	1,059	947	960	990	807	711	703	729	4,075	3,467	2,808	3,053	3,160
COGS (%)	98%	94%	99%	95%	82%	81%	78%	80%	82%	78%	82%	77%	80%	83%	80%	80%	79%	82%
Gross Profit	24	75	6	54	234	253	271	245	217	225	158	213	177	812	846	698	811	707
Gross Profit (%)	2%	6%	1%	5%	18%	19%	22%	20%	18%	22%	18%	23%	20%	17%	20%	20%	21%	18%
SG&A	194	160	160	163	140	141	145	154	122	165	132	143	150	589	573	596	644	413
Operating Profit	(171)	(85)	(154)	(109)	93	112	126	91	95	61	27	70	27	223	272	103	167	294
Operating Profit (%)	-16%	-7%	-16%	-10%	7%	9%	10%	8%	8%	6%	3%	8%	3%	4.6%	6.3%	2.9%	4.3%	7.6%
Pre-Tax Profit	(270)	(163)	(174)	(132)	96	94	137	36	63	61	9	9	42	195	168	29	49	170
Net Profit	(297)	(127)	(133)	(112)	93	91	137	66	64	65	2	11	31	209	195	15	36	130
[Balance Sheet]																		
Total Assets	8,359	8,162	7,875	7,756	7,831	7,252	6,604	5,829	6,083	6,023	6,029	5,791	5,554	7,756	5,828	5,791	5,554	5,584
Current Assets	2,204	2,234	2,133	2,192	2,298	2,220	1,959	1,379	1,595	1,563	1,567	1,380	1,094	2,192	1,379	1,380	1,094	1,171
Cash & Equivalents	49	162	54	98	100	102	118	69	75	31	53	63	93	98	69	63	93	44
Inventory	1,068	1,133	1,009	1,002	965	790	706	641	747	745	677	549	556	1,002	641	549	556	480
Non-Current Assets	6,156	5,928	5,742	5,564	5,534	5,032	4,645	4,449	4,488	4,460	4,462	4,411	4,461	5,564	4,449	4,411	4,461	4,413
Total Liabilities	6,081	5,748	5,432	5,183	5,103	4,719	4,121	3,635	3,936	3,920	3,994	3,916	3,932	5,183	3,636	3,916	3,932	4,006
Current Liabilities	3,012	3,121	2,924	2,690	3,106	3,101	3,343	2,975	2,765	2,721	2,877	2,741	2,583	2,690	2,976	2,741	2,583	2,916
Non-Current Liabilities	3,069	2,628	2,508	2,493	1,997	1,618	778	660	1,171	1,200	1,118	1,175	1,349	2,493	660	1,175	1,349	1,090
Total Equity	2,279	2,413	2,442	2,574	2,729	2,533	2,483	2,193	2,147	2,103	2,035	1,875	1,623	2,574	2,192	1,875	1,623	1,578

Thank You

www.seoulviosys.com