

Letter to Shareholders

To Our Fellow Shareholders,

In 2022, despite many macro challenges, we were able to continue our growth, achieving total revenue of KRW 302 trillion, setting a new all-time high for revenue for the second consecutive year and surpassing KRW 300 trillion for the first time ever. Operating profit was KRW 43 trillion as we continued to deliver solid results even amid the difficult environment characterized by soaring global inflation and sluggish demand.

Moreover, we steadfastly laid the foundation for continued growth by strategically executing capex and reinforcing R&D, and we also achieved meaningful milestones in sustainability management.

Such achievements were possible thanks to the dedication and determination of our employees and partner companies, and in particular, the interest and support of our shareholders. We extend our deepest gratitude and will now share our accomplishments in 2022.

Reinforcing competitiveness amid the challenging environment

The Memory business solidified its leadership by actively addressing demand centering on server, and it concentrated on securing leadership in technology, including through the development of the industry's most advanced 12-nano-class DRAM and the mass production of 1Tb 8th-generation V-NAND, which has the industry's highest storage capacity to date. System Semiconductor businesses prepared for mid- to long-term growth by mass producing 3-nano GAA process products—a world's first—and by breaking ground on a new fab in Taylor, Texas, to address future demand for cutting-edge semiconductors. The Display business strengthened its leadership in the smartphone market while also seamlessly preparing to expand production of next-generation products in earnest, including OLED and QD-Display for the IT sector.

The Mobile business focused its capabilities on our flagship lineup, which led to innovations in the S-series and high growth of foldables, despite a decline in market demand; and it continued to enhance multi-device experiences via products in the Galaxy Ecosystem, such as tablets and wearables. The Network business augmented its global foundation, centering on its 4G and 5G businesses overseas. The TV and Digital Appliance businesses solidified leadership in the premium segment with Micro LED, Neo QLED TVs, and Bespoke appliances; and we were committed to providing an integrated connected experience unlike any other based on SmartThings. Harman achieved record-high earnings since its acquisition in 2017 on the back of increased revenue in the automotive business and solid sales of consumer audio products.

Our achievements throughout the year were instrumental in maintaining the number-5 position in Interbrand's Best Global Brands report for the third consecutive year, with our brand value estimated at USD 87.7 billion.

Committed to a sustainable future

Samsung Electronics is striving to realize Everyday Sustainability through our products and services based on our innovative technologies.

As a major part of such efforts, we announced a new environmental strategy last September and stated our goal to achieve carbon neutrality by 2030 for the DX Division and overall by 2050. Moreover, Samsung joined the global RE100 initiative, and we plan to transition to 100 percent renewable energy in the DX Division by 2027 and company-wide by 2050.

We are dedicated to developing innovative technologies, including ones that minimize our environmental footprint and improve resource circularity throughout the product lifecycle. As prime examples of Everyday Sustainability, our SmartThings platform helps our users reduce energy use, and we use components made from recycled ocean waste in numerous products, including Galaxy smartphones. Furthermore, we have developed and are using regenerative catalytic system (RCS) technology to minimize carbon emissions in the semiconductor manufacturing process; and we are also committed to developing ultra-low-power memory semiconductors.

We cannot build a sustainable future through individual effort alone, so we are taking active roles in global collaborative bodies, such as the Semiconductor Climate Consortium. Samsung Electronics will continue to inform our stakeholders, including our shareholders, of our key milestones and the challenges we face in sustainability management.

Management's commitment to shareholders

In accordance with our shareholder return policy for 2021–2023, the annual dividend for 2022 is KRW 9.8 trillion, which is the same as it was last year. The annual dividend per share, including the quarterly dividends that have already been paid, is KRW 1,444 per share for common stock and KRW 1,445 per share for preferred stock.

Regarding our AGM, we have been utilizing an electronic voting system since the 2020 AGM to enable shareholders to exercise their voting rights more conveniently; and in 2021, we started broadcasting the AGM live online. Furthermore, we continue to expand activities that encourage shareholder participation, such as allowing stakeholders to submit questions online in advance of major IR events, including our quarterly earnings calls, and then using the event to address topics that garnered the highest interest.

In 2022, unfortunately, the Board lost two Independent Directors, with the sudden resignation of one Director and the unexpected passing of another. However, the Board

decided to hold an Extraordinary General Meeting in early November and newly appointed two Independent Directors to restore the Board's independence and expertise earlier than required by law.

In 2023, we will continue our efforts to strengthen our shareholder-orientated management.

Dear shareholders,

In 2023, we expect to encounter significant challenges in an environment that is more difficult and filled with higher uncertainties than ever before, which includes the spreading economic downturn, hegemonic competition between the U.S. and China, and geopolitical uncertainties due to the Russia-Ukraine war.

We have overcome each crisis that we have faced by focusing on the essence of our business, which is a surprisingly simple truth. In 2023, we will continue to create new values and possibilities with our advanced technologies to enrich the everyday lives of our customers.

For our established businesses, we will further strengthen our competitive edges to keep striding forward. In burgeoning areas that will shape future lifestyles—such as AI, IoT, robotics, and the metaverse—we will continue to leverage our robust technologies and capabilities to innovatively tackle new challenges.

On behalf of the entire Board, we thank you for your continued support and interest in Samsung Electronics and our efforts to pursue growth.

We wish health and happiness to you and your family and success in all your future endeavors.

Thank you.

Han-Jo Kim,
Board Chair,
Samsung Electronics Co., Ltd



Jong-Hee Han,
Chief Executive Officer,
Samsung Electronics Co., Ltd

