



**2022 Annual General Meeting of Shareholders**  
**Reference Material**

**SAMSUNG ELECTRONICS Co., Ltd.**

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# Notice of Annual Meeting of Shareholders

**Date/Time** : March 16, 2022, at 09:00 Korea Standard Time (UTC+9)

**Place** : Convention Hall (3F)/Exhibition Hall (1F), 140, Gwanggyojungang-ro, Yeongtong-gu, Suwon-si, Gyeonggi-do, 16514, Korea

**Record date** : December 31, 2021 (only common shareholders of record at the close of business on the record date are entitled to vote at the Annual General Meeting of Shareholders)

## Agenda item 1. Approval of Audited Financial Statements (FY2021)

### Financial highlights

- Audited financial statements with the independent auditor's opinion will be disclosed as well as posted on the IR website on February 17, 2022.  
<https://www.samsung.com/global/ir/reports-disclosures/public-disclosure/>

### Annual dividends

- Based on the three-year shareholder return program for 2021–2023, the regular dividend for FY2021 will be KRW 9.8 trillion, or KRW 1,444 per common share and KRW 1,445 per preferred share, upon approval at the AGM.

## Agenda item 2. Election of Directors

### Board Composition (2021)

Director	Tenure (years)	Expertise	Gender
Jae-Wan Bahk*	6 (since 2016)	Public policy (audit/labor)	M
Curie Ahn	3 (since 2019)	Medical/CSR	F
Han-Jo Kim*	3 (since 2019)	Finance (bank)	M
Sun-Uk Kim*	4 (since 2018)	Legal	F
Byung-Gook Park	4 (since 2018)	IT (semiconductor)	M
Jeong Kim	4 (since 2018)	Global IT (telecom)	M
Kinam Kim	4 (since 2018)	Vice Chairman & CEO, Head of Device Solutions (DS)	M
Hyun-Suk Kim	4 (since 2018)	President & CEO, Head of Consumer Electronics (CE)	M
Dong-Jin Koh	4 (since 2018)	President & CEO, Head of IT & Mobile Communications (IM)	M
Yoon-Ho Choi	2 (since 2020)	President & CFO	M
Jong-Hee Han	2 (since 2020)	President, Head of Visual Display Business	M

### Proposed (2022)

Director	Tenure	Expertise	Gender
Han-Jo Kim*	4	Finance (bank)	M
Wha-Jin Han	New	Environment (science / technology)	F
Jun-Sung Kim	New	Finance	M
Sun-Uk Kim*	5	Legal	F
Byung-Gook Park	5	IT (semiconductor)	M
Jeong Kim*	5	Global IT (telecom)	M
Kye-Hyun Kyung	New	President & CEO, Head of Device Solutions (DS)	M
Tae-Moon Roh	New	President, Head of Mobile eXperience (MX) Business	M
Hark-Kyu Park	New	President & CFO	M
Jung-Bae Lee	New	President, Head of Memory Business	M
Jong-Hee Han	3	Vice Chairman & CEO, Head of Device eXperience (DX)	M

\* Audit Committee member

The Independent Director Recommendation Committee considers a candidate's independence, expertise, and diversity from among a pool of talented people with expert knowledge or a career history with potential to contribute to the operation of the Company. The terms of three Independent Directors will end in March this year, and the Company recommends reappointing of one of those Independent Directors and newly appointing two candidates as Independent Directors. Moreover, we recommend four candidates as new Executive Directors following the planned departure of four Executive Directors.

We recommend the following candidates as Independent Directors, Executive Directors, and/or members of the Audit Committee to ensure the stable operation and reinforcement of the functions of the Board; strengthen the Audit Committee's fiscal expertise; and improve the diversity of Independent Directors (expertise field, gender, and nationality).

### **Agenda item 2.1. Election of Independent Directors**

Board Chair Jae-Wan Bahk and Directors Han-Jo Kim and Curie Ahn are all nearing the end of their current term, and Chairman Bahk will retire from the Board in accordance with tenure limits of the Commercial Law.

Regarding the positions for the other two expiring terms, we plan to reappoint (2.1.1) Director Han-Jo Kim and to strengthen our ESG management through the appointment of a new candidate (2.1.2) Wha-Jin Han, an expert in the environment and policies relating to climate change.

We also recommend that shareholders vote in favor of new candidate (2.1.3) Jun-Sung Kim, a Singapore citizen and former Managing Director of GIC, recognizing his long-held status as an opinion leader in the investment industry. We believe Mr. Kim's participation will help better reflect global investor perspectives on our Board.

### **Agenda item 2.2. Election of Executive Directors**

In December 2021, the Company restructured its businesses, merging the Consumer electronics ("CE") and IT & Mobile Communications ("IM") Divisions to create the Device eXperience ("DX") Division. In addition, the CEOs of Divisions as well as some key management positions were changed to prepare for our next generation of growth. As a result, four executive directors will resign and there will be four new appointments for the vacated positions.

While Jong-Hee Han, the former head of the TV business and newly promoted head of the DX Division, will maintain his position as Executive Director as DX CEO, Kye-Hyun Kyung, the recently appointed head of the DS Division, will fill the role of Executive Director as DS CEO. This creates a structure that represents our two, core pillars on the Board to help the Board make balanced decisions while enhancing responsible management.

The CEOs of the two Divisions assume a role of establishing strategies that encompass all businesses within their oversight as well as identifying new business areas. Tae-Moon Roh, President and Head of the MX Business, and Jung-Bae Lee, President and Head of the Memory Business—representing the core businesses of the DX and DS Divisions, respectively—will also join the Board as Executive Directors to reinforce the Board's understanding of the Company's customers and partners directly from the key front-line leaders.

In addition, the Company deems that CFO participation on the board is essential to support better business performances and coordinate management issues between businesses, and thus recommends newly appointed CFO Hark-Kyu Park as a candidate for an Executive Director.

### Agenda item 2.3. Election of Audit Committee Members

Among the three current members of the Audit Committee, Chairperson Bahk will retire from the Board, therefore, we recommend that shareholders vote in favor of (2.3.1) Han-Jo Kim, a finance expert with extensive experience in financial services and banking, as his successor to ensure the Committee continues to operate effectively.

We recommend appointing (2.3.2) Director Jeong Kim as he has ample experience in Board activities in various global companies, including as a CEO. We expect him to provide an effective presence in audit work with a global perspective.

### Agenda item 3. Approval of Director Remuneration limit (FY2022)

(Unit: KRW billion)

		FY2022	FY2021	
		Proposed	Approved	Actual
	General compensation	33.0	33.0	24.8
	Long-term incentive (LTI)	8.0	8.0	7.5
	Total	41.0	41.0	32.3

The Board of Directors recommends a remuneration limit of KRW 41.0 billion for FY2022.

#### *General compensation*

- The Board decided to maintain the same level of general compensation in FY2022 as the number of Directors remains unchanged from FY2021.

#### *Long-term incentive (LTI)*

- The Board decided to maintain the LTI limit of KRW 8.0 billion for FY 2022, the same level as in FY2021.
- As per our LTI payment scheme, FY2021 is Year 2 of a three-year LTI term, based on performance evaluation for the period of FY2017–2019. Under the payment scheme, 25% of the LTI payment for this term was remunerated in FY2021. FY2022 is Year 3 of the same term and the Year 3 portion of total LTI is also 25%.

## Agenda Item 1. Approval of Audited Financial Statements (FY2021)

### I. Audited Financial Statements

#### Overview

The Board of Directors is seeking your approval of the following financial statements for FY2021 beginning on January 1, 2021, and ending on December 31, 2021:

- Consolidated Statements of Financial Position
- Consolidated Statements of Profit or Loss
- Consolidated Statements of Comprehensive Income
- Consolidated Statements of Changes in Equity
- Consolidated Statements of Cash Flows
- Separate Statements of Appropriation of Retained Earnings

Audited financial statements with the independent auditor's opinion will be disclosed as well as posted on the IR website on February 17, 2022.

<https://www.samsung.com/global/ir/reports-disclosures/public-disclosure/>

#### □ Financial performance (K-IFRS, consolidated)

(Unit: KRW trillion)

	FY2021	FY2020	Change
<b>Revenue</b>	<b>279.6</b>	<b>236.8</b>	18.1%
<b>Operating profit</b>	<b>51.6</b>	<b>36.0</b>	43.5%
<b>Net profit</b>	<b>39.9</b>	<b>26.4</b>	51.1%
<b>EPS (KRW)</b>	<b>5,777</b>	<b>3,841</b>	50.4%

<b>Assets</b>	<b>426.6</b>	<b>378.2</b>	12.8%
<b>Liabilities</b>	<b>121.7</b>	<b>102.3</b>	19.0%
<b>Equity</b>	<b>304.9</b>	<b>275.9</b>	10.5%
<b>Liabilities/equity</b>	<b>39.9%</b>	<b>37.1%</b>	2.9%p

<b>ROE</b>	<b>13.7%</b>	<b>9.8%</b>	3.9%p
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\* See Section 4. (page 33) for further details.

## Business Performance

### □ Summary of key financial metrics, by business division

(Unit: KRW trillion)

	Category	FY2021	FY2020	FY2019
<b>Semiconductor</b>	Revenue	94.2	72.9	64.9
	Operating profit	29.2	18.8	14.0
	Margin	31.0%	25.8%	21.6%
	Revenue	31.7	30.6	31.1
	Operating profit	4.5	2.2	1.6
	Margin	14.1%	7.3%	5.1%
	Revenue	55.8	48.2	45.3
	Operating profit	3.6	3.6	2.5
	Margin	6.5%	7.4%	5.5%
<b>IT &amp; Mobile Communications</b>	Revenue	109.3	99.6	107.3
	Operating profit	13.6	11.5	9.3
	Margin	12.5%	11.5%	8.6%
<b>Overall</b>	Revenue	279.6	236.8	230.4
	Operating profit	51.6	36.0	27.8
	Margin	18.5%	15.2%	12.1%

In 2021, we delivered record revenue by leveraging our differentiated products and technology leadership, despite the challenging macro environment. Total revenue increased by 18.1% year-on-year to 279.6 trillion won, setting an all-time high result. Operating profit increased by 43.5% year-on-year to 51.6 trillion won.

In Memory, despite persisting external uncertainties, such as component supply issues, we solidified our market leadership by increasing our cost competitiveness via increasing our advanced node portion and through actively addressing solid demand across overall applications. Moreover, we reinforced our technology leadership by increasing application of our industry-leading EUV technology, and we operated our product mix flexibly based on market conditions, which also contributed to the solid results.

For Foundry, we diversified our customer base and applications to boost the business's fundamentals and to pursue balanced growth. We also sustained efforts to address future demand for cutting-edge semiconductors, including the recently announced major fab build-out plan in Taylor, TX, USA. In System LSI, we expanded sales of our differentiated products—namely high-resolution image sensors and OLED DDIs—and solidified the foundation for growth by expanding our lineup of 5G SoCs.

For Display, in the Mobile panel business, we reinforced our position as the vanguard of the OLED market with expanded sales to new applications, including notebook PCs and game consoles, on top of solid sales for smartphones, which include foldables. For the large panel business, the start of mass production of QD display paved the way for our transition to next-generation displays.

In MX, despite the prolonged pandemic and component shortages, we strengthened our competitiveness by delivering new products and user experiences; and achieved solid results by enhancing operational efficiency. For the smartphone business, our Galaxy S-series provided a strengthened user experience centering on various lifestyles, which was embraced by our premium customers led by their desire to experience the most advanced, innovative technologies. In foldables, a category that we created, our models offer sophisticated designs, an optimized user experience, and product completeness, as we catalyze the mainstreaming of the category. In addition, Device Ecosystem products, including tablets and wearables, increased their contribution to the results backed by an enhanced, seamless connectivity experience between devices.

In the Network business, revenue grew year-on-year as we actively addressed demand from the extension of the 5G network in the home market and targeted expanding our businesses overseas. Moreover, we secured new business with European multinational Vodafone UK based on our experience in commercializing large-scale 5G networks in key markets, including Korea and the United States, and our competitiveness in advanced 5G technology.

For the TV business, we continue to be the top player in the global TV market with innovative, ultra-high-resolution-products, such as Micro LED and Neo QLED, and our differentiated Lifestyle lineup, including The Frame and The Serif.

As for Digital Appliances, we extended our Bespoke lineups to global markets, and we enhanced our product competitiveness and expanded sales at the same time with the release of innovative products, such as Jet and Qooker.

## Capital Expenditures and Other Investments

### □ Capex, R&D, advertising & sales promotion investments

(Unit: KRW trillion)

Category		FY2021	FY2020	FY2019
	<b>Capex</b> (as percentage of revenue)	<b>48.2</b> <b>(17.2%)</b>	38.5 (16.3%)	26.9 (11.7%)
	<b>R&amp;D</b> (as percentage of revenue)	<b>22.4</b> <b>(8.0%)</b>	21.1 (8.9%)	19.9 (8.6%)
	<b>Advertising &amp; sales promotion</b> (as percentage of revenue)	<b>11.7</b> <b>(4.2%)</b>	10.1 (4.3%)	11.3 (4.9%)
<b>Total</b> (as percentage of revenue )		<b>82.3</b> <b>(29.4%)</b>	69.7 (29.4%)	58.1 (25.2%)

The annual capex for 2021 increased by approximately 10 trillion won year-on-year to 48.2 trillion won, with 43.6 trillion won for semiconductor and 2.6 trillion won for display. Memory concentrated its investments on capacity expansions and process migrations at fabs in Pyeongtaek and Xi'an to address demand for advanced nodes, including EUV-based 15-nano DRAM and 6th generation V-NAND, as well as on infrastructure at P3. Investments in memory increased compared to last year as we are at the lead of an inflection point in technology, and are thus preemptively investing in application of next-generation technologies, such as EUV. We are executing the investments with a focus on technology leadership, and as a result, we can maintain an efficient investment level when considering our bit share, from a mid- to long-term perspective. For Foundry, investments concentrated on capacity expansions for advanced 5-nano EUV nodes in Pyeongtaek. Display investments centered on mobile modules and QD display.

R&D investment increased by 1.3 trillion won year-on-year to 22.4 trillion won, and around half of the total was for semiconductor. As a percentage of sales, it decreased slightly year-on-year to 8.0%. We have solidified our technology leadership in the industry by continually increasing investments in R&D.

SG&A expenses increased slightly year-on-year to 11.7 trillion won, and as a percentage of sales, they decreased slightly to 4.2%.



## II. Shareholder Return

### FY2021–2023 Shareholder Return Program

In January 2021, we announced our shareholder return program for FY2021–2023. As a part of that plan, the base dividend is 9.8 trillion won (about USD 9 billion) in aggregate annually.

When setting the direction for the new policy, the Board of Directors reviewed various factors in depth, including: ways to ensure sustained growth and enhance shareholder value; the business environment; and our investment strategies and financial structure.

As you are aware, the global business environment has been and is still mired in unprecedented macro uncertainties caused by global conflicts and the spread of COVID-19. These factors, in addition to global supply chain issues, inflation concerns, and the possibility of economic contraction due to tapering/tightening of global monetary policy, are significant challenges to the visibility for our outlook.

When we announced the current three-year shareholder return policy in January 2021, we said that we will disclose the annual free cash flow each year to enhance clarity on the shareholder return pool, and that if 50% of the FCF significantly exceeds the annual dividend, we would consider an earlier return.

The total free cash flow for 2021 was 19.6 trillion won, 50% of which is approximately 9.8 trillion won. Considering the projected annual dividend for 2021 is also 9.8 trillion won, there was no additional pool for an earlier return.

While we achieved solid results in 2021, we required a considerable amount of capital expenditures to accelerate migration to next-generation technologies in memory and secure competitiveness in foundry; and there were also impacts of increased working capital, such as the need to secure additional inventories amid uncertainties of component supply.

We believe our efforts will lead to future growth and contribute to increasing shareholder value.

In 2022, we will once again step up our efforts to improve our performance by extending our product and technology leadership, increasing cost competitiveness, and increasing profitability while also enhancing capital management efficiency.

(Unit: KRW trillion)

	FY2015–FY2017	FY2018–FY2020	FY2021–FY2023
Committed return	2015: 30% of annual FCF 2016/17: 50% of annual FCF	50% of FCF over three-year period	50% of FCF over three-year period
M&A and FCF calculation	M&A deducted from FCF	M&A <u>not</u> deducted from FCF	M&A <u>not</u> deducted from FCF
Shareholder return	22.1	39.6	29.4+α
Dividend	12.9 (3.1/4.0/5.8)	28.9 (9.6 per year)	29.4 (9.8 per year)
Remaining portion	9.2 (share buyback/cancellation)	10.7 (special dividend)	α

## Agenda Item 2. Election of Directors

### Overview

The Board has been actively endeavoring to reinforce the Board's independence, expertise, and diversity, aiming to guide the Company to continued growth and further enhancements in shareholder value.

After separating the roles of CEO and Board Chair, an Independent Director was appointed as Board Chair and Board Committees centered their operations on Independent Directors, strengthening the Board's independence. Also, executives who oversee the Company's key businesses were appointed as Executive Directors, reinforcing the Board's expertise.

Moreover, the Board has been striving to provide strong oversight and set the direction of corporate management from a balanced, rational perspective that is grounded in diversity. The Board is securing diversity in Independent Directors in fields of expertise as well in composition by appointing female and/or foreign directors.

As a result of such efforts, the Company has achieved rapid, external growth while enhancing shareholder value, including improving shareholder returns, while ensuring a strong compliance management system and strengthening ESG management.

We decided to bring significant changes to the composition of the Board to add to the foundation on which the Company will leap forward amid a rapidly changing environment, including the recent formation of a new paradigm as the pandemic accelerated changes in customers, technologies, and markets. We are also targeting the further strengthening of our ESG management, which has become a fundamental value and core element of corporate management.

*Board Composition (2021)*

Director	Tenure (years)	Expertise	Gender
Jae-Wan Bahk*	6 (since 2016)	Public policy (audit/labor)	M
Curie Ahn	3 (since 2019)	Medical/CSR	F
Han-Jo Kim*	3 (since 2019)	Finance (bank)	M
Sun-Uk Kim*	4 (since 2018)	Legal	F
Byung-Gook Park	4 (since 2018)	IT (semiconductor)	M
Jeong Kim	4 (since 2018)	Global IT (telecom)	M
Kinam Kim	4 (since 2018)	Vice Chairman & CEO, Head of Device Solutions (DS)	M
Hyun-Suk Kim	4 (since 2018)	President & CEO, Head of Consumer Electronics (CE)	M
Dong-Jin Koh	4 (since 2018)	President & CEO, Head of IT & Mobile Communications (IM)	M
Yoon-Ho Choi	2 (since 2020)	President & CFO	M
Jong-Hee Han	2 (since 2020)	President, Head of Visual Display Business	M

*Proposed (2022)*

Director	Tenure	Expertise	Gender
Han-Jo Kim*	4	Finance (bank)	M
Wha-Jin Han	New	Environment (science / technology)	F
Jun-Sung Kim	New	Finance	M
Sun-Uk Kim*	5	Legal	F
Byung-Gook Park	5	IT (semiconductor)	M
Jeong Kim*	5	Global IT (telecom)	M
Kye-Hyun Kyung	New	President & CEO, Head of Device Solutions (DS)	M
Tae-Moon Roh	New	President, Head of Mobile eXperience (MX) Business	M
Hark-Kyu Park	New	President & CFO	M
Jung-Bae Lee	New	President, Head of Memory Business	M
Jong-Hee Han	3	Vice Chairman & CEO, Head of Device eXperience (DX)	M

\* Audit Committee member

The Board unanimously recommends that shareholders vote in favor of all candidates: Independent Directors (2.1.1) Han-Jo Kim, (2.1.2) Wha-Jin Han, and (2.1.3) Jun-Sung Kim; Executive Directors (2.2.1) Kye-Hyun Kyung, (2.2.2) Tae-Moon Roh, (2.2.3) Hark-Kyu Park and (2.2.4) Jung-Bae Lee; and Audit Committee Member (2.3.1) Han-Jo Kim and (2.3.2) Jeong Kim.

## Agenda item 2.1. Election of Independent Directors

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The Board has nominated (2.1.1) Han-Jo Kim, (2.1.2) Wha-Jin Han, and (2.1.3) Jun-Sung Kim to serve as Independent Directors through our Independent Director Recommendation Committee meetings held on January 27 and February 11, 2022. The Board unanimously recommends that shareholders vote in favor of their elections.

(2.1.1)

**Han-Jo Kim**

(re-nominated)



(2.1.2)

**Wha-Jin Han**

(newly-nominated)



(2.1.3)

**Jun-Sung Kim**

(newly-nominated)



- **Mr. Han-Jo Kim** is an expert in finance who demonstrated outstanding capabilities during his service as the President of the Korea Exchange Bank and then as Vice Chairman of Hana Financial Group, one of Korea's top financial groups. Director Kim, also an expert in accounting, can apply his expert knowledge and insight on financial and risk management when reviewing and making recommendations on relevant matters.

While serving on the Board, Director Kim faithfully fulfilled his roles both as a member of the Audit Committee and of the Related Party Transactions Committee; and he significantly strengthened the Board's and the Committees' functions of internal control and oversight using leadership as well as his knowledge of and experience in the financial industry.

As the importance of the Board continues to expand, the candidate's experience on the Board and knowledge of the Company benefits the Company's Board greatly and the cohesion of the Board. Furthermore, Director Kim is also contributing to strengthening the Company's ESG activities based on his leadership in the Hana Foundation.

- **Dr. Wha-Jin Han** is a top environmental expert and was a founding member of the Korea Environment Institute ("KEI") in 1993. She served as the Vice-president of KEI in 2010–2015 and as a Secretary for the Environment to the President of the Republic of Korea from 2009–2010.

The candidate is a respected female leader who has been promoting the rights and interests of female scientists and engineers as well as various support projects for them. After resigning as the Vice-president of KEI in 2015, she served as the second President of Korea Foundation for Women in Science, Engineering and Technology (WISSET), showing excellent leadership and ability to operate an organization stably.





As social interest in and the importance of ESG continue to increase, we look forward to Dr. Han playing a pivotal role in strengthening ESG management through her participation on the Board and the Sustainability Committee as a leading expert on the environment. Moreover, we expect her to contribute to further developing policies related to nurturing and expanding opportunities for our female workforce.

- **Jun-Sung Kim**, a Singaporean citizen of Korean descent, is regarded as an opinion leader in the financial sector, and he has held active roles as an investment expert for a considerable length of time in global financial hubs including New York, London and Singapore. He served in several key roles at GIC of Singapore and is expected to start a new role as CIO for the National University of Singapore in April.  
  
We look forward to Mr. Kim’s contributions to enhancing shareholder value, including by actively communicating with key shareholders and effectively delivering their opinions to the Board and management. To this end, his extensive understanding of the perspectives of global markets, global standards, and investors will be immensely valuable.

**Agenda item 2.2. Election of Executive Directors**

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The Board has nominated (2.2.1) Kye-Hyun Kyung, President, CEO and head of Device Solutions, (2.2.2) Tae-Moon Roh, President, head of Mobile eXperience Business, (2.2.3) Hark-Kyu Park, President & CFO and (2.2.4) Jung-Bae Lee, President, Head of Memory Business for election to the Board as Executive Directors. Each candidate heads a world-leading business division or business with a high level of senior leadership and expertise. Their participation ensures the Board’s accountability and helps coordinate interests among divisions. The Board unanimously recommends that shareholders vote in favor of their election.

(2.2.1)	(2.2.2)	(2.2.3)	(2.2.4)
<b>Kye-Hyun Kyung</b>	<b>Tae-Moon Roh</b>	<b>Hark-Kyu Park</b>	<b>Jung-Bae Lee</b>
(newly-nominated)	(newly-nominated)	(newly-nominated)	(newly-nominated)
			

- **CEO Kye-Hyun Kyung**, Head of the DS Division, is a business leader and expert in technology, having developed core memory technologies of the Company that spearheaded the “semiconductor supergap”, including the world’s first Direct Rambus DRAM in 1997 and the world’s first Three-Dimensional Vertical NAND Flash in 2013. He also proved his abilities in management, as he achieved historically high results during his two years as CEO of Samsung Electro-Mechanics.  
  
Moreover, Mr. Kyung has been contributing to the organization’s outstanding performance through ‘communication leadership’, or precisely understanding the needs of key stakeholders via communicating actively, coordinating opinions, and hosting discussions.  
  
Based on such capabilities, he is expected to usher in an era of 100 trillion won revenue in the semiconductor business and play a crucial role in securing the Company’s position as a top global semiconductor company. With his leadership, we expect to expand our superiority to beyond memory, including by boosting competitiveness in logic chips—a next-generation, future growth engine—to achieve our “2030 System Semiconductor Vision”.

- **Tae-Moon Roh**, President and Head of the MX Business, is a leading expert in smartphones who won the Technology Award in the Samsung Award of Honor in 2010 in recognition of his role in developing the Galaxy S-series.

He has been key in the development of new flagship products, including foldables, as well as the sales expansion of wearables, overseeing the generation of 104 trillion won in revenue in 2021, our strongest performance since 2014. Moreover, he contributed to solidifying business fundamentals by improving operations, which included achieving cost efficiencies via standardizing components as well as by enhancing the efficiency of marketing activities.

We project that his determination, excellent coordinating skills, and the ability to quickly assess and decide on key matters will create new growth engines in the mature yet highly competitive smartphone market. We expect him to continue his role as a pioneer who leads innovation and surpasses boundaries, such as through creating new user experiences in mobile amid a convergence of 5G, AI, and IoT, and share such insights in Board discussions.

- President and CFO **Hark-Kyu Park** proved his capabilities in management and navigating risks during his numerous key positions in core businesses, from finished products to components to software. He served with strong management and finance expertise as head of the Mobile Business Administration Team, COO of Samsung SDS, and CFO of the DS Division among others.

Candidate Park, as the CFO, supports better business performance and coordinates management issues across the whole Company. We believe he is the person most befitting to support the operation of the Board, including through leading close communication between Board members and serving as a bridge between the Board and employees.

- **Jung-Bae Lee**, President and Head of the Memory Business, offers experience and expertise that encompass the breadth of the Memory business, which not only includes development, but also quality and strategy. He has a remarkable understanding of and offers deep insight into the memory business.

He heads the business unit with the largest contribution to the Company's results, and he has contributed significantly to enhancing the business's performance.

Under an environment of escalating technological competition, he led Company achievements such as being the top company in terms of revenue in DRAM for 30 consecutive years and in flash memory for 20 consecutive years by securing product competitiveness, including 10-nano-range DRAM and 6th generation V-NAND. He spearheaded the Company's successful efforts to regain the title of No.1 global semiconductor revenue in 2021.

Based on Mr. Lee's knowledge and experience, we expect him to share his perspectives on this critical business in Board discussions to lead further improvements in business fundamentals by widening the supergap and differentiating from competitors.

Samsung Electronics will strive to enhance long-term shareholder value. To this end, the Board are unanimously of the opinion that the candidates named above for Executive Director provide skills and expertise that are most appropriate for the Board to chart the Company's future growth strategies. We recommend that shareholders vote in favor of their election.

## Agenda item 2.3. Election of Audit Committee Members

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(2.3.1)

**Han-Jo Kim**

(re-nominated)



(2.3.2)

**Jeong Kim**

(newly-nominated)



- Candidate **Han-Jo Kim** faithfully fulfilled his role as a member of the Audit Committee—he considerably improved the Committee’s operations by strengthening internal controls and oversight, leveraging his expert knowledge of and insight into the fields of finance and risk management.

Director Kim accumulated and honed his high level of ethics, responsibility, and expertise during his service as a CEO in the finance industry, and we expect him to provide a strong, effective consultative contribution from an objective and independent perspective to audits on not only accounting but also other business matters.

Considering Director Jae-Wan Bahk, the current Chair of the Audit Committee, will resign, Mr. Kim is likely to take a leading role in the Committee as a finance expert.

- Candidate **Jeong Kim** was the youngest CEO of Bell Labs (US), served as CSO of Alcatel-Lucent, and was also an independent director of Schneider Electric of France. He is a global business leader, and he currently serves as the Chairman of Kiswe Mobile. He has been performing a number of roles in various Committees as an Independent Director since 2018.

Director Kim has overseen and consulted with management from an independent and objective perspective, including using his broad global experience to share diverse best practices of leading companies. We anticipate that he will contribute to enhancing the Audit Committee’s operations and oversight. This includes providing consultations and recommendations on the operational standards from the perspective of the International Financial Reporting Standards based on his know-how in managing global companies.

# Agenda Item 3. Approval of Director Remuneration Limit (FY2022)

## Compensation Committee

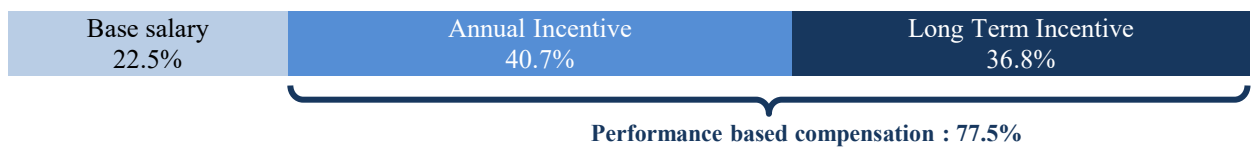
Samsung Electronics established the Compensation Committee in 2009 by a resolution of the Board, without legal mandates. The Committee is comprised entirely of Independent Directors to ensure the objectivity and transparency of decision-making regarding director remuneration. It is responsible for assessing the appropriateness of director compensation and reviewing the limit on director compensation for the next fiscal year, which will be up for approval by the shareholders at the Annual General Meeting of Shareholders.

## Remuneration Structure

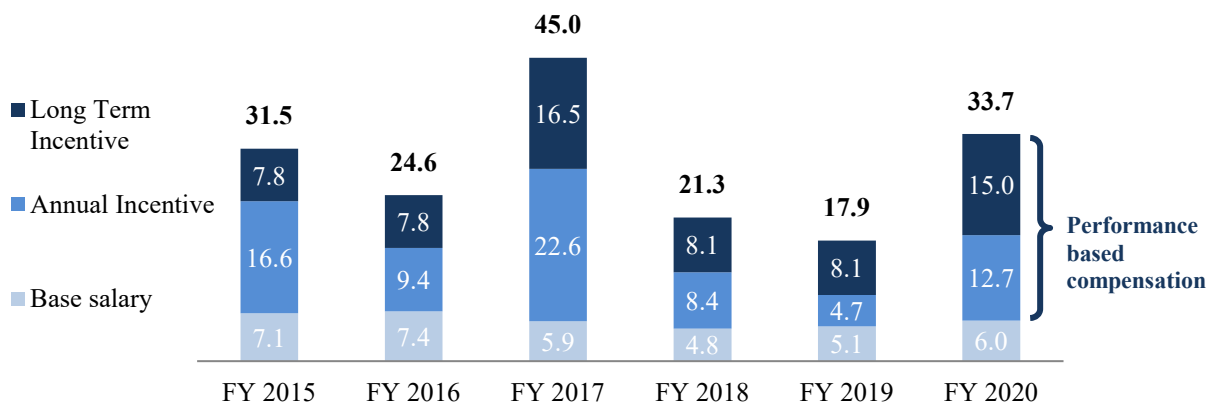
Our Director Remuneration program is designed to emphasize the link between performance and compensation. The remuneration plan consists of two elements: 1) general compensation; and 2) three-year long-term incentive (LTI).

1) General compensation	1.1) Base salary	Fixed compensation (including Independent Directors)
	1.2) Annual incentive	Performance based compensation
2) Long term incentive (LTI)		

### ※ Remuneration of Directors by element (FY2015–FY2020, average portion)



(Unit: KRW billion)





### 1) General compensation

General compensation consists of base salary (including that for Independent Directors) and annual incentives.

#### 1.1) Base salary

In accordance with internal regulations for executive treatment (Board resolution), base salary is determined based on position, responsibilities, and performance results.

- Performance-based compensation such as annual incentives and LTI are calculated using base salary as the base.

#### 1.2) Annual incentive

Annual incentives are based on achievements and financial performance in each business segment.

- OPI (Overall Performance Incentive): Provided within a range of 50% of the annual salary, when a company achieves annual targets set by CEOs. Paid from 20% of calculated EVA.
- TAI (Target Achievement Incentive): Provided within a range of 200% of monthly salary based on target achievement of each business.
- Special Bonus: Provided as a one-time bonus based on the annual performance and financial results, in accordance with internal regulations approved by the Board—e.g., special bonus to the CEO of the semiconductor business.

### 2) Long-term incentive (LTI)

The Company determines LTI by conducting performance evaluations on a three-year interval, and distributes 50%, 25%, and 25% of the incentive in the following three years, respectively. Samsung Electronics adopted the LTI system in 2005.

	Term 1	Term2	Term 3	Term 4	Term 5
Evaluation period:	2005–2007	2008–2010	2011–2013	2014–2016	2017–2019
Payment period:	2008	2011–2013	2014–2016	2017–2019	2020–2022

#### Evaluation criteria

Comparison of 3-year **ROE, EBIT margin, Stock Performance**

- ROE and EBIT margin are measured against figures at global peers.
- Stock performance is measured against that of the KOSPI and of global peers

#### Clawback policy

The LTI plan features a clawback policy (or recovery plan) that enables the Company to reduce awarded payments if any financial losses, such as contingent liabilities, are found after the LTI was determined. The plan's deferral of and ability to recover payments is designed to enhance management responsibility.



## FY2021: Actual compensation

(Unit: KRW billion)

	FY2021		FY2020
	Approved	Actual	Actual
General compensation <sup>1</sup>	33.0	24.8	18.6
Long-term incentive (LTI)	8.0	7.5	15.0
Total	41.0	32.3	33.7

<sup>1</sup> Includes Independent Directors

### 1) General compensation of FY2021 increased year-on-year.

- Base salary increased compared to FY2020 due to increases in time of service.
- Annual incentive also increased compared to FY2020, as earnings improved significantly year-on-year.

### 2) LTI of FY2021 decreased year-on-year.

- In FY2020, 50% of the LTI payment was provided in accordance with the LTI payment scheme as it was the first year of the three-year term, whereas 25% of incentive was provided in FY2021 and 25% will also be paid in FY2022.

## □ Executive Directors

- In accordance with relevant regulations, remuneration of Executive Directors is disclosed half-yearly. Individual remuneration for FY2021 will be disclosed in March 2022 in the annual business report, which is to be posted on the IR website.

(Unit: KRW billion)

	FY2021			FY2020					
	1st half			1st half			Year		
	Base salary	Perform. based	Total	Base salary	Perform. based	Total	Base salary	Perform. based	Total
KN Kim	0.9	2.6	3.5	0.7	0.3	1.0	1.5	6.8	8.3
HS Kim	0.6	1.7	2.3	0.5	0.2	0.7	1.0	4.5	5.5
DJ Koh	0.6	2.2	2.8	0.6	0.1	0.7	1.2	5.5	6.7
JH Han	0.5	1.2	1.7	0.4	0.2	0.6	0.8	3.4	4.2
YH Choi	0.4	0.8	1.2	-	-	-	0.7	2.3	3.0

\* Jong-Hee Han and Yoon-Ho Choi were newly appointed as Directors at the AGM in March 2020.

\* Yoon-Ho Choi's remuneration in 1H20 was lower than KRW 0.5 billion and thus not subject to disclosure as per the relevant act.

\* Director remuneration for 1H21 was higher than it was 1H20, as LTI for 2021 was paid in the first half.

## ※ Global peer comparison

(Unit: USD million)

	SEC	Peer companies						
		Apple	QCOM	Cisco	Micron	Intel	IBM	HP
Total	35.8	206.7	54.9	78.9	56.1	67.1	72.7	35.5
Per person	7.2	41.3	11.0	15.8	11.2	13.4	14.5	7.1
As percentage of net profit	0.1%	0.2%	0.6%	0.7%	1.0%	0.3%	1.3%	1.2%

\* Comparison of SEC's FY2021 remuneration limit approved in the 52st AGM (KRW 41.0 billion) divided by 5 Executives for the (maximum) per person pay to the actual remuneration paid to the top five executives at global peer companies.

\* Based on the latest disclosure - FY2021 for Apple, QCOM, Cisco, Micron, FY2020 for Intel, IBM, HP

## □ Independent Directors

- Remuneration for Independent Directors is included in general compensation. In FY2021, total remuneration stayed at similar levels to that of FY2020, with the number of Independent Directors staying the same.

(Unit: KRW billion)

	FY2021	FY2020
Number of Independent Directors	6	6
Total remuneration	0.9	0.8
Average remuneration	0.15	0.14

\* The average remuneration per person was produced by dividing the total amount of remuneration by the average number of people.

## FY2022: To be approved

The Board of Directors recommends a remuneration limit of KRW 41.0 billion for FY2022.

(Unit: KRW billion)

	FY2022	FY2021
General Compensation <sup>1</sup>	33.0	33.0
Long-term Incentive (LTI)	8.0	8.0
Total	41.0	41.0

<sup>1</sup> Includes Independent Directors

### 1) General compensation

- The Board recommends maintaining the general compensation limit in FY2022 at the same level it was in FY2021, despite reasons to raise it such as annual salary increases and expectations that the Company's results will improve, in consideration of macro uncertainties.

### 2) Long-term incentive (LTI)

- The Board recommends an LTI limit of KRW 8.0 billion for FY 2022, unchanged from FY2021
- As per our LTI payment scheme, FY2021 is Year 2 of a three-year LTI term, based on performance evaluation during the period of FY2017–2019. Under the payment scheme, 25% of the LTI payment for this term was remunerated in FY2021. FY2022 is Year 3 of the same term and the Year 3 portion of total LTI is also 25%.

(Unit: KRW billion)

	Current term			Previous term		
Evaluation period	FY2017–FY2019			FY2014–FY2016		
Payment period	FY2020–FY2022			FY2017–FY2019		
		Limit	Actual		Limit	Actual
Payment Year 1 (50%)	FY2020	25.0	15.0	FY2017	25.0	16.5
Payment Year 2 (25%)	FY2021	8.0	7.5	FY2018	9.0	8.1
Payment Year 3 (25%)	FY2022	8.0	-	FY2019	9.0	8.1

# Information About the Meeting And Shareholder Rights

## Overview

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The General meeting of shareholders is the Company's highest decision-making body, where shareholders deliberate and decide on important issues concerning the Company.

### □ Convening

General meetings of shareholders shall be either ordinary or extraordinary meetings.

- Ordinary general meetings—held within three months of the close of the fiscal year.
- Extraordinary general meetings—held whenever deemed necessary.

\* Extraordinary general meetings may be called by the Board of Directors or by persons as authorized by the Articles of Incorporation and the Commercial Code and convened in accordance with the relevant procedures.

### □ Parties with authority to convene meetings

Persons or parties authorized to call ordinary and extraordinary general meetings under the Articles of Incorporation and the Commercial Code:

- Board of Directors
- Audit Committee
- Shareholders

\* According to the Commercial Code, shareholders who have owned at least 1.5% of outstanding shares with voting rights of the Company for more than six months may request to convene extraordinary general meetings.

### □ Notice of convening

Pursuant to the Article 17-3 of the Articles of Incorporation, a written or electronic notice thereof setting forth the time, date, place, and agenda of the meeting shall be sent to the shareholders at least two weeks prior to the general meeting of shareholders.

\* For the purpose of transparency and protecting shareholder voting rights, the Company currently has a policy to notify the shareholders of the AGM three or four weeks prior to the general meeting of shareholders.

## Operation

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In accordance with our Article of Incorporation, each shareholder is entitled to one vote per share. The Company does not have any system or method (such as a dual class voting structure, etc.) to discriminate shareholders' voting rights.

### **□ Method of adopting resolutions at AGM**

#### *1. Ordinary resolution*

- Pursuant to the Commercial Code and the Articles of Incorporation, resolutions shall be passed by more than one half (1/2) of votes of the shareholders present at the general meeting of shareholders and by more than one fourth (1/4) of outstanding votes.
- Items of Ordinary Resolutions: Election of Directors, remuneration for Directors, approval of financial statements, etc.

#### *2. Extraordinary resolution*

- Pursuant to the Commercial Code and the Articles of Incorporation, resolutions for matters that are significant to the Company's operation, including but not limited to Articles of Incorporation amendments and M&As subject to a resolution at a General Meeting, shall be passed by two thirds (2/3) of votes of the shareholders present at the general meeting of shareholders and by more than one third (1/3) outstanding votes.
- Items of Extraordinary Resolutions: Amendment to the Articles of Incorporation, dismissal of Directors, approval of split or merger of the Company, etc.
- With regards to shareholder voting rights, the Company does not have a written consent, pursuant to the Articles of Incorporation. However, the Company presents proxy solicitation at the AGM according to the local regulations permitting substitution for written consent.

\* In voting, blank votes submitted by shareholders in the form of proxy (power of attorney) are invalid and do not count in tallying AGM votes according to the Korean authority guidelines on proxy solicitation.

### **□ Protection of minority shareholders concerning AGM**

We are committed to protecting the rights of the Company's minority shareholders, whose rights are set forth below:

#### *1. Right to call general meetings of shareholders*

- In accordance with the Commercial Code, shareholders who own more than 1.5% of outstanding shares with voting rights of the Company for more than six months may request to convene extraordinary general meetings.

#### *2. Right to present shareholder proposals*

- Pursuant to the Commercial Code and the Articles of Incorporation, shareholders with ownership of more than 0.5% of outstanding shares with voting rights for more than six months may present shareholder proposals at an AGM.

### Overview – The Board of Directors

As of December 2021, the Board of Samsung Electronics is composed of five Executive Directors and six Independent Directors, with an Independent Directors majority guaranteeing independence and transparency. The Board has been chaired by Independent Director Jae-Wan Bahk since 2020.

#### □ Board of Directors (as of December 2021)

Executive Directors (5):	Kinam Kim Jong-Hee Han	Hyun-Suk Kim Yoon-Ho Choi	Dong-Jin Koh
Independent Directors(6):	Jae-Wan Bahk (Chairman) Sun-Uk Kim Curie Ahn	Byung-Gook Park Han-Jo Kim	Jeong Kim

### Board Committees

#### *The Management Committee*

The Management Committee deliberates and decides matters either delegated by the Board, or specified in the Articles of Incorporation or Regulations of the Board of Directors, aiming to enhance professionalism and efficiency of decision making.

#### *The Audit Committee*

The Audit Committee supervises and supports management to maximize corporate value using a system of checks and balances. The Committee consists of three Directors, and at least two thirds of them, according to relevant laws and regulations, must be Independent Directors.

#### *The Independent Director Recommendation Committee*

The Independent Director Recommendation Committee ensures that outside directors are recruited and recommended in a fair and independent matter. The Committee currently consists of three Independent Directors.

#### *The Related Party Transaction Committee*

The Related Party Transaction Committee (also known as Internal Transaction Committee) is a compliance body to enhance corporate governance and to promote fair transaction. The Committee reviews pending transactions between the company and its related parties.

#### *The Compensation Committee*

The Compensation Committee evaluates the appropriateness of and reviews and approves the limit on Director's compensation to be submitted for resolution at a general meeting of shareholders. The Committee consists of three Independent Directors.

### *The Sustainability Committee*

The Sustainability Committee was established in July 2021, as an expansion of the previously named Governance Committee, to pursue sustainability management in areas including ESG (environment, society, and governance) and to enhance shareholder value.

#### **□ Composition of the Board committees (as of February 2022)**

	Members		
	Chair	Executive Directors	Independent Directors
<b>Management Committee</b>	Kinam Kim (Executive)	Hyun-Suk Kim Dong-Jin Koh Jong-Hee Han	-
<b>Audit Committee</b>	Jae-Wan Bahk (Independent)	-	Sun-Uk Kim Han-Jo Kim
<b>Independent Director Recommendation Committee</b>	Jeong Kim (Independent)	-	Byung-Gook Park Curie Ahn
<b>Related Party Transactions Committee</b>	Sun-Uk Kim (Independent)	-	Jae-Wan Bahk Han-Jo Kim
<b>Compensation Committee</b>	Byung-Gook Park (Independent)	-	Jae-Wan Bahk Jeong Kim
<b>Sustainability Committee</b>	Jae-Wan Bahk (Independent)	-	Sun-Uk Kim Byung-Gook Park Jeong Kim Curie Ahn Han-Jo Kim

## Profile of Board Members (Executive)

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***Kinam Kim, PhD***

Birth: April 14, 1958

Director since 2018

Dr. Kinam Kim has been Vice Chairman and CEO of Samsung Electronics since 2018 and has been the Head of Device Solutions overseeing global operations of the Memory, System LSI and Foundry business units of Samsung Electronics since 2017. Previously, he served as President of the Semiconductor Business (2014–2017) and Memory Business (2013–2014) after moving from the role of CEO at Samsung Display (2012–2013). Dr. Kim started with Samsung Electronics in 1981 and spent six years as an engineer at the Semiconductor R&D Group. From 1987, backed by his leadership in the development of numerous breakthroughs in semiconductor technology, his R&D responsibilities steadily increased and he rose to serve as Executive Vice President and General Manager of the Semiconductor R&D Center from 2007 to 2009 and President of Samsung Advanced Institute of Technology from 2010 to 2012. Dr. Kim is a member of the US National Academy of Engineering, an IEEE Fellow, and an executive board member of the National Academy of Engineering of Korea.

He earned his PhD from UCLA in 1994, MS from KAIST in 1983, and BS from Seoul National University in 1981, all in Electrical Engineering.



***Hyun-Suk Kim***

Birth: January 23, 1961

Director since 2018

Mr. Hyun-Suk Kim became President and CEO of Samsung Electronics in 2018 and has been the Head of Consumer Electronics since 2017. Mr. Kim joined the Company as a Senior Researcher in 1992 and developed a number of breakthrough technologies as Senior Vice President of the R&D team, leading to his promotion to the head of the Visual Display Business in December 2011. To prepare for growth, he also manages Samsung's B2B display business.

In 2014, Mr. Kim was awarded the Bronze Medal of Industrial Effort, one of the most prestigious awards granted by the Korean government, in recognition of his exemplary leadership in industry. He also served as Chairman of the Korea-based Smart TV Forum from 2012 to 2015.

Mr. Kim earned his Bachelor's degree in Electrical Engineering from Hanyang University and Master's degree in Electrical Engineering from Portland State University.



***Dong-Jin Koh***

Birth: March 26, 1961

Director since 2018

Mr. Dong-Jin Koh has been President and CEO of Samsung Electronics since 2018, and has been Head of IT & Mobile Communications since 2017. Mr. Koh also served as Samsung Electronics' President of Mobile Communications Business from 2015–2020. Previously, he headed several teams and groups in the mobile business, including Mobile R&D from 2014 to 2015, the Technology Strategy Team from 2011 to 2014, the Development Management Team from 2007 to 2011, the Global Product Planning Group from 2006 to 2007, and the Samsung Electronics R&D Institute (UK) from 2002 to 2006. Mr. Koh was instrumental in helping Samsung establish a strong foothold in North America in the mid-2000s, and launched key devices and services including flagship models, the Galaxy Gear line, Samsung Pay, and Samsung Knox. Mr. Koh joined Samsung Electronics in 1984 and spent over a decade in Human Resources before joining the mobile business.

He graduated from Sungkyunkwan University with a Bachelor of Science in Industrial Engineering and earned a Master of Science in Technology Policy from the University of Sussex in 1993.



*Jong-Hee Han*

Birth: March 15, 1962

Director since 2020

Jong-Hee Han has been President and Head of the Visual Display Division of Samsung Electronics since 2017. Previously, he served as the business's Head of Research and Development from 2013–2017. Mr. Han joined the Company in 1988 and has been influential in the development of a wide range of market leading products. He played a pivotal role in taking Samsung's TV business to the pinnacle of the global market in 2006 and keeping it there since. Mr. Han was a key figure in the unveiling of Samsung's world-class LED TV, and his numerous other innovations enabled the Company to continuously demonstrate its technology leadership. Mr. Han was also instrumental in the development of Samsung's own video processing technologies. He served as the President of Korea Association of Smart Home (KASH; from 2018–2019), and earned his Bachelor's degree in electrical engineering from Inha University in 1988.



*Yoon-Ho Choi*

Birth: January 11, 1963

Director since 2020

Yoon-Ho Choi has been President and CFO of Samsung Electronics since 2020. Since joining Samsung Electronics in 1987, he has held numerous positions involving the financial management of the Company, serving as Vice President and CFO of Samsung Electronics Europe and Head of Financial Management (UK) from 2006–2010; Vice President of Future Strategy Group from 2010–2013, Senior Vice President and CFO of Mobile Communication Business from 2014–2017, and Executive Vice President of the Business Support Task Force from 2017–2019. Mr. Choi earned his Bachelor's degree in business from Sungkyunkwan University in 1988.



## Profile of Board Members (Independent)

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***Jae-Wan Bahk, PhD***  
***Chairman***

Birth: January 24, 1955

Director since 2016

Dr. Jae-Wan Bahk was a professor at Sungkyunkwan University's Graduate School of Governance from 1996 to 2019, and he served as Dean from 2015 to 2016. Prior to that, he worked at the Board of Audit and Inspection (1983–1992), the Ministry of Finance (1992–1994) and served as an assistant Chief Secretary to the President for Policy Planning (1994–1996). Dr. Bahk was a member of the 17th National Assembly from 2004 to 2008, and went on to serve as Senior Secretary to the President for National Vision, Agenda & Strategy from 2008 to 2010, Minister of Employment and Labor from 2010 to 2011, and Minister of Strategy and Finance from 2011 to 2013.

Dr. Bahk earned his BA in Economics from Seoul National University in 1977 and PhD in Public Policy from Harvard University in 1988. He has served as President of the Hansun Foundation for Peace & Prosperity of the Korean Peninsula since 2014. He has been an Independent Director since 2016 and was appointed Chairman of the Board, Samsung Electronics in February 2020



***Sun-Uk Kim, PhD***

Birth: December 21, 1952

Director since 2018

Dr. Sun-Uk Kim is a professor emeritus of the School of Law at Ewha Womans University. She joined Ewha Womans University as a Professor in 1995, and was a President of the university from 2010 until 2014. Dr. Kim served as Minister of Government Legislation from 2005 to 2007, the first female to hold this position, and was appointed as chair of Policy Committee of Ministry of Justice in 2020. She was Chairperson of Alumninetzwerk Deutschland Korea (ADeKo) from 2011 to 2014 and a Co-President at Korea-Germany Forum from 2012 to 2016. She acted as a Co-President for the Advisory Panel of National Assembly Special Committee on Constitutional Amendment in 2017.

She earned both her LL.B. and LL.M in law from Ewha Womans University and her J.D. in administrative law from University of Konstanz in Germany. She has been an Independent Director at Samsung Electronics since 2018.



***Byung-Gook Park, PhD***

Birth: April 19, 1959

Director since 2018

Dr. Park is a professor at the School of Electrical Engineering, Seoul National University. He is a Fellow of the Institute of Electrical and Electronics Engineers (IEEE), a Fellow of the Korean Academy of Science and Technology and a Member of the National Academy of Engineering of Korea. In 2015, he served as President of the Institute of Electronics and Information Engineers. He worked at AT&T Bell Labs from 1990 until 1992 and then at Texas Instruments from 1993 until 1994. He took the position of Director at the Inter-University Semiconductor Research Center (ISRC) from 2008 to 2010.

He earned his BSc and MSc in electronics engineering at Seoul National University and his PhD in electrical engineering from Stanford University. He has been an Independent Director at Samsung Electronics since 2018



***Jeong Kim, PhD***

Birth: August 13, 1960

Director since 2018

Dr. Jeong Kim served as a nuclear submarine officer in the US Navy from 1982 until 1989. He founded Yurie Systems in 1992 and took the firm public in 1997. In 1998, Dr. Kim sold the company to and then worked at Lucent Technologies as a Senior Executive and Corporate Officer. He joined the University of Maryland from 2001 to 2013, teaching in both the Department of Electrical and Computer Engineering and the Department of Mechanical Engineering. From 2005 until 2013, he worked at what would become Alcatel-Lucent as president of the Bell Labs division and as Chief Strategy Officer in his final two years there. He co-founded and became Executive Chairman of Kiswe Mobile in 2013.

Previously, he served on the board of numerous international firms, including Arris Group (US) and Schneider Electric SA (France)

Dr. Kim earned his BS in electrical engineering and computer science at Johns Hopkins University, his MS in technical management (also from Johns Hopkins), and his PhD in reliability engineering from the University of Maryland. He has been an Independent Director at Samsung Electronics since 2018



*Curie Ahn, PhD*

Birth: March 17, 1955

Director since 2019

Dr. Curie Ahn is a transplant nephrologist and immunologist with major interest in xeno transplantation. She has been Secretary General of the Asian Society of Transplantation since 2019 and Chairperson of the Board at the Korean Organ Transplantation Registry (KOTRY) since 2016. She has served as the Chair of the Board of the Korean Society for Transplantation from 2015 to 2017, Director of the SNU Hospital Transplantation Center from 2008 to 2015. Dr. Ahn is an active volunteer, offering her medical expertise to social contribution activities. She established the Raphael Clinic in 1997 to provide free medical services to migrant workers and has continued to volunteer for over 20 years. She has been the Chair of the Board of Raphael International since 2018. Dr. Ahn has been serving as the Director of Social Contribution Professor Conference of Seoul National University since 2017.

She graduated from the Seoul National University College of Medicine and gained her master's and doctor's degree from the same institution. She has been an Independent Director at Samsung Electronics since 2019.



*Han-Jo Kim*

Birth: July 12, 1956

Director since 2019

Mr. Han-Jo Kim served as Chairman of Hana Nanum Foundation from 2015 to 2019 and became Chairman of Hana Foundation in 2019. He served as Vice Chairman of Hana Financial Group from 2015 to 2016. Previously, he was President and CEO of Korea Exchange Bank from 2014 to 2015 and President of KEB Capital from 2013 to 2014.

He received his Bachelor's degree in French Language and Literature at Yonsei University. He has been an Independent Director at Samsung Electronics since 2019.

## Board Activities

The following table presents meetings and voting results that were held by the Board and the Committees under the Board between January 2021 and December 2021.

### □ Board meetings in FY2021

#### Board meetings and voting results of Independent Directors

Date	Agenda	JW Bahk	SU Kim	BG Park	Jeong Kim	Curie Ahn	HJ Kim
Jan 28 2021	① Approval of FY20 financial statements and annual business report	For	For	For	For	For	For
	② Approval of shareholder return policy for 2021 to 2023	For	For	For	For	For	For
	※ Reported Items						
	① Report on FY20 internal accounting management system activities						
	② Report on evaluation of 2020 internal accounting management system activities						
Feb 16 2021	① Decision to convene the 52nd AGM	For	For	For	For	For	For
	② Decisions on the 52nd AGM agenda items	For	For	For	For	For	For
	③ Approval of 2021 social contribution matching fund	For	For	For	For	For	For
	④ Agreement on establishment and operation of SCC and revision of regulation	For	For	For	For	For	For
	⑤ Donation to Chung-nam Samsung Institute	-	For	For	For	For	For
	⑥ Contract with Samsung Biologics and Samsung BioEpiS for use of Samsung CI	For	For	For	For	For	For
Mar 17 2021	① Appointment of CEO	For	For	For	For	For	For
	② Appointment of Board committee members	For	For	For	For	For	For
	③ Remuneration limit of Directors	For	For	For	For	For	For
	④ Appointment of SCC member	For	For	For	For	For	For
	⑤ Application for product liability insurance	For	For	For	For	For	For
Apr 29 2021	① Approval of 1Q21 interim business report and quarterly dividend	For	For	For	For	For	For
	② Charitable contributions	For	For	For	For	For	For
	③ Joining of the New Technology Investment Association	For	For	For	For	For	For
	④ Donation to incentive fund for DS Division's suppliers	For	For	For	For	For	For
Jul 29 2021	① Approval of 2021 half-year business report and quarterly dividend of 2Q21	For	For	For	For	For	For
	② Revision of Governance Committee regulations	For	For	For	For	For	For
	③ Package insurance policy for Domestic operations	For	For	For	For	For	For
	④ Establishment of plans on safety and health	For	For	For	For	For	For
Oct 28 2021	① Approval of 3Q21 interim business report and 3Q quarterly dividend	For	For	For	For	For	For
	② Participation in Samsung Heavy Industries' rights offering	For	For	For	For	For	For
	③ Joining of the New Technology Investment Association	For	For	For	For	For	For
	④ Sponsorship of the WorldSkills Competition	For	For	For	For	For	For
	⑤ Contribution to Joint Investment Technology Development Agreement Fund	For	For	For	For	For	For
Nov 30 2021	① Approval of transaction with affiliate company	For	For	For	For	For	For
	② Payment of retirement pension plan	For	For	For	For	For	For
	③ Approval of business plan for 2022	For	For	For	For	For	For
	④ Contribution to Community Chest of Korea's annual fundraising campaign for 2022	For	For	For	For	For	For
	⑤ Contribution to UNDP sourced from Samsung Global Goals	For	For	For	For	For	For
Dec 22 2021	① Appointment of head of the SCC	For	For	For	For	For	For

\* JW Bank: Jae-Wan Bahk, SU Kim: Sun-Uk Kim, BG Park: Byung-Gook Park, HJ Kim: Han-Jo Kim

## □ Committee participation of Independent Directors in FY2021

### *Audit Committee*

Date	Agenda
Jan 26 2021	① Report on 2020 internal accounting management system activities ② Report on evaluation of 2020 internal accounting management system activities ③ Communication between external auditor and audit committee ④ Report on 2020 financial statement and business report ⑤ Report on 4Q20 non-audit activities ⑥ Report on 4Q20 external contributions ⑦ Report on 2020 audit activities
Feb 10 2021	① Review of the 2020 AGM agenda ② Report on activities of internal compliance system in 2020
Apr 27 2021	① Communication between external auditor and audit committee ② Decision on the terms and conditions of the audit contract with the designated external auditor ③ Report on 1Q21 interim business report ④ Report on 1Q21 non-audit activities ⑤ Report on plans for reviewing 2021 internal accounting management system activities ⑥ Report on 1Q21 external contributions ⑦ Report on plans for evaluating 2020 internal accounting management system activities
Jul 27 2021	① Communication between external auditor and audit committee ② Report on 2021 half-year business report ③ Report on 2Q21 non-audit activities ④ Interim report on 2021 internal accounting management system activities ⑤ Report on 2Q21 external contributions ⑥ Report on 1H21 audit activities ⑦ Interim report on evaluation of 2021 internal accounting management system activities ⑧ Report on evaluation of 2020 external audit activities
Oct 26 2021	① Communication between external auditor and audit committee ② Report on 3Q21 interim business report ③ Report on 3Q21 non-audit activities ④ Report on 3Q21 external contributions

### *Sustainability Committee (Governance Committee)*

Date	Agenda
Jan 26 2021	① Prior review on the shareholder return policy for 2021 to 2023 ※ Reported Items ① Reporting on current status of IR
Apr 29 2021	※ Reported Items ① Reporting on current status of IR ② Report on plans for publishing Sustainability Report
Jul 29 2021	※ Reported Items ① Reporting on current status of IR ② Operation of the Sustainability Committee
Oct 26 2021	※ Reported Items ① Reporting on current status of IR ② Reinforcement of public affairs of the Sustainability Committee

### *Related Party Transactions Committee*

Date	Agenda
Jan 26 2021	① Report on 4Q20 related party transactions
Feb 10 2021	① Prior review on large-scale related party transactions 1) Contract agreement with Samsung Biologics and Samsung BioEpi for using Samsung CI
Mar 12 2021	① Prior review on large-scale related party transactions 1) Application for product liability insurance
Apr 27 2021	① Appointment of the Head of Related Party Transactions Committee ② Prior review on large-scale related party transactions 1) Charitable contribution 2) Application for New Technology Investment Association ③ Report on 1Q21 related party transactions
Jul 27 2021	① Prior review on large-scale related party transactions 1) Package insurance policy for Domestic operations ② Report on 2Q21 related party transactions
Oct 26 2021	① Prior review on large-scale related party transactions 1) Participation in Samsung Heavy Industries' rights offering 2) Joining of the New Technology Investment Association ② Report on 3Q21 related party transactions
Nov 26 2021	① Prior review on large-scale related party transactions 1) Payment of retirement pension plan 2) Approval of 2022 large-scale product and service transactions

### *Compensation Committee*

Date	Agenda
Feb 10 2021	① Review of fixed annual income for each executive Directors in 2021 ② Review on 2021 remuneration limit for Directors
Dec 22 2021	① Appointment of head of the Committee ② Review of special bonuses for Independent Directors in 2021

### *The Independent Director Recommendation Committee*

Date	Agenda
Jan 27 2022	① Appointment of head of Committee ② Determination of deadline for recommendation of independent director candidates
Feb 11 2022	① Recommendation of independent director candidates

### Board Meeting Attendance

	Name	2019	2020	2021	Total	
		Jan 2019 - Dec 2019	Jan 2020 - Dec 2020	Jan 2021 - Dec 2021	Meetings	Overall attendance
<b>Independent Directors</b>	Jae-Wan Bahk	7/7	10/10	8/8	25	25
	Sun-Uk Kim	7/7	10/10	8/8	25	25
	Byung-Gook Park	7/7	10/10	8/8	25	25
	Jeong Kim	7/7	10/10	8/8	25	25
	Curie Ahn	5/5	10/10	8/8	23	23
	Han-Jo Kim	5/5	10/10	8/8	23	23
	In-Ho Lee	2/2	-	-	2	2
	Kwang-Soo Song	2/2	-	-	2	2
<b>Executive Directors</b>	Kinam Kim	7/7	10/10	8/8	25	25
	Hyun-Suk Kim	7/7	10/10	8/8	25	25
	Dong-Jin Koh	6/7	10/10	8/8	25	24
	Jong-Hee Han	-	7/7	8/8	15	15
	Yoon-Ho Choi <sup>1)</sup>	-	7/7	7/8	15	14
	Sang-Hoon Lee <sup>2)</sup>	7/7	0/1	-	8	7
	Jae-Yong Lee <sup>3)</sup>	0/5	-	-	5	0

1) Resigned in December 2021

2) Resigned in February 2020

3) Resigned in October 2019

## Share Ownership Structure

### □ Overview

As of the end of 2021, the total number of shares outstanding was 6,792,669,250. The number of common and preferred shares outstanding were 5,969,782,550 (87.9%) and 822,886,700 (12.1%), respectively.

The Company held no treasury shares as of the end of 2021 as it previously cancelled all treasury holdings in two phases, which occurred in May 2017 and December 2018.

### Ownership structure as of end-FY2021

	Foreign	Domestic institutional	Domestic individual	Controlling Shareholders	Treasury Shares
<b>Common</b>	51%	15%	13%	21%	-
<b>Preferred</b>	71%	3%	25%	0.1%	-

### Major shareholders common stock as of end-FY2021

Ranking	Owner	Number	Portion of total
1	Samsung Life Insurance Co., Ltd. <sup>1</sup>	522,017,952	8.7%
2	National Pension Service of Korea	509,502,939	8.5%
3	Samsung C&T Corp.	298,818,100	5.0%
4	CITIBANK.N.A <sup>2</sup>	253,659,325	4.2%
5	Ra-Hee Hong <sup>3</sup>	137,244,666	2.3%
<b>Total Number of Outstanding Common Stock</b>		<b>5,969,782,550</b>	<b>100.0%</b>

1) The number of shares owned and share ratio includes special accounts.

2) Reported as an independent shareholder in the shareholder registry but is a GDR depository institution of Samsung Electronics representing our GDR shareowners.

3) Figures include 19,941,860 shares entrusted to KB Kookmin Bank.

## □ Voting shares

Samsung Electronics issued 5,969,782,550 common shares and 822,886,700 preferred shares.

As of the end of 2021, the Company does not hold any treasury shares. Preferred shares do not carry a voting right. The 597,491,116 shares owned by affiliated companies have limited voting rights under relevant laws. Thus, the number of shares with voting rights is 5,372,291,434.

### *Total shares with voting rights as of end-FY2021*

Category	Type	Number of shares	Note
Number of outstanding shares (A)	Common	5,969,782,550	-
	Preferred	822,886,700	-
Treasury shares (no voting rights; B)	Common	-	Article 369-2 of the Commercial Act "Treasury Shares"
Shares with voting rights eliminated by Articles of Incorporation (C)	Preferred	822,886,700	
Shares with limited voting rights under relevant laws (D)	Common	596,959,200	Restricted by the Monopoly Regulation and Fair Trade Act: 508,157,148 shares held by Samsung Life Insurance; 88,802,052 shares held by Samsung Fire & Marine Insurance
	Common	531,916	Restricted by the Insurance Business Act: Some part of shares held by special account of Samsung Life Insurance
Shares with revived voting rights (E)	-	-	-
Total Shares with voting rights (F)	Common	5,372,291,434	(F = A - B - C - D + E)

\* Among shares with limited voting rights under relevant laws, part of 596,959,200 shares that are restricted by the Monopoly Regulation and Fair Trade Act can exercise voting right for appointment/dismissal of executives and modification of the articles of incorporation.

## □ Share ownership of Board Members

The following table presents shares and stock options held by BOD members as of December 31, 2021

(Unit: Share)

Name	Status	Since	Common Shares
Kinam Kim	Executive Director	March 2018	210,000
Hyun-Suk Kim	Executive Director	March 2018	99,750
Dong-Jin Koh	Executive Director	March 2018	75,000
Jong-Hee Han	Executive Director	March 2020	5,000
Jae-Wan Bahk	Independent Director	March 2016	0
Sun-Uk Kim	Independent Director	March 2018	0
Byung-Gook Park	Independent Director	March 2018	1,000
Jeong Kim	Independent Director	March 2018	0
Curie Ahn	Independent Director	March 2019	3,800
Han-Jo Kim	Independent Director	March 2019	2,175



## Independent Auditor Fees

The following table presents fees for professional audit services rendered by Deloitte Touche Tohmatsu Anjin (“Deloitte Anjin”) and Samil PricewaterhouseCoopers (“Samil PwC”) for the audit of Samsung Electronics’ annual financial statements for the past three years (FY2018–2020), and fees billed for other services during those periods.

(Unit: KRW Million)

Year of operation	Auditor	Audit Services	Non-Audit Services	Audit Opinion
52nd (Jan 1, 2020-Dec 31, 2020)	Deloitte Anjin	8,400	59	Fair
51st (Jan 1, 2019-Dec 31, 2019)	Samil PwC	6,481	385	Fair
50th (Jan 1, 2018-Dec 31, 2018)	Samil PwC	4,400	596	Fair

\* Non-Audit Services include advisory services on tax, establishment of regional HQ, and process improvement, etc.

\* Upon termination of the contract with previous auditor, Samil PwC, Deloitte Anjin has been designated as the Company’s external auditor for three years ending December 31, 2022, in accordance with periodic designation regulation of Article 11 (1) and (2) of the “Act on External Audit of Stock Companies, Etc.”, Article 17 of the “Enforcement Decree of the Act on External Audit of Stock Companies, Etc.”, and Article 10 and Article 15 (1) of “Regulations on External Audit and Accounting”

## Corporate governance website

You can read more information about Samsung’s corporate governance practices from our website at:

- Articles of Incorporation  
<https://www.samsung.com/global/ir/governance-csr/articles-of-incorporation/>
- Global Code of Conduct  
<https://www.samsung.com/global/ir/governance-csr/global-code-of-conduct/>
- Sustainability Overview  
<https://www.samsung.com/us/sustainability/>
- Board of Directors  
<https://www.samsung.com/global/ir/governance-csr/board-of-directors/>
- Board Committees  
<https://www.samsung.com/global/ir/governance-csr/board-committee/>

# Financial Statements

## (FY2021)

### CONSOLIDATED FINANCIAL STATEMENTS OF SAMSUNG ELECTRONICS CO., LTD. AND SUBSIDIARIES

#### INDEX TO FINANCIAL STATEMENTS

※ Audited financial statements with the independent auditor's opinion are not available as of today, but they will be disclosed separately and also posted on the IR webpage of Samsung Electronics on February 17, 2022.  
<https://www.samsung.com/global/ir/reports-disclosures/public-disclosure/>

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#### Convenience Translation into United States Dollar Amounts

The Company operates primarily in Korean won and its official accounting records are maintained in Korean won. The US dollar amounts provided in the consolidated financial statements represent supplementary information solely for the convenience of the reader. All Korean won amounts are expressed in US dollar at the rate of W 1,144.1 to USD 1, the average exchange rate for the year ended December 31, 2021. Such presentation is not in accordance with generally accepted accounting principles, and should not be construed as a representation that the Korean won amounts shown could be readily converted, realized or settled in US dollar at this or at any other rate.

**Samsung Electronics Co., Ltd. and its subsidiaries**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

*(In millions of Korean won, in thousands of US dollars)*

	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	KRW	KRW	USD	USD
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	39,031,415	29,382,578	34,115,412	25,681,845
Short-term financial instruments	81,708,986	92,441,703	71,417,748	80,798,680
Short-term financial assets at amortized cost	3,369,034	2,757,111	2,944,705	2,409,853
Short-term financial assets at fair value through profit or loss	40,757	71,451	35,624	62,452
Trade receivables	40,713,415	30,965,058	35,585,565	27,065,012
Non-trade receivables	4,497,257	3,604,539	3,930,828	3,150,548
Prepaid expenses	2,336,252	2,266,100	2,042,001	1,980,685
Inventories	41,384,404	32,043,145	36,172,043	28,007,314
Other current assets	5,081,665	3,754,462	4,441,629	3,281,589
Assets held-for-sale	-	929,432	-	812,370
	<b>218,163,185</b>	<b>198,215,579</b>	<b>190,685,555</b>	<b>173,250,348</b>
<b>Non-current assets</b>				
Financial assets at fair value through other comprehensive income	13,965,839	12,575,216	12,206,843	10,991,369
Financial assets at fair value Through profit or loss	1,525,344	1,202,969	1,333,227	1,051,455
Investment in associates and joint ventures	8,932,251	8,076,779	7,807,235	7,059,510
Property, plant and equipment	149,928,539	128,952,892	131,045,055	112,711,289
Intangible assets	20,236,244	18,468,502	17,687,491	16,142,396
Net defined benefit assets	2,809,590	1,355,502	2,455,722	1,184,777
Deferred income tax assets	4,261,214	4,275,000	3,724,515	3,736,564
Other non-current assets	6,798,952	5,113,279	5,942,625	4,469,261
	<b>208,457,973</b>	<b>180,020,139</b>	<b>182,202,713</b>	<b>157,346,621</b>
<b>Total assets</b>	<b>426,621,158</b>	<b>378,235,718</b>	<b>372,888,268</b>	<b>330,596,969</b>

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

*(In millions of Korean won, in thousands of US dollars)*

	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	KRW	KRW	USD	USD
<b>Liabilities and Equity</b>				
<b>Current liabilities</b>				
Trade payables	13,453,351	9,739,222	11,758,903	8,512,568
Short-term borrowings	13,687,793	16,553,429	11,963,817	14,468,526
Other payables	15,584,866	11,899,022	13,621,954	10,400,341
Advances received	1,224,812	1,145,423	1,070,547	1,001,157
Withholdings	1,294,052	974,521	1,131,066	851,780
Accrued expenses	27,928,031	24,330,339	24,410,498	21,265,935
Current income tax liabilities	6,749,149	4,430,272	5,899,094	3,872,280
Current portion of long-term liabilities	1,329,968	716,099	1,162,459	625,906
Provisions	5,372,872	4,349,563	4,696,159	3,801,736
Other current liabilities	1,492,239	1,127,719	1,304,292	985,685
Liabilities held-for-sale	-	338,742	-	296,077
	<b>88,117,133</b>	<b>75,604,351</b>	<b>77,018,789</b>	<b>66,081,991</b>
<b>Non-current liabilities</b>				
Debentures	508,232	948,137	444,220	828,719
Long-term borrowings	2,866,156	1,999,716	2,505,164	1,747,852
Long-term other payables	2,991,440	1,682,910	2,614,668	1,470,948
Net defined benefit liabilities	465,884	464,458	407,206	405,960
Deferred income tax liabilities	23,198,205	18,810,845	20,276,394	16,441,621
Long-term provisions	2,306,994	1,051,428	2,016,428	919,001
Other non-current liabilities	1,267,183	1,725,857	1,107,582	1,508,485
	<b>33,604,094</b>	<b>26,683,351</b>	<b>29,371,662</b>	<b>23,322,586</b>
<b>Total liabilities</b>	<b>121,721,227</b>	<b>102,287,702</b>	<b>106,390,451</b>	<b>89,404,577</b>

**Samsung Electronics Co., Ltd. and its subsidiaries**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

*(In millions of Korean won, in thousands of US dollars)*

	<b>December 31, 2021</b>	<b>December 31, 2020</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
	KRW	KRW	USD	USD
<b>Equity attributable to owners of the Company</b>				
Preference shares	119,467	119,467	104,420	104,420
Ordinary shares	778,047	778,047	680,052	680,052
Share premium	4,403,893	4,403,893	3,849,223	3,849,223
Retained earnings	293,064,763	271,068,211	256,153,287	236,927,198
Other components of equity	(2,128,473)	(8,687,155)	(1,860,392)	(7,593,008)
Accumulated other comprehensive income attributable to assets held-for-sale	-	(12,132)	-	(10,604)
	<b>296,237,697</b>	<b>267,670,331</b>	<b>258,926,590</b>	<b>233,957,281</b>
Non-controlling interests	8,662,234	8,277,685	7,571,227	7,235,111
<b>Total equity</b>	<b>304,899,931</b>	<b>275,948,016</b>	<b>266,497,817</b>	<b>241,192,392</b>
<b>Total liabilities and equity</b>	<b>426,621,158</b>	<b>378,235,718</b>	<b>372,888,268</b>	<b>330,596,969</b>

**Samsung Electronics Co., Ltd. and its subsidiaries**

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS**

*(In millions of Korean won, in thousands of US dollars)*

	For the years ended December 31,			
	2021	2020	2021	2020
	KRW	KRW	USD	USD
<b>Revenue</b>	279,604,799	236,806,988	244,388,604	206,981,172
<b>Cost of sales</b>	166,411,342	144,488,296	145,451,851	126,290,010
<b>Gross profit</b>	<b>113,193,457</b>	<b>92,318,692</b>	<b>98,936,753</b>	<b>80,691,162</b>
Selling and administrative expenses	61,559,601	56,324,816	53,806,176	49,230,711
<b>Operating profit</b>	<b>51,633,856</b>	<b>35,993,876</b>	<b>45,130,577</b>	<b>31,460,451</b>
Other non-operating income	2,205,695	1,384,068	1,927,888	1,209,745
Other non-operating expense	2,055,971	2,488,902	1,797,022	2,175,425
Share of net profit of associates and joint ventures	729,614	506,530	637,719	442,733
Financial income	8,543,187	12,267,600	7,467,173	10,722,497
Financial expense	7,704,554	11,318,055	6,734,165	9,892,548
<b>Profit before income tax</b>	<b>53,351,827</b>	<b>36,345,117</b>	<b>46,632,170</b>	<b>31,767,453</b>
Income tax expense	13,444,377	9,937,285	11,751,059	8,685,685
<b>Profit for the year</b>	<b>39,907,450</b>	<b>26,407,832</b>	<b>34,881,111</b>	<b>23,081,768</b>
<b>Profit attributable to</b>				
Owners of the Company	39,243,791	26,090,846	34,301,040	22,804,707
Non-controlling interests	663,659	316,986	580,071	277,061
Earnings per share (in Korean won, in US dollars)				
- Basic	5,777	3,841	5.05	3.36
- Diluted	5,777	3,841	5.05	3.36

**Samsung Electronics Co., Ltd. and its subsidiaries**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

*(In millions of Korean won, in thousands of US dollars)*

	For the years ended December 31,			
	2021	2020	2021	2020
	KRW	KRW	USD	USD
<b>Profit for the year</b>	<b>39,907,450</b>	<b>26,407,832</b>	<b>34,881,111</b>	<b>23,081,768</b>
<b>Other comprehensive income (loss)</b>				
<b>Items that will not be reclassified subsequently to profit or loss:</b>				
Gain on valuation of financial assets at fair value through other comprehensive income, net of tax	2,980,896	2,502,733	2,605,452	2,187,514
Share of other comprehensive income of associates and joint ventures, net of tax	51,816	5,591	45,290	4,887
Remeasurement of net defined benefit assets, net of tax	(524,606)	(719,560)	(458,532)	(628,931)
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Share of other comprehensive income (loss) of associates and joint ventures, net of tax	160,163	(48,888)	139,990	(42,731)
Gain (loss) on overseas business translation, net of tax	7,283,620	(5,380,375)	6,366,250	(4,702,717)
Gain (loss) on valuation of cash flow hedge derivatives	50,410	(33,406)	44,060	(29,199)
<b>Other comprehensive income (loss) for the year, net of tax</b>	<b>10,002,299</b>	<b>(3,673,905)</b>	<b>8,742,510</b>	<b>(3,211,177)</b>
<b>Total comprehensive income for the year</b>	<b>49,909,749</b>	<b>22,733,927</b>	<b>43,623,621</b>	<b>19,870,591</b>
<b>Comprehensive income attributable to:</b>				
Owners of the Company	49,037,912	22,374,398	42,861,591	19,556,345
Non-controlling interests	871,837	359,529	762,030	314,246

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In millions of Korean won)

2020 KRW	Preference shares	Ordinary shares	Share premium	Retained earnings	Other components of equity	Accumulated other comprehensive income attributable to assets held- for-sale	Equity attributable to owners of the parent company	Non- controlling interests	Total
<b>Balance as of January 1, 2020</b>	<b>119,467</b>	<b>778,047</b>	<b>4,403,893</b>	<b>254,582,894</b>	<b>(4,968,829)</b>	<b>-</b>	<b>254,915,472</b>	<b>7,964,949</b>	<b>262,880,421</b>
Profit for the year	-	-	-	26,090,846	-	-	26,090,846	316,986	26,407,832
Gain on valuation of financial assets at fair value through other comprehensive income, net of tax	-	-	-	13,713	2,402,226	-	2,415,939	86,794	2,502,733
Share of other comprehensive income of associates and joint ventures, net of tax	-	-	-	-	(45,894)	-	(45,894)	2,597	(43,297)
Loss on overseas business translation, net of tax	-	-	-	-	(5,343,946)	-	(5,343,946)	(36,429)	(5,380,375)
Remeasurement of net defined benefit liabilities (assets), net of tax	-	-	-	-	(709,141)	-	(709,141)	(10,419)	(719,560)
Loss on valuation of derivatives	-	-	-	-	(33,406)	-	(33,406)	-	(33,406)
Reclassification as held-for-sale	-	-	-	-	12,132	(12,132)	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,104,559</b>	<b>(3,718,029)</b>	<b>(12,132)</b>	<b>22,374,398</b>	<b>359,529</b>	<b>22,733,927</b>
Dividends	-	-	-	(9,619,242)	-	-	(9,619,242)	(59,028)	(9,678,270)
Capital transaction under common control	-	-	-	-	(830)	-	(830)	(701)	(1,531)
Changes in consolidated entities	-	-	-	-	-	-	-	17,838	17,838
Other	-	-	-	-	533	-	533	(4,902)	(4,369)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,619,242)</b>	<b>(297)</b>	<b>-</b>	<b>(9,619,539)</b>	<b>(46,793)</b>	<b>(9,666,332)</b>
<b>Balance as of December 31, 2020</b>	<b>119,467</b>	<b>778,047</b>	<b>4,403,893</b>	<b>271,068,211</b>	<b>(8,687,155)</b>	<b>(12,132)</b>	<b>267,670,331</b>	<b>8,277,685</b>	<b>275,948,016</b>



**Samsung Electronics Co., Ltd. and its subsidiaries**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

*(In thousands of US dollars)*

<b>2020 USD</b>	<b>Preference shares</b>	<b>Ordinary shares</b>	<b>Share premium</b>	<b>Retained earnings</b>	<b>Other components of equity</b>	<b>Accumulated other comprehensive income attributable to assets held- for-sale</b>	<b>Equity attributable to owners of the parent company</b>	<b>Non- controlling interests</b>	<b>Total</b>
<b>Balance as of January 1, 2020</b>	<b>104,420</b>	<b>680,052</b>	<b>3,849,223</b>	<b>222,518,205</b>	<b>(4,343,005)</b>	<b>-</b>	<b>222,808,895</b>	<b>6,961,765</b>	<b>229,770,660</b>
Profit for the year	-	-	-	22,804,707	-	-	22,804,707	277,061	23,081,768
Gain on valuation of financial assets at fair value through other comprehensive income, net of tax	-	-	-	11,986	2,099,666	-	2,111,652	75,862	2,187,514
Share of other comprehensive income of associates and joint ventures, net of tax	-	-	-	-	(40,114)	-	(40,114)	2,270	(37,844)
Loss on overseas business translation, net of tax	-	-	-	-	(4,670,876)	-	(4,670,876)	(31,841)	(4,702,717)
Remeasurement of net defined benefit liabilities (assets), net of tax	-	-	-	-	(619,825)	-	(619,825)	(9,106)	(628,931)
Loss on valuation of derivatives	-	-	-	-	(29,199)	-	(29,199)	-	(29,199)
Reclassification as held-for-sale	-	-	-	-	10,604	(10,604)	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,816,693</b>	<b>(3,249,744)</b>	<b>(10,604)</b>	<b>19,556,345</b>	<b>314,246</b>	<b>19,870,591</b>
Dividends	-	-	-	(8,407,700)	-	-	(8,407,700)	(51,593)	(8,459,293)
Capital transaction under common control	-	-	-	-	(725)	-	(725)	(613)	(1,338)
Changes in consolidated entities	-	-	-	-	-	-	-	15,591	15,591
Other	-	-	-	-	466	-	466	(4,285)	(3,819)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,407,700)</b>	<b>(259)</b>	<b>-</b>	<b>(8,407,959)</b>	<b>(40,900)</b>	<b>(8,448,859)</b>
<b>Balance as of December 31, 2020</b>	<b>104,420</b>	<b>680,052</b>	<b>3,849,223</b>	<b>236,927,198</b>	<b>(7,593,008)</b>	<b>(10,604)</b>	<b>233,957,281</b>	<b>7,235,111</b>	<b>241,192,392</b>

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In millions of Korean won)

2021 KRW	Preference shares	Ordinary shares	Share premium	Retained earnings	Other components of equity	Accumulated other comprehensive income attributable to assets held- for-sale	Equity attributable to owners of the parent company	Non- controlling interests	Total
<b>Balance as of January 1, 2021</b>	<b>119,467</b>	<b>778,047</b>	<b>4,403,893</b>	<b>271,068,211</b>	<b>(8,687,155)</b>	<b>(12,132)</b>	<b>267,670,331</b>	<b>8,277,685</b>	<b>275,948,016</b>
Profit for the year	-	-	-	39,243,791	-	-	39,243,791	663,659	39,907,450
Gain(Loss) on valuation of financial assets at fair value through other comprehensive income, net of tax	-	-	-	3,232,934	(359,117)	-	2,873,817	107,079	2,980,896
Share of other comprehensive income (loss) of associates and joint ventures, net of tax	-	-	-	-	225,464	-	225,464	(13,485)	211,979
Gain on overseas business translation, net of tax	-	-	-	-	7,164,982	-	7,164,982	118,638	7,283,620
Remeasurement of net defined benefit assets, net of tax	-	-	-	-	(520,552)	-	(520,552)	(4,054)	(524,606)
Gain on valuation of cash flow hedge derivatives	-	-	-	-	50,410	-	50,410	-	50,410
Reclassification to assets held-for-sale	-	-	-	-	(12,132)	12,132	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,476,725</b>	<b>6,549,055</b>	<b>12,132</b>	<b>49,037,912</b>	<b>871,837</b>	<b>49,909,749</b>
Dividends	-	-	-	(20,480,721)	-	-	(20,480,721)	(32,005)	(20,512,726)
Capital transactions under common control	-	-	-	-	-	-	-	12,553	12,553
Changes in consolidated entities	-	-	-	-	-	-	-	(477,617)	(477,617)
Others	-	-	-	548	9,627	-	10,175	9,781	19,956
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(20,480,173)</b>	<b>9,627</b>	<b>-</b>	<b>(20,470,546)</b>	<b>(487,288)</b>	<b>(20,957,834)</b>
<b>Balance as of December 31, 2021</b>	<b>119,467</b>	<b>778,047</b>	<b>4,403,893</b>	<b>293,064,763</b>	<b>(2,128,473)</b>	<b>-</b>	<b>296,237,697</b>	<b>8,662,234</b>	<b>304,899,931</b>

**Samsung Electronics Co., Ltd. and its subsidiaries**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

*(In thousands of US dollars)*

2021 USD	Preference shares	Ordinary shares	Share premium	Retained earnings	Other component s of equity	Accumulated other comprehensive income attributable to assets held- for-sale	Equity attributable to owners of the parent company	Non- controlling interests	Total
<b>Balance as of January 1, 2021</b>	<b>104,420</b>	<b>680,052</b>	<b>3,849,223</b>	<b>236,927,198</b>	<b>(7,593,008)</b>	<b>(10,604)</b>	<b>233,957,281</b>	<b>7,235,111</b>	<b>241,192,392</b>
Profit for the year	-	-	-	34,301,040	-	-	34,301,040	580,071	34,881,111
Gain(Loss) on valuation of financial assets at fair value through other comprehensive income, net of tax	-	-	-	2,825,746	(313,886)	-	2,511,860	93,592	2,605,452
Share of other comprehensive income (loss) of associates and joint ventures, net of tax	-	-	-	-	197,067	-	197,067	(11,787)	185,280
Gain on overseas business translation, net of tax	-	-	-	-	6,262,553	-	6,262,553	103,697	6,366,250
Remeasurement of net defined benefit assets, net of tax	-	-	-	-	(454,989)	-	(454,989)	(3,543)	(458,532)
Gain on valuation of cash flow hedge derivatives	-	-	-	-	44,060	-	44,060	-	44,060
Reclassification to assets held-for-sale	-	-	-	-	(10,604)	10,604	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,126,786</b>	<b>5,724,201</b>	<b>10,604</b>	<b>42,861,591</b>	<b>762,030</b>	<b>43,623,621</b>
Dividends	-	-	-	(17,901,176)	-	-	(17,901,176)	(27,974)	(17,929,150)
Capital transactions under common control	-	-	-	-	-	-	-	10,972	10,972
Changes in consolidated entities	-	-	-	-	-	-	-	(417,461)	(417,461)
Others	-	-	-	479	8,415	-	8,894	8,549	17,443
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(17,900,697)</b>	<b>8,415</b>	<b>-</b>	<b>(17,892,282)</b>	<b>(425,914)</b>	<b>(18,318,196)</b>
<b>Balance as of December 31, 2021</b>	<b>104,420</b>	<b>680,052</b>	<b>3,849,223</b>	<b>256,153,287</b>	<b>(1,860,392)</b>	<b>-</b>	<b>258,926,590</b>	<b>7,571,227</b>	<b>266,497,817</b>

**Samsung Electronics Co., Ltd. and its subsidiaries**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

*(In millions of Korean won, in thousands of US dollars)*

	For the years ended December 31,			
	2021	2020	2021	2020
	KRW	KRW	USD	USD
<b>Operating activities</b>				
Profit for the year	39,907,450	26,407,832	34,881,111	23,081,768
Adjustments	49,055,633	41,618,554	42,877,081	36,376,702
Changes in assets and liabilities arising from operating activities	(16,286,884)	122,424	(14,235,553)	107,005
<b>Cash generated from operations</b>	<b>72,676,199</b>	<b>68,148,810</b>	<b>63,522,639</b>	<b>59,565,475</b>
Interest received	1,406,706	2,220,209	1,229,532	1,940,574
Interest paid	(434,441)	(555,321)	(379,723)	(485,378)
Dividends received	299,033	243,666	261,370	212,976
Income tax paid	(8,842,049)	(4,770,355)	(7,728,394)	(4,169,530)
<b>Net cash from operating activities</b>	<b>65,105,448</b>	<b>65,287,009</b>	<b>56,905,424</b>	<b>57,064,117</b>
<b>Investing activities</b>				
Net decrease (increase) in short-term financial instruments	10,917,128	(20,369,616)	9,542,117	(17,804,065)
Net decrease (increase) in short-term financial assets at amortized cost	(336,959)	184,104	(294,519)	160,916
Net decrease in short-term financial assets at fair value through profit or loss	30,694	1,704,512	26,828	1,489,829
Disposal of long-term financial instruments	10,216,082	12,184,301	8,929,368	10,649,690
Acquisition of long-term financial instruments	(6,981,810)	(8,019,263)	(6,102,452)	(7,009,238)
Disposal of financial assets at amortized cost	-	1,023,117	-	894,256
Disposal of financial assets at fair value through other comprehensive income	2,919,888	32,128	2,552,128	28,081
Acquisition of financial assets at fair value through other comprehensive income	(1,121,201)	(245,497)	(979,986)	(214,577)
Disposal of financial assets at fair value through profit or loss	350,212	39,746	306,103	34,740
Acquisition of financial assets at fair value through profit or loss	(208,262)	(84,184)	(182,031)	(73,581)
Disposal of investment in associates and joint ventures	19,169	-	16,755	-
Acquisition of investment in associates and joint ventures	(47,090)	(83,280)	(41,159)	(72,791)
Disposal of property, plant and equipment	358,284	376,744	313,158	329,293
Acquisition of property, plant and equipment	(47,122,106)	(37,592,034)	(41,187,082)	(32,857,321)
Disposal of intangible assets	1,752	7,027	1,531	6,142
Acquisition of intangible assets	(2,706,915)	(2,679,779)	(2,365,979)	(2,342,261)
Cash outflow from business combinations	(5,926)	(49,420)	(5,180)	(43,196)
Cash inflow from sale of assets-held-for-sale	661,168	-	577,894	-
Cash inflow (outflow) from other investing activities	8,129	(57,197)	7,105	(49,993)
<b>Net cash used in investing activities</b>	<b>(33,047,763)</b>	<b>(53,628,591)</b>	<b>(28,885,401)</b>	<b>(46,874,076)</b>

**Samsung Electronics Co., Ltd. and its subsidiaries**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

*(In millions of Korean won, in thousands of US dollars)*

	For the years ended December 31,			
	2021	2020	2021	2020
	KRW	KRW	USD	USD
<b>Financing activities</b>				
Net increase(decrease) in short-term borrowings	(2,616,943)	2,191,186	(2,287,339)	1,915,206
Increase in long-term borrowings	58,279	14,495	50,939	12,669
Repayment of debentures and long-term borrowings	(894,749)	(864,947)	(782,055)	(756,007)
Dividends paid	(20,510,350)	(9,676,760)	(17,927,074)	(8,457,973)
Net decrease (increase) in non-controlling interests	(27,270)	8,187	(23,835)	7,156
<b>Net cash used in financing activities</b>	<b>(23,991,033)</b>	<b>(8,327,839)</b>	<b>(20,969,364)</b>	<b>(7,278,949)</b>
Reclassification to assets held-for-sale	139	(139)	121	(121)
Effect of foreign exchange rate changes	1,582,046	(833,861)	1,382,787	(728,836)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>9,648,837</b>	<b>2,496,579</b>	<b>8,433,567</b>	<b>2,182,135</b>
<b>Cash and cash equivalents</b>				
Beginning of the year	29,382,578	26,885,999	25,681,845	23,499,710
<b>End of the year</b>	<b>39,031,415</b>	<b>29,382,578</b>	<b>34,115,412</b>	<b>25,681,845</b>

**Samsung Electronics Co., Ltd.**

**SEPARATE STATEMENTS OF APPROPRIATION OF RETAINED EARNINGS**

For the years ended December 31, 2021 and 2020

	2021	2020	2020	2019
<i>(In millions of Korean won, in thousands of US dollars)</i>	KRW	KRW	USD	USD
<b>Retained earnings before appropriations</b>				
Unappropriated retained earnings carried over from prior year	30	30	26	26
Interim dividends:				
In 2021 - ₩ 1,083 (dividend rate: 1083%)	(7,356,461)	(7,213,815)	(6,429,916)	(6,305,236)
In 2020 - ₩ 1,062 (dividend rate: 1062%)				
Profit for the year	30,970,954	15,615,018	27,070,166	13,648,308
<b>Retained earnings available for appropriation</b>	<b>23,614,523</b>	<b>8,401,233</b>	<b>20,640,276</b>	<b>7,343,099</b>
<b>Transfers from other reserves</b>				
Reserve for business rationalization	-	4,723,057	-	4,128,188
<b>Appropriations of retained earnings</b>				
Cash dividends:	2,452,976	13,124,260	2,144,024	11,471,261
In 2021:				
Ordinary shares - ₩ 361 (dividend rate: 361%)				
Preference shares - ₩ 362 (dividend rate: 362%)				
In 2020:				
Ordinary shares - ₩ 1,932 (dividend rate: 1932%)				
Preference shares - ₩ 1,933 (dividend rate: 1933%)				
Reserve for research and human resources development	21,161,517	-	18,496,226	-
<b>Total appropriations of retained earnings</b>	<b>23,614,493</b>	<b>13,124,260</b>	<b>20,640,250</b>	<b>11,471,261</b>
<b>Unappropriated retained earnings to be carried forward</b>	<b>30</b>	<b>30</b>	<b>26</b>	<b>26</b>