

# Letter to Shareholders

## To Our Fellow Shareholders,

In 2021, as the Covid-19 pandemic persisted throughout the year, macro uncertainties, such as those related to changing monetary and fiscal policies in major countries also increased. In addition, we faced challenges in the business environment, such as supply chain disruptions.

Despite these challenges, the Company persevered and set an all-time high for revenue last year thanks to the collective commitment of our employees and partner companies. We also achieved significant milestones in the increasingly important area of ESG.

We extend our deepest gratitude, as we could not have done this without your support, and will now share our key achievements in 2021.

## Record high revenue despite the challenging environment

In 2021, we achieved total revenue of 280 trillion won and an operating profit of 52 trillion won. Revenue set an all-time record, significantly exceeding the previous high, and operating profit increased by 43% year-on-year to reach the third-highest total in the Company's history. Along with the record-breaking performance, we continued to build our strong foundation for continued growth by strategically executing capex investments and reinforcing R&D.

The Memory business solidified its leadership by addressing growing demand centering on servers, and it continued to enhance cost competitiveness by expanding the application of EUV technology. The System Semiconductor business bolstered its foundation for growth by increasing mass production of advanced EUV based products, and our investment decision for a major fab build-out in Taylor, TX, USA. The Display business strengthened its leadership in the smartphone market while accelerating transitions to next-generation products, such as foldables and QD-Display.

The Mobile business continued to expand sales of flagship smartphones, led by continued innovations in the S-series and the mainstreaming of foldables, as it also offered enhanced user experiences via Galaxy Ecosystem products, such as tablets and wearables. The Network business augmented its global foundation by expanding its 4G and 5G businesses overseas. The TV and Digital Appliance businesses strengthened our industry leadership with the release of premium products such as Neo QLED TVs and Bespoke appliances; as well as through the introduction of Lifestyle and new home appliance products that resonate with the preferences of our customers.

Our achievements throughout the year were instrumental to maintain a top-5 position in Interbrand's Best Global Brands report for a second consecutive year, with an estimated brand value of USD 74.6 billion.

### **Continued commitment to strengthen ESG management**

Samsung Electronics recognizes sustainability management as a fundamental value and core aspect of our business, and we are devoted to fulfilling our social responsibilities as a global corporate citizen.

First, in the increasingly important task of tackling climate change, we achieved our end-2020 goal of meeting 100% of our energy needs with renewable sources for our operations in the US, Europe, and China; and we are expanding the use of renewable energy at other major sites, including those in Korea, Brazil, Mexico, and India. Moreover, we are continually working to minimize impacts of our products on the environment, including by incorporating recycled materials in all mobile products and home appliances by 2025.

Second, we are expanding support programs to enhance the competitiveness of our suppliers in order to address prolonged supply chain issues; and we are also taking measure to improve working conditions throughout our supply chain.

Finally, we added sustainability management as a performance metric in evaluations of business units and executives; we initiated mandatory training on sustainability management for all employees; and we reorganized and renamed the Governance Committee to the Sustainability Committee to strengthen the roles and responsibilities of the Board.

Samsung Electronics will continue to expand our ESG programs while diligently communicating the progress with our stakeholders.

### **Management's commitment to shareholders**

We are faithfully implementing our shareholder return policy for 2021–2023, and the projected annual dividend for 2021 is 9.8 trillion won. The annual dividend per share, which includes quarterly dividends that have already been paid, will be KRW 1,444 per share for common stock and KRW 1,445 per share for preferred stock on approval at the AGM.

Moreover, we started using an electronic voting system at the 2020 AGM to enable shareholders to exercise their voting rights more conveniently. And we held our 2021 AGM virtually due to Covid-19 to ensure shareholders had an option to watch the proceedings online if they could not or would rather not physically participate.

Furthermore, we are continually striving to provide our shareholders with greater access, including by allowing shareholders to submit questions online in advance and addressing the topics that garner a high level of interest at the AGM or during an earnings call.

In 2022, we will continue to explore and implement various methods to strengthen our shareholder-orientated management.

**Dear shareholders,**

The external environment of the Company is undergoing an extremely rapid and complex transformation, as the effects of the pandemic combine with changes in customers, technologies, and markets.

To boost synergies among our products and provide our customers with enhanced experiences amid such a dynamic, the Company merged the Consumer Electronics (CE) Division and IT & Mobile Communication (IM) Division to create the Device eXperience (DX) Division.

Moreover, we are implementing a new human resource management system that will help foster and reinforce the competitiveness of our future businesses.

Due to the prolonged pandemic, attending the AGM in person this year might be difficult. We encourage you to represent your shares through electronic voting (available in Korea) and to join the livestream of the AGM.

We wish health and happiness for you and your family.

Thank you for your continued support.

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



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